Supplier Quality Manual

Approvals:

ECL Quality Manager: Steven Whitt Date: 6/6/2013

Table of Contents

SECTION I

Purpose / Scope

The purpose of this document is to communicate Engineered Custom Lubricants' requirements for the structure of a fundamental quality management system for those companies that supply goods and services to ECL.

The intent of this Supplier Quality Manual is to define the minimum quality assurance requirements which shall become an integral part of the supplier's Quality System.

It should be noted that ECL is committed to facilitating assistance and partnering with our suppliers to achieve compliance to the requirements of this Manual as well as the requirements of the ISO/TS 16949 Standard.

As part of our Supplier Partnership Philosophy, ECL will be available, upon request, to assist our suppliers in improving upon their Quality Management System development.

The establishment of a Supplier Quality System is intended to assure that material provided to ECL conforms to the contracted requirements, drawings and/or specifications. The Quality System shall ensure material conformance throughout the supplier's functions pertinent to contract compliance, including, but not limited to, development, manufacturing, testing, inspection, packaging and storage. All materials shall be processed, controlled, inspected and tested continually in accordance with the requirements set forth in this and other applicable customer standards, drawings and/or specifications.

The supplier's manufacturing and support locations, including procedures, material, inspection methods, test equipment and usage, techniques, facilities, personnel, performance, and documentation may be subject to periodic review and evaluation to this Manual by ECL Quality, Laboratory and other Management Personnel.

SECTION II

1- General Quality Expectations

The basis for the ECL Supplier Quality Manual Requirements was derived from the requirements contained within the ISO/TS 16949 Standard. ECL has adopted the ISO/TS 16949 Standard as the framework for the basic quality systems required for all suppliers of production goods and services. These requirements are an integral and legally binding aspect of the ECL Purchase Order. Although this does not alter or reduce any other requirements of the contract, it does provide a concise understanding of ECL supplier quality expectations.

ECL expects that suppliers will not only meet engineering specifications but will continuously improve products and services through process performance optimizations and through reduction in process variation.

Suppliers are responsible for developing and implementing effective operating systems to control and improve the quality of their process and products.

To enable ECL to evaluate quality products and systems, ECL requires all suppliers to have available specified documented evidence of quality for review. ECL reserves the right to evaluate this documented evidence at any point in time of the product's life cycle.

All PO's sent to Vendors will have the following declaration: *Please attach all CofAs to incoming material paperwork or email them to cofa@ecllube.com one day in advance*

When a material arrives at ECL without at least one of the two declared requirements, a VCAR will be issued.

All issued VCARS must be completed within 30 days of it being assigned.

2- Waivers

All Commercial Requirements detailed in this Supplier Quality Manual shall be considered mandatory unless a documented signed waiver has been issued by ECL. The Purchase Order issued to suppliers may also waive requirements detailed in this Supplier Quality Manual.

In the event that the supplier provides the same product, materials or service to multiple ECL facilities, the supplier shall submit individual written waivers to each of the ECL facilities. Approval of a written waiver by one ECL facility does not constitute automatic approval by the other ECL facilities.

SECTION II continued…

3- Commercial Requirements

The supplier shall be responsible to reimburse ECL for any additional cost incurred resulting from either supplier related quality and/or delivery concerns. Reference the ECL terms and conditions. Typical charges may include, but are not restricted to:

- Excessive / Premium freight costs to ECL customer facilities
- Cost of rejected material, products or services
- Cost of testing or laboratory inspection / tests
- Labor premiums associated with overtime
- Labor cost for ECL personnel to sort / rework suspect product
- Labor costs for running replacement product
- Labor costs for ECL customer personnel sorting
- Travel costs for ECL personnel to support ECL Customer facilities
- Administrative costs

4- Accessibility to Facilities

The supplier shall provide accessibility to facilities for ECL Personnel, as well as contracted affiliates of ECL. The supplier shall also provide the same level of accessibility to customers of ECL

SECTION III

Supplier Approval & Ongoing Performance Requirements

All potential new suppliers must successfully address and respond to the ECL Supplier Approval / Evaluation Form (See Attachment 1).

Once returned and reviewed and approved by ECL Quality and Purchasing Personnel, the Supplier will be added to the ECL Approved Supplier List under a conditional status pending the satisfactory receipt of the first two product / material shipments or the fulfillment of a service contract.

