

**Innotec**

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**Supplier Manual**



**Revision Level 6 – June, 2021**

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# Innotec Supplier Manual

## 1. Purpose

The Supplier Manual establishes Innotec's requirements for all phases of product life and outlines the goals and expectations used to objectively score Supplier performance. These expectations are to ensure Suppliers provide products that meet our Customers' requirements for quality, delivery, safety, etc and at a competitive price. Innotec is committed to working together with Suppliers to achieve these expectations, developing mutually beneficially long-term relationships.

## 2. Scope

The manual applies to Suppliers that provide production supporting materials and components.

## 3. Quality Expectations

Innotec expects Suppliers to follow the elements defined in the AIAG APQP (Advanced Product Quality Planning).

### 3.1. Parts Per Million

Innotec expects all Suppliers to provide defect free product. Product received at Innotec facilities that does not conform to drawings, specifications and/or mutually agreed upon standards shall be counted against a Supplier's PPM record. PPM is defined in purchased units (i.e. pieces, pounds, kilograms, linear feet, etc.).

The following situations may warrant PPM classification:

- Parts that are dimensionally inaccurate
- Parts which do not meet fit, function, and appearance specifications/standards
- Parts that do not pass color or aesthetic standards as specified in PPAP, boundary samples, etc.
- Parts that do not meet the drawing specifications

Suppliers are notified of non-conforming material by email or by phone. The business cell at Innotec that is affected by the non-conforming parts will decide whether or not the Supplier should sort product at an Innotec facility. A Supplier must report all non-conforming product found in sorting. The Innotec business cell will decide whether *all* non-conforming product will be classified as PPM, or only those parts which were found by Innotec.

Unless otherwise directed by Innotec, the Supplier is expected to respond using the standard 8D problem solving analysis report (outlined in Section 5.1). The Supplier is expected to communicate written problem-solving results utilizing the 8D approach within 7 days or as directed.

As part of the non-conforming material documentation, a Supplier Material Rejection report (SMR) will be sent to the Supplier (see example in Appendix A). A Supplier must sign and return the Innotec SMR within 24 hours of receipt along with a written interim containment plan. Innotec reserves the right to claim compensation from a Supplier for any downtime or any other associated costs resulting from the Supplier PPM. In addition, a standard \$100 administration fee may be added to any SMR report.

### 3.2. Innotec Containment Requirements

Suppliers are required to have a written containment process, which must include methods of identifying corrective action and containing suspect material in order to prevent non-conforming material from entering Innotec facilities.

If a Supplier's containment process fails and non-conforming parts are delivered to an Innotec facility, Innotec may require Level 1 or Level 2 Containment depending on the severity of the quality issue. Product or process changes may require containment based on a Supplier's readiness.

**Level I Containment:** defined as a sort of *all* material for the specified defect at the Supplier's facility using the following guidelines:

- The product acceptance standards and measurement/testing processes must be agreed upon by Innotec.
- Data must be collected for all non-conformances and corrective actions. If required by Innotec business cell, the results of the activity must be reported.
- Problem solving must be formal, data-driven, and documented. Innotec recommends Suppliers use the 8D problem-solving method (see Section 5.1).
- Supplier may also need to contain parts at the Innotec facility where the defective parts were shipped.

**Level II Containment:** defined as a sort of *all* material for the specified defect by a third-party sorting company at the Supplier’s expense. Innotec may specify which third-party sorting company the Supplier must use. The presence of the third-party sorting company does not relieve the Supplier of any Level I Containment requirements. Level II Containment will be warranted if Innotec receives subsequent defective material during a Level I Containment.

Innotec will contact Supplier in writing to notify them of Level I or Level II Containment requirements. The Supplier must return within 12 hours an acknowledgement of the containment requirement.

A Supplier must have written approval from Innotec before concluding Level I or Level II Containment. Before the Containment can end, the Supplier must provide data showing a minimum of 30 days or three production runs with no defective material at Level I or Level II. The Supplier also must have an 8D plan that has been approved by Innotec. If Level II Containment is discontinued, the Supplier will still be responsible for Level I Containment requirements until Innotec formally removes this requirement.

