



Spartan Fastener Supplier Requirements

SF SQM-1

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PURPOSE and SCOPE

The purpose of this Supplier Requirements Manual is to communicate Spartan Fastener's supplier requirements. This includes suppliers of raw materials, components, tooling, and services associated with Spartan Fastener's products. The Spartan Fastener Supplier Requirements manual (SF SQM-1) is subject to change, and it is the supplier's responsibility to monitor the manual for changes. The current revision of the document is always available on Spartan Fastener's website: <https://spartanfastener.com/quality>

1. Quality System

- a. Spartan Fastener Supplier Quality Management Systems are required to meet one of the following:
 - i. 3rd party accredited registration to ISO 9001 or IATF 16949
 - ii. Or have completed a Spartan Fastener Supplier Self Audit:
 1. The Self Audit will be reviewed by Spartan Fastener, and may be accepted, rejected, or will require an on-site 2nd party audit.
 2. If the on-site 2nd party audit is required and the results are acceptable, the supplier may be approved.
- b. All suppliers for automotive product are required at minimum to develop, implement, and improve a Quality Management System certified to ISO 9001, unless otherwise authorized by Spartan Fastener.
- c. Spartan Fastener ultimately has the goal of having automotive suppliers become certified to IATF 16949. This is examined with automotive suppliers on a case-by-case basis and follow up with developmental 2nd party audits and surveys may also be used to further develop and encourage supplier's development toward IATF 16949 certification.

2. Supplier Monitoring

- a. Spartan Fastener requires the following from its suppliers:
 - i. Zero PPM / zero defect of supplied product and services.
 - ii. Delivery of all required shipping paperwork and certifications with the product or service delivery.
 - iii. 100% on-time delivery to promise dates of supplied product and services.
- b. All Spartan Fastener suppliers are monitored for performance and will be notified when supplier ratings are not meeting expectations. Suppliers shall be monitored for their ability to meet Spartan Fastener's requirements based on the following characteristics:
 - i. Delivery Rating - Any disruption to promised delivery is logged as a delivery complaint.
 - ii. Quality Conformance Rating - Any quality conformance disruption deemed significant at discretion of QA Dept or Purchasing Dept (including Part Conformance or Documentation Disruptions) is logged as a Quality complaint.
 - iii. No. of Occurrences of Expedited Freight – All occurrences of Expedited Freight will result in a logged complaint.
 - iv. No. of Customer Disruptions at Receiving Plant – All occurrences of Customer Disruptions at the receiving plant will be logged as a complaint. These include Yard Holds and Stop Ships.
- c. For each of the 4 supplier performance categories, the category Annual Score is tracked using the following scale:
 - i. Delivery: Starting score: 25 points. Each complaint deducts 1 point.



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- ii. Quality: Starting score: 25 points. Each complaint deducts 2 points.
- iii. Occurrences of Expedited Freight: Starting score: 25 points. Each complaint deducts 1 point.
- iv. No. of Customer Disruptions at Receiving Plant: Starting score: 25 points. Each complaint deducts 1 point.
- d. Annual Overall Rating = Delivery Score + Quality Score + Expedited Freight Score + Customer Disruptions Score
- e. To remain listed as an approved supplier, a supplier must maintain a total performance rating of at least 80%. If a vendor fails to achieve an 80% total performance rating for two consecutive quarters, the vendor will be removed from the approved supplier database. A corrective action request may be issued at the discretion of Purchasing or Quality with consideration of feedback from Production and Engineering, for any single performance category with a rating < 90%.

3. PPAP, Changes and Deviations

- a. If a PPAP is required for any order it will be denoted on the purchase order. The default is a level III PPAP unless otherwise noted on the PO.
- b. The product or process cannot deviate from the purchase order requirements, specification requirements, or other contractual requirements without written approval from Spartan Fastener.
- c. Once a product or process is PPAP approved the process or product may not be changed without written approval from Spartan Fastener.
 - i. Change notification guidelines are defined in the current AIAG Production Part Approval Process (PPAP) manual under "Customer Notification and Submission Requirements".