Once the quality portion of the ECL Supplier Approval / Evaluation Form has been fulfilled, the Supplier will be officially added to the ECL Approved Supplier List and will then be responsible for adhering to the ongoing performance criteria stipulated in this Manual.

Specific supplier performance will be evaluated annually against the following:

- On Time Delivery of products, materials or services to ECL

  The suppliers are expected to adhere to 100% on time delivery requirements. Failure to achieve this goal will result in the issuance of a corrective action. Delivery Due Dates are clearly identified on each ECL Purchase Order.

- Quality Performance

  Poor Quality and/or Service performance will be communicated in the form of Corrective Actions issued to the Supplier.

- Corrective Action Responsiveness

  Suppliers are expected to respond to issued Corrective Actions within the time frames specified on the individual corrective action documents.

- Maintaining ISO 9001:2000 Registration

  Suppliers must maintain Third Party Registration to the ISO 9001:2000 Standard. ECL should be updated with regards to registration status at the completion of each Third Party Audit activity in order to assure continued registration or potentially assist the supplier in resolving issued nonconformances.

SECTION IV

1- Quality System Registration

The supplier shall provide a copy of their Quality System Registration Certificate to ECL Quality, to retain on file. The supplier shall advise ECL, in writing, of any changes to their registration status, whether renewal, probation, revocation, upgrading or certification to additional standards.

In addition, the supplier shall be able to demonstrate, when requested, compliance with national and/or international standard and regulations regarding health, safety and environmental issues relative to its business.

ECL reserves the right to request further registration certificates, as appropriate, i.e. Environmental, Medical, Laboratory, etc. Such additional requests shall be dependent upon the end use of the product, material or services or ECL customer specified requirements.

2- Continual Improvement

Each supplier is recommended to promote continual improvement in all activities such as quality, cost, delivery, and where appropriate, design and development.

Continual Improvements may be demonstrated through the use of metrics associated with the Key Processes and may include projects related to efficiency, training and cost of poor quality. Examples may include education and training in problem solving techniques.

The Continual Improvement Projects shall incorporate assigned responsibilities, target dates for completion, and be reviewed at regularly scheduled Management Review Meetings.

3- Advanced Product Quality Planning (APQP)

Regardless whether the supplier is providing products, material or services for automotive or non-automotive applications, the supplier shall have resources available and be capable of participating in quality planning and product launch efforts.

At a minimum, each supplier shall be capable of providing ECL with the following APQP Documents:

- Process Flow Diagram
- Process Failure Mode and Effects Analysis (PFMEA)
- Control Plan

The following Automotive Industry Action Group (AIAG) Documents and formats are considered to be applicable extensions to this Supplier Quality Manual and the overall ECL requirements:

PPAP	Production Part Approval Process
APQP/CP	Advanced Product Quality Planning and Control Plan
FMEA	Failure Mode and Effects Analysis
MSA	Measurement System Analysis
SPC	Statistical Process Control

Suppliers are responsible for obtaining and maintaining current editions of these documents. See information for obtaining these documents at www.aiag.org

4- Production Part Approval Process (PPAP)

All production part sample submissions SHALL include the following:

- Part Submission Warrant
- Process Flow Chart
- Process FMEA
- Control Plan
- Process Capability Studies for Key Characteristics (as identified by ECL or determined by the Supplier)
- Specifications
- Test Results
- Copy of a Label

Additional Part Submission Warrant requirements beyond those listed above will be communicated under a separate cover when the need arises (i.e. Level 3 Submission Level).

Prior to commencing production, the supplier shall have documented PPAP Approval from ECL. ECL will not be held responsible for any product, material or services, which were completed prior to ECL approval.

The supplier shall be responsible for managing all changes to product, material or services which were originally approved and are currently being provided to ECL.

For guidelines regarding when PPAP submission and approval is required, the supplier should reference the AIAG PPAP Manual or contact ECL Quality Personnel.

Failure to comply with these requirements shall make the supplier fully responsible for absorption of all costs resulting in failures attributable to the change.

ECL Quality Personnel shall be notified of all intentions to change. Written Quality and Purchasing approval must be obtained prior to change implementation.

Suppliers will be responsible for annual re-validations of submitted PPAPs. ECL Quality shall be provided with information relative to the current status of the PPAP documentation on file at ECL and if there is any need to update or modify the existing documentation.