### 3.3. Supplier Certification Requirements

Innotec has adopted the ISO/TS16949 Quality System and after September 2018, the IATF 16949:2016 Quality System. Direct materials Suppliers to Innotec must, at a minimum, comply with ISO9001:2015.

Renewal certificates must be submitted to Innotec before the expiration date of the certificate. Failure to submit certificates will negatively impact the Supplier’s Scorecard.

### 3.4. Assessments

Innotec may use a Supplier Assessment as part of qualifying new and potential suppliers as well as to re-qualify existing suppliers. The assessment evaluates a Supplier’s systems and processes to ensure they meet the standard expectation of an Innotec supplier.

Innotec’s Assessment can be found at <http://www.innotecgroup.com/company/suppliers>. Innotec also accepts the MMOG-LE format if the Supplier uses that assessment format for other customers.

Suppliers are requested to complete a self-assessment using one of the formats listed above. Innotec will review the responses provided by the Supplier to determine if an onsite evaluation is warranted. Suppliers should address any findings cited in the assessment review with a score of 1. Suppliers may be required by Innotec to implement corrective action plan(s) for other items that are scored red.

#### OVERALL SCORING CRITERIA

The overall score is calculated based on the numeric percentage of the sum of the scores for individual questions. Individual questions have the same weighting.

**UNACCEPTABLE:** Overall Score < 65% **NOT RECOMMENDED FOR SOURCING**

**CONDITIONALLY ACCEPTABLE:** Overall Score 65% - 84%

**ACCEPTABLE:** Overall Score ≥ 85%

#### SCORE

< 65%

65% - 84%

≥ 85%

Suppliers whose annual Supplier Scorecard rating falls near or below 60 may be required to undergo an on-site Supplier Assessment.

### 3.5. PPAP Requirements

Suppliers are required to prepare and provide at no cost to Innotec. Production Part Approval Packages (PPAP) for new parts, engineering changes and changes to design, process or facilities as requested by Innotec. Submission and approval is required prior to shipment of production level product.

Innotec will request the PPAP level requirement that meets the level that is required by our customer. If a PPAP is more than one year old and Innotec is required to submit an updated Customer PPAP, Supplier may be required to resubmit a new PPAP at no additional cost to Innotec.

If the submission package is rejected, the Supplier must work with Innotec to resolve any discrepancies and to establish timing for a revised submission. Innotec may issue a deviation authorization if it is necessary to utilize the parts prior to full part submission approval. Supplier is responsible for implementing containment measures that protect Innotec during the deviation period.

### 3.6. Material Certification Audits

In order to meet Customer requirements, Innotec may perform random audits of Supplier Material Certifications received with the product. Testing will be completed by an independent lab at Innotec’s expense. However any issues that arise out of the testing and the resulting costs associated with the issue will be at the Supplier’s expense.

### 3.7 Quality Documentation Retention

Suppliers shall maintain quality records according to the following chart unless otherwise documented in an SOW or Supplier Agreement with Innotec or to meet a specific regulation.

TYPE	Example	Retention Period
Product and Process Inspection Data including job set up	Incoming Log, Production log	2 years
APQP/PPAP	Launch Records, All PPAP records including ongoing changes (FMEA, Control Plan, etc), and drawings	Product Life + 1 year
Internal Quality Audits	Monthly Quality	3 years
Training Records for Production team	Training Matrix, Learning records	3 years
Production Maintenance	PM Records	1 year
Measuring Device calibration records	Calibration records	1 year or superseded by specific product requirements, whichever is longer

### 3.8 Revision Level Control and Lot Traceability

The Supplier is responsible for controlling and tracking parts to the approved engineering levels to ensure that the product meets specified functional and physical requirements as contracted under the Purchase Order. Additionally, the Supplier must have a robust system in place to prove lot traceability for all raw materials.

## 4. Delivery

### 4.1 Delivery Expectations

Suppliers are expected to provide 100% on time delivery of the Product. In order to achieve this delivery expectation Suppliers must:

- Meet reasonable schedule increases (defined as **15%** more than the weekly plan or as otherwise required in a Statement of Work).
- Contact the Innotec business cell and/or Innotec contact immediately if unable to meet the release schedule, and supply the following information:
  - Date the parts will be available
  - Plan to get back on schedule
- Arrange for expedited freight when necessary by coordinating with the affected Innotec business cell. Every effort must be made at the time of shipment to reach an agreement on who is responsible for the cost of the expedited freight. If the Supplier is responsible, the freight must be shipped "PREPAID". The Supplier must also track the inbound freight and advise Innotec as to shipment status.
- Assign the necessary resources to resolve any delivery issues.