4. Control of Non-Conforming Product and Corrective Action

- a. The supplier is required to have a documented non-conforming product process to prevent unintended delivery of non-conforming product or process to Spartan Fastener.
- b. If any product or process which is deemed non-conforming to applicable specifications or requirements is shipped to Spartan Fastener, the supplier must notify Spartan Fastener of the non-conforming material in the same business day.
- c. At the discretion of Spartan Fastener, a documented Root Cause and Corrective Action may be required to correct non-conformances. Submission of the Root Cause and Corrective action to Spartan Fastener is required with the following timeline:
 - i. Containment: Within 24 hours.
 - ii. Corrective Action Plan: Within 10 days.
 - iii. Corrective Action implementation: Within 30 days or as appropriate for the action being taken.

5. Critical, Special, and Safety Critical Characteristics

- a. Any critical, special, or safety critical characteristics flowed from Spartan Fastener to a supplier must be accounted for in the supplier's quality control plans.
- b. 100% inspection for critical, special or safety critical characteristics is required unless statistical capability can be proven. A Cpk and Ppk of 1.67 minimum is required to prove capability unless otherwise stated on the purchase order. The minimum capability indices may be increased based on Spartan Fastener's customer's requirements.



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- c. Capability of critical, special, or safety critical characteristics must be monitored by the supplier on an ongoing basis after PPAP, and action taken to correct them if found not to be capable.

6. Right of Entry

- a. Spartan Fastener reserves the right of entry to supplier facilities to verify conformance with the purchase order, specification, and Quality Management System requirements.
- b. Any verification activities performed by Spartan Fastener at the supplier's facility shall not absolve the Supplier of the responsibility of meeting purchase order requirements, product specifications, or process specifications.

7. Ethics

- a. Spartan Fastener's relationship with suppliers is based on principles of transparency, loyalty, integrity, confidentiality, diligence, professionalism, and objective judgment. Spartan Fastener expects its suppliers to maintain the same values.
- b. In relations of tendering, procurement and, in general, supply of goods and/or services, it is forbidden, on the basis of public and/or available information in compliance with current regulations, to establish and maintain relations:
 - i. with subjects involved in illegal activities and, in any case, with subjects lacking the necessary requisites of seriousness and commercial reliability.
 - ii. with subjects who, even indirectly, hinder human development and contribute to not respecting human dignity and individual personality and/or violate the fundamental rights of the person.
 - iii. with persons who do not comply with the laws in force on labor, with particular attention to child labor, and the health and safety of workers, as well as in general the principles set forth in this Code of Ethics.
 - iv. with subjects who do not comply with national or local legislation on environmental and territorial protection.
- c. The personnel responsible and in charge of purchasing processes shall ensure compliance with all relevant regulatory provisions.
- d. Spartan Fastener recommends its suppliers to refrain from offering goods or services, in particular in the form of gifts, to collaborators of the company that exceed normal courtesy practices and prohibits its employees from offering goods or services to personnel of other companies or entities to obtain confidential information or significant direct or indirect benefits, for themselves or for the company.
- e. Violation of the principles of legality, fairness, transparency, confidentiality, and respect for the dignity of the person are just causes for termination of relations with suppliers.

8. Environmental

- a. Spartan Fastener intends to ensure the full compatibility of its activities with the territory and the surrounding environment. Spartan Fastener expects its suppliers to maintain the same values.
- b. To this end, Spartan Fastener expects its suppliers to carry out their activities in total respect of the environment, in the broadest sense, and in particular:
 - i. complying with applicable environmental laws and regulations
 - ii. considering the environmental impact of new activities and new production processes.
 - iii. using natural resources in a responsible and conscious way.



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- iv. developing a relationship of constructive collaboration, based on maximum transparency and trust, both internally and with the external community and institutions in the management of environmental issues.
- v. maintaining high levels of safety and environmental protection through the implementation of effective management systems.