Distributors will be excluded from all APQP/CP and PPAP Requirements, but will be responsible for providing Certificates of Analysis traceable to Accredited Laboratories for any products / materials provided (see Section IV – Laboratory Accreditation for further information)

5- Material Test Results / Laboratory Accreditation

Tests must be performed by Third Party Laboratories that are A2LA or ISO 17025 Registered. Laboratory Accreditation and Laboratory Scope must be submitted for all tests.

ISO/TS 16949 Supplier test results are acceptable providing the tests are performed in their facilities and have the tests, equipment and pertinent standard stated n their laboratory scope. A copy of the laboratory scope must be provided with the PPAP.

Although the supplier may have the capability to conduct Laboratory Tests within the supplier facility, ECL reserves the right to demand Laboratory Tests to be conducted by a Third Party Accredited Laboratory.

The supplier shall bear the costs of Laboratory Tests conducted by the Third Party Accredited Laboratory.

The Material Test Results submitted must contain a clear comparison between applicable standards and test results, and final conclusions, which clearly indicates compliance with the standard

6- Material Safety Data Sheets (MSDS)

All product, materials or services provided to ECL shall satisfy current governmental regulations applicable to the country of sale as well as the country of manufacture. Governmental regulations typically include, but are not restricted to:

- Toxic and Hazardous Materials
- Environmental Impact
- Banned and Regulated Substances (International Material Data System – IMDS)

Material Safety Data Sheets (MSDS), with full disclosure must be submitted to the ECL facility receiving the product, material or service. The MSDS must be approved prior to shipment to ECL.

If MSDS information is not submitted, or approval is not obtained, the PPAP Submission may not be approved, or subsequent shipments rejected.

In the event that the supplier provides the same product, materials or service to multiple ECL facilities, the supplier shall submit individual MSDS information to each of the ECL facilities.

Approval of an MSDS submission by one of the ECL facilities does not constitute automatic approval by the other ECL facilities.

International Material Data System – IMDS

ECL has received mandates from Customers with respect to supporting environmental initiatives securing the abolishment and regulation of hazardous materials. Entailed in these requirements is mandatory and extensive disclosure of processes, materials and basic substance disclosure for all components, sub-components or materials supplied.

ECL is therefore requesting of its suppliers that a declaration be made stating that all products and components supplied to ECL comply with all banned and regulated substance regulations effective immediately.

Therefore, all current products and any newly awarded product must comply with these standards at initial part approval (PPAP).

Current legislation has targeted the elimination of heavy metals (lead, cadmium, mercury, hexavalent chromium and their compounds), carcinogenic, mutagenic, and/or toxic chemicals, with the aim of increasing the recyclability of commercial products.

Suppliers impacted by this requirement are encouraged to familiarize themselves with this requirement and future customer compliance.

Reference www.mdsystem.com

7- Annual Layout / PPAP Validation

The supplier shall conduct annual layout inspection and functional testing for all active products, material or services provided to ECL.

Results from the annual layout inspection shall be forwarded to the ECL Quality Department with an appropriate Warrant Sheet attached for approval.

For purposes of clarification, the due date for annual layouts shall be the anniversary of the date that the original PPAP was approved.

PPAP Levels for the annual submissions will remain the same as stated in Section IV-4 of this Manual unless dictated otherwise.

8- Material and Product Specifications

For any product, material or service, specifications may be referenced on the ECL Purchase Orders.

The ECL supplier shall be responsible for:

- obtaining and maintaining the current revision of any specifications referenced
- compliance to all specifications referenced
- notifying ECL of any exceptions, deviations or waivers for stated requirements (any such notification must be documented and approved by ECL before being considered an allowable exclusion)
- the control over subcontracted suppliers. For any product, material or service, which requires the ECL supplier to subcontract to external facilities, the ECL supplier shall be responsible for ensuring compliance to specifications. The ECL supplier shall be considered responsible for all aspects of their subcontractor's performance.

Proposed changes to specifications will be sent to suppliers for review and acknowledgement. It is the supplier's responsibility to review proposed changes and respond, in writing, concurrence as written or request exceptions, deviations or waivers.

Upon agreement of the proposed changes between ECL and the supplier, production shipments incorporating the change cannot begin until approval is obtained (see Section IV-4 PPAP).