Innotec reserves the right to claim compensation from a Supplier for any downtime and/or any other associated costs resulting from a delivery issue.

### 4.2. Forecast Requirements

Forecast order requirements will be provided to Suppliers by Innotec business cells using EDI or other forecasting tools as determined by Innotec. These schedules show the expected quantity and date of arrival for each part number. The due date shown on the material order is the date the parts are required to arrive at Innotec.

Innotec's maximum material authorization is **2 weeks finished goods and 4 weeks raw (total four weeks)**. Material quantity levels that exceed this authorization are at the sole risk of the Supplier. Any deviations from this standard must be authorized in writing by Innotec and/or communicated on the Purchase Order.

### 4.3. Labeling

All label requirements will be communicated to the Supplier by the Innotec business cell and must be implemented by the Supplier. The Supplier must have a process in place to ensure revision control is effective, labels accurate and internal signage to indicate a level change is clear and accurate.

### 4.4. Routing Instructions

Innotec requirements for transportation are as follows:

- Unless otherwise specifically stated on the Purchase Order, freight terms for shipments to Innotec are F.C.A., Innotec's Dock (Incoterms 2000).
- Innotec will provide information to the Supplier regarding the preferred freight carrier.
- Supplier should contact Innotec for permission to deviate from the preferred freight carrier.

Suppliers who fail to comply with the routing specifications may be required to compensate Innotec with freight pricing differences and an administrative fee for each occurrence.

### 4.5. Discrepant Material Report (DMR)

The following situations may warrant the issuance of a Discrepant Material Report (DMR) - see example in Appendix B:

- Shipment quantities or Part Numbers that do not match Releases or Purchase Orders

- Shipments damaged in transit
- Missing documentation (i.e. pack lists, bills of lading, NAFTA certificates, commercial invoices, hazardous materials information)
- Mislabeled product
- Shipments not delivered to Innotec within the requested delivery window
- Shipments invoiced incorrectly
- Inaccurate ASN's

DMR's are issued to a Supplier by the Innotec business cell that is affected by the problem. The Supplier is expected to sign and return the DMR to Innotec within 24 hours of receipt of the DMR. If requested, the Supplier is required to provide corrective action in the 8D Problem Solving Process format (see Section 5.1). Repetitive errors or chronic problems may result in a Supplier Poor Performance Review (SPPR) with Innotec (see Section 5.2).

#### 4.6. Capacity Assessments and Contingency Plans

Innotec may request production Capacity Assessments from Suppliers to identify existing or potential constraints to ensure the uninterrupted flow of parts and products necessary to meet customer demand. In addition, Innotec may request documentation to substantiate Contingency Plans from suppliers to ensure plans are in place to address potential interruption of supply that may occur due to key equipment failures, natural disasters, fire, utility disruption or cyber-attacks. Innotec requests that all suppliers have plans in place but in most situations, only self-assessments will be required. Innotec reserves the right to conduct onsite audits if necessary. The Supplier Scorecard Customer Service section may be negatively impacted if Supplier fails to respond to Capacity Assessment or Contingency Plans requests.

#### 4.7 Digital Inventory Management Systems

Innotec business cells may utilize a digital inventory management system to monitor and order materials. If the business cell utilizes an inventory management system, at receipt of order the supplier must confirm receipt and communicate delivery date by entering confirmation dates in supplier portal or through mutually agreed method of communication. Supplier forecasts usually will be uploaded or shared weekly. The supplier has 24 hours to update the system with delivery confirmation dates. If confirmation dates are not entered into the inventory management system, then Innotec does not treat these orders as a firm order. As a result, Innotec may cancel the orders and purchase material from other suppliers. If orders have firm confirmation dates in the inventory management system and the orders are deleted by Innotec, then the supplier has the right to still ship product to Innotec. If orders do not have firm confirmation dates in the system and Innotec deletes the orders, Innotec has no obligation to purchase the material.

Current Innotec Approved Inventory Management Systems:

- Synchrono eKanban

### 5. Issue Response

#### 5.1 Eight Disciplines (8D) Problem Solving

Innotec requires Suppliers to formally respond to issues with an 8D Problem Solving Process format. All Suppliers must have a thorough knowledge of this process and its required steps. On occasion, a response may be requested in an alternate Customer-specified format (i.e. Honda's "5 Principles" or Chrysler's "7 Steps").

The 8D process is designed to ensure:

- Immediate **Containment** of the defect or problem
- Analysis to determine the true **Root Cause** of a problem
- **Corrective Action** to eliminate the root cause
- **Prevention** of the issue from occurring again to both the product in question and other similar products or processes. *Prevention can only be achieved if Root Cause Analysis and Corrective Action are done correctly.*

The 8 Disciplines / Steps in the 8D Problem Solving Process are:

1. **Team Contact:** Assemble a team to solve the problem and implement corrective action. Select a team leader.
2. **Problem Description:** Describe the problem in measurable terms.
3. **Interim Containment Action & Verification:** Decide on a temporary method to protect the customer from the problem until permanent corrective action is in place. Verify that the interim containment process is completely effective.
4. **Define the Root Cause(s):** Identify all potential causes of the problem and narrow them down to the root cause.
5. **Define Permanent Corrective Action(s) and Validate:** Define permanent corrective action that will eliminate the root cause and ensure that problem is resolved.
6. **Implement Permanent Corrective Action:** Implement the permanent corrective action and take appropriate measures to ensure the root cause is eliminated.
7. **Prevent Recurrence:** Improve and update practices and processes to prevent any future recurrence of this and all similar problems. Evaluate for application on other similar parts or processes.
8. **Congratulate Your Team:** Recognize and reward the work of each of your team members.

A 4D response is required within 24 hours of an issue and the completed 8D is required within 7 days from date the issue occurred or the date specified by the Innotec Business Cell. Depending on the severity and/or urgency of the issue, the Innotec Cell has the right to require the 8D be completed in less than 7 days.

## 5.2 Supplier Poor Performance Review (SPPR)

If a Supplier demonstrates chronic recurring problems or has a Scorecard score below 60, Innotec may request a Supplier Poor Performance Review (SPPR). A Supplier will receive an SPPR notification by phone, email or mail.

This meeting is not intended to be a “brainstorming session.” Suppliers must draft an agenda and forward it to their contact at Innotec at least 48 hours prior to the meeting. Suppliers must demonstrate in the agenda that they are taking appropriate actions to address the performance problem(s). Top problem-solvers at the Supplier’s organization and anyone else specified by Innotec, are required to attend the review.

## 5.3 Issue Costs

Innotec reserves the right to charge Suppliers a \$100.00 flat fee for the administrative costs associated with the issuance of a SMR or DMR. Innotec Business Cells also have the option to charge \$75 per hour for activity related to a Supplier issue, such as sorting, customer meetings, etc. These charges are in addition to any down time or any other costs associated with an issue at Innotec.

## 6 End of Life Requirements

### 6.1. Balance Out

Innotec seeks to minimize balance out claims by Suppliers when a product becomes obsolete or reaches end of life. This is accomplished by strictly managing incoming material and ensuring that shipments match what is ordered. Innotec will inform Suppliers of the projected date of balance out and advice on forecasting the remaining production volume. The forecast is subject to change based on the needs of our Customers, but it will be an estimate of the number of parts needed for the remainder of production. This Supplier must confirm receipt of balance out information to Innotec within one week.

As the actual balance-out date approaches, Innotec will provide the Supplier with the final forecasted amount to be ordered. In the event that Innotec does not purchase the amount ordered, the Supplier should complete a balance-out claim form. In order to receive reimbursement from Innotec, a Supplier must have documentation proving that Innotec ordered the material; additionally, the dollar amount of the order must be at least \$250. Balance out claims will be paid at Supplier’s standard payment terms.

If a supplier does not sign and return Balance-out information, Innotec will not be obligated to reimburse the Supplier for any obsolescent material.



## **6.2. Service Part Requirements**

In order to support OEM requirements, Suppliers must have service parts available to Innotec for a minimum of 10 years after the final production build. If the OEM extends the period of the required service parts term, the Supplier must agree to abide by the extended period.