Suppliers are responsible for supplying products that meet the current revision level of all specifications.

9- Nonconformances

ECL only accepts products that meet print or specification requirements.

Requests for deviations, concessions or waivers for non-conforming products shall be submitted to the ECL Quality Department. The supplier, prior to shipment of the nonconforming product, must receive ECL written approval and uniquely mark and/or identify the shipment so that ECL receiving personnel understand that the product / material is being received with an accepted deviation from the requirements.

In the event nonconforming product is identified at an ECL facility, the supplier will be required to process a formal Corrective Action in order to eliminate the cause of the nonconformance.

An ECL Corrective Action Form will be issued detailing the supplier's responsibility for applying a short term containment action, investigating and identifying the root cause of the situation, applying a long term corrective action solution, and following up to verify whether the corrective action applied was implemented and has effectively eliminated the nonconformance from recurring.

The supplier is reminded that the nature and number of nonconformances, as well as the effectiveness in resolving Corrective Actions make up an integral part of the ECL Supplier Ongoing Monitoring and Performance Criteria. Failure to meet the ongoing monitoring and performance criteria may be grounds for removal from the ECL Approved Supplier List and the awarding of additional business.

10- Corrective Actions

For Corrective Action, the supplier will be required to complete the ECL Corrective Action Form in accordance with the directions provided for each individual instance.

It is acceptable, and recommended, to utilize your own corrective action form when processing any ECL Supplier Corrective Actions for the purpose of ensuring that information regarding the nonconformance(s) is being captured in your own corrective action system.

Other corrective action formats may be requested in order to satisfy ECL Customer Requirements.

Upon notification of a nonconformance, the supplier will be provided with an ECL Supplier Corrective Action and shall be required to complete the necessary investigations and action plans within the time frame specified.

As previously stated, corrective actions returned to ECL must include:

- The application of a short term fix (containment action),
- Records of the investigation and identity of the root cause of the situation,
- Application of a long term corrective action solution,
- Follow up verification activities with records to support corrective action implementation and overall effectiveness in eliminating the initially identified nonconformance and its recurrence.

NOTE: Containment actions shall be short term temporary solutions to a nonconformance, until long term corrective actions can be implemented and proven effective. Containment actions will not be accepted as a long term corrective action.

11- Traceability

Suppliers shall establish a documented system, which provides for positive identification and record keeping for each lot throughout the production process per shift, from receipt through to delivery.

12- Labeling

At a minimum, the label on the final product and/or material provided to ECL must include:

- Supplier Name
- Supplier Part Number
- ECL Part Number
- Part Description
- Manufacturing Date
- Lot Number

The Lot Number and/or Manufacturing Date must ensure traceability of product from raw materials to finished goods in the supplier's manufacturing process.

The maximum size of the label shall not exceed 4" X 6".

13- Packaging & Shipping

All products and/or materials supplied to ECL facilities must be in suitable packaging to prevent damage and reasonably protects the goods during shipment to ECL.

Suitable packaging methods have been defined as:

- The use of a suitable pallet (size and strength),
- The use of a suitable product container (returnable totes, drums, pails)
- Shrink wrap or other protective barrier,
- Banded products and materials,
- No shipping containers or boxes shall hang over the edge of any pallet

Additional packaging instructions (special instructions) may be specified on the individual ECL Purchase Order Documents.

SECTION V

Revision History and Supplier Acceptance

Rev #	Revision Date	Description of Change	Supplier Signature accepting the revision	Date	Deviation Requested Y / N ?
1	6/23/04	Initial release of the ECL Supplier Quality Manual			
B	6-6-2013	Updated CofA process and corrected typos and formatting issues.			

Please review the latest Revision to the ECL Supplier Quality Manual.

Once you've read and understand the requirements contained within the document, please sign and date this page, make a copy for your records and return this original page to the ECL Quality Department to retain on file.

Any exceptions or deviations to these requirements must be documented, and accompany the copy of this page being returned to ECL. Only after having received written authorization from ECL will the noted requirements be considered exempt.

_____
Supplier / Company Name

_____
Supplier Representative's Name (Printed)

_____ _____
Supplier Representative's Signature Date

_____
Supplier Representative's Title

SECTION VI

Attachments to be provided upon request, or as deemed necessary by ECL