All service parts will be provided at production-level pricing for five years after the end of production. Suppliers can request adjustments to pricing after the fifth year of the service term. Products may be re-quoted at the start of the service term to account for the following:

- Special packaging
- Special handling
- Transportation

Additional cost elements must be fully disclosed in the service part quoting process and are to include reasonable and justifiable cost breakdowns.

## **7. Commercial Expectations**

### **7.1. Cost Objectives**

Supplier commercial performance will be monitored and is included in the Service and Performance section of Innotec's Supplier Scorecard. Innotec is committed to achieving material cost reductions of 4% annually. Suppliers will be evaluated on their ability to meet this objective. Cost reductions opportunities can be generated through changes in materials, packaging, logistics, process redesign, and/or VA/VE. It is a condition of continuing business that a Supplier participates in cost reduction initiatives.

Innotec's expectation is that Suppliers will provide innovative ideas during the initial sourcing decision, productivity improvements annually, and VA submissions throughout the year.

### **7.2. Purchase Orders**

Every purchase order issued by Innotec whether written or oral, is bound to the Innotec's Terms and Conditions which can be found at <https://www.innotecgroup.com/company/suppliers>. Suppliers accept these Terms and Conditions upon acceptance and performance of any purchase order.

### **7.3. Supplier Request for Change**

Innotec requires advance notification and written approval prior to the implementation of any Supplier requested change to the product or process. Failure to provide proper notice and to follow Innotec's change request system may result in the Supplier not being sourced future business, a formal notification sent to the TS16949 or ISO/QS9000 Supplier Registrar and/or potential financial consequences. Supplier Change Requests should be submitted using the form found in Appendix C or on our website at <http://www.innotecgroup.com/company/suppliers>

Product and process changes that require Innotec approval:

- Any change that could affect form, fit, or function
- Any product change
- Supplier manufacturing process change (temporary or permanent)
- Change in manufacturing or shipping location
- Change in sub-supplier
- Modified equipment
- New or refurbished equipment / tooling
- Changes in test / inspection method
- Revisions to the line layout or work station

The Supplier must complete the following steps to obtain approval for any requested process change:

1. Submit a completed Supplier Change Request (SCR) form to the Innotec business cell.
2. Innotec will evaluate the SCR for completeness and acceptability. Considerations for approval include: customer notification/approval, safety characteristics, validation, capability studies, timing, risk, etc.
3. Supplier receives written authorization from Innotec to move forward with the change.
4. Supplier re-PPAP package (refer to Section 3.5) submitted to the Innotec business cell.
5. Supplier PPAP and SCR are approved by Innotec.
6. Supplier proceeds with the process change.

## **8. Supplier Performance Evaluation**

### **8.1. Supplier Scorecard**

In order to quantify Supplier performance each fiscal year, Innotec uses a Supplier Scorecard system. This system focuses on three main areas: Quality, Delivery, and Performance Objectives. The Supplier Scorecard measurement criteria is in Appendix D or at <http://www.innotecgroup.com/company/suppliers>. The expectation is for all Suppliers to maintain a score of 90 or better (perfect score is 100 or 98 for those Suppliers with ISO certification).

Scorecard data often is emailed monthly directly to Suppliers. However, Suppliers can contact their Innotec business cell at any time to request a copy of their Scorecard.

A Supplier who's score falls near or below 60 may be required to complete immediate corrective action plans, participate in an onsite supplier assessment, Level 1 or Level 2 containment process, and/or participate in an SPPR meeting at Innotec.

## **9. Social and Environmental Responsibility**

### **9.1. Environment**

Innotec is committed to the application of our vision and values through environmental stewardship. Key to this commitment is continuous improvement of our environmental impact, complying with all environmental regulations and developing processes that are safe for the environment. Innotec expects the same commitment from our Suppliers.

Innotec's Environmental Management systems are **ISO 14001** certified. We encourage all Suppliers to be working towards the implementation of this system within their organization. The Social Responsibility section of Innotec's Scorecard may include ISO 14001 certification as part of its scoring criteria to recognize its importance.

Suppliers that are not working towards environmental registration may be required to submit to Innotec the plan they may have for registration/or advancement of their own internal Environmental Management Systems.

### **9.2. Hazardous Material Declarations**

In 2000, the European Union established the End of Life Vehicle (ELV) Directive, which states, "All OEMs & Suppliers must account for all prohibited, restricted and reportable substances for all components." International Material Data System (IMDS) provides substance breakdowns necessary to safely recycle vehicles at the end of their useful lives.

Innotec requires all IMDS to be submitted through the IMDS system for all automotive program supporting Suppliers, which can be accessed at <http://www.mdssystem.com> and observe the requirements of the IMDS Recommendation 001. Automotive program Suppliers must include IMDS data with their PPAP submissions. If the data is not received with the PPAP submission, Innotec reserves the right to refuse PPAP sign-off.

In addition, Innotec will require, either directly or through a 3<sup>rd</sup> party, that Suppliers account for prohibited, restricted and reportable substances to meet REACH, RoHS or other international hazardous material declarations. Innotec expects such submissions to completed promptly and will use the Scorecard system to document performance.

### **9.3. Conflict Minerals**

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act requires public companies to report if any of their products contain conflict minerals. Suppliers are expected to promptly prepare and provide any or all reporting documents requested by Innotec to support this regulation in the format requested by Innotec or Innotec's Customers. A Supplier's scorecard will be negatively affected by late or non-submittal of Conflict Minerals reporting in the Social Responsibility section.

### **9.4. Other Regulatory Compliance**

In addition to IMDS and Conflict minerals, Innotec may also require Suppliers to meet rigorous regulatory requirements before they are able to access Innotec global markets. These reporting requirements range from chemical reporting, restricted substances, and product certification to support the requirements of initiatives such as REACH, ROHS and/or California's PROP 65 regulations, etc. Innotec may use an outside, 3<sup>rd</sup> Party to gather compliance information from Suppliers. Suppliers are required to respond to such request on a timely manner. Non-compliance with these requests could result in products being denied access to global markets, loss of contracts and, in some cases, legal actions.

## **10. Labor and Human Rights**

### **10.1. Child Labor**

Suppliers and their sub-suppliers must comply with all applicable child labor laws and regulations in the location where the goods are produced. Children under the legal age of employment must not be employed by the Supplier.

### **10.2. Wages and Hours**

Suppliers must comply with all applicable prevailing local wage and hourly rate requirements. Workers must be paid in accordance with local laws and regulations. Workers must be compensated at a rate at least equal to the prevailing local minimum wages, including piece rate workers.

### **10.3. Discrimination**

Suppliers and their sub-suppliers are expected to support diversity and equal opportunity in their workplaces. Suppliers must prohibit discrimination based on race, ethnic group, nationality, age, sex or disability and must comply with all local anti-discrimination laws and regulations.

### **10.4. Forced Labor**

Every Supplier employee must be a voluntary worker. No employees can be made to work against their will.

## **11. Health and Safety**

Suppliers and their sub-suppliers must provide workers with a safe and healthy work environment. Suppliers are expected to take proactive measures that support accident prevention and minimize health risk exposure. Suppliers must ensure that their workplace is in compliance with all local health and safety laws and regulations.

## **12. Ethics**

Innotec's Vision and Values clearly state that we will conduct business in an ethical and honest manner and we are committed to implementing and enforcing systems that ensure bribery does not occur. Innotec has zero-tolerance for bribery and corrupt activities. We are committed to acting professionally, fairly and with integrity in all business dealings and relationships.

Innotec will constantly uphold all laws relating to anti-bribery and corruption in all jurisdictions in which we operate. Innotec team members will not accept material gifts, money, or other forms of gratuity from Suppliers for securing and maintaining privileges, preferential treatment, or impacting sourcing decisions. We expect our Suppliers and their employees to maintain these same principles including anti-bribery systems with sub-suppliers.

### 13. Supplier Manual Revision Log

Rev Level	Rev Date	Sections Revised
0	4-2017	Initial Release
1	5-2017	3.3. Added transition period to meet ISO9001:2015 release
2	5-2018	Appendix D updated 2018 scorecard performance criteria 3.3 Added IATF compliance data 3.4 Changed as Innotec now has just one assessment 3.5 Added no cost for PPAP 3.7 Inserted detailed chart for quality records retention 6.1 Removed requirement to use Balance Out Form 11.0 Updated antibribery wording to match Innotec's
3	5-2019	Appendix D – updated Scorecard scoring criteria 9.1 Environment – revised wording
4	5-2020	Revised <b>Section 3.4</b> to include Assessment Scoring Criteria Added <b>Section 4.7 Digital Inventory Management Systems</b> Added <b>Section 9.4 Other Regulatory Compliance</b> Updated Supplier Scorecard Criteria to latest Rev.
5	8-2020	Revised Section 4.6 to add <b>Contingency Planning</b>
6	5-2021	<b>Added updated Scorecard Criteria in Appendix D</b>

APPENDIX A



**SUPPLIER MATERIAL REJECTION REPORT**

Rejection Date

SMR #

RMA #

SUPPLIER	
Contact	
Supplier Address	
Phone	
Fax	
Email	

INNOTECH	
Contact	
Division	
Phone	
Fax	
Email	

Part #	Quantity	PPM Qty	Problem Description	Unit Price	Ext. Price
v34323	100	75	spots on lens	\$ 1.00	\$ 100.00
				\$	-
				\$	-
				\$	-
				\$	-
				\$	-
				\$	-
				\$	-

Returned Product Total:	\$	100.00
SMRR Administrative Flat Fee	\$	100.00
Additional Labor/Parts (detail attached)	\$	-
Prepaid freight	\$	-
<b>Total Debit:</b>	<b>\$</b>	<b>200.00</b>

**Special Instructions:**

Email/fax initial 4D response within 24 hours

**4D Due Date** 1/1/1900

Full 8D response due within 7 days

**8D Due Date** 1/7/1900

Please reference the Innotech Supplier Manual located at [www.innotegroup.com/supplierresources.html](http://www.innotegroup.com/supplierresources.html) for 8D instructions.

Innotech Representative \_\_\_\_\_ Date 1/0/1900

Supplier Approval \_\_\_\_\_ Date

**PLEASE SIGN AND RETURN TO INNOTECH CONTACT**



APPENDIX B



Discrepant Material Report

Date: \_\_\_\_\_

Occurrence Date: \_\_\_\_\_

DMR # \_\_\_\_\_



Innotec Cell \_\_\_\_\_ Cell Contact/Phone \_\_\_\_\_

Supplier \_\_\_\_\_

Address \_\_\_\_\_

Supplier Phone \_\_\_\_\_

Fax \_\_\_\_\_

Contact \_\_\_\_\_

Email \_\_\_\_\_

Supplier Signature: \_\_\_\_\_

Date: \_\_\_\_\_



ERROR TYPE (check all applicable) :

- |                            |   |                             |   |
|----------------------------|---|-----------------------------|---|
| 1 <input type="checkbox"/> | Purchase Order Discrepancy              | 9 <input type="checkbox"/>  | Wrong Ship-to address                           |
| 2 <input type="checkbox"/> | Packing Slip Qty Different from label   | 10 <input type="checkbox"/> | Non-conformance to packaging spec               |
| 3 <input type="checkbox"/> | Box Qty Different from label            | 11 <input type="checkbox"/> | Late Shipment against defined delivery w window |
| 4 <input type="checkbox"/> | Incorrect Part Number on label          | 12 <input type="checkbox"/> | Missing commercial invoice                      |
| 5 <input type="checkbox"/> | Over shipment                           | 13 <input type="checkbox"/> | Incomplete/Inaccurate commercial invoice        |
| 6 <input type="checkbox"/> | Under shipment                          | 14 <input type="checkbox"/> | Incomplete/Inaccurate packing list              |
| 7 <input type="checkbox"/> | Label Nonconformance                    | 15 <input type="checkbox"/> | Other _____                                     |
| 8 <input type="checkbox"/> | Release Qty Different from Packing Slip |                             |   |



Ship Date \_\_\_\_\_ Packing slip # \_\_\_\_\_

Part # on label \_\_\_\_\_ Actual Part # \_\_\_\_\_

PO # on P/S \_\_\_\_\_ Actual PO # \_\_\_\_\_

Qty Discrepancy - Listed qty : \_\_\_\_\_ Qty Received \_\_\_\_\_

Other : \_\_\_\_\_

Has the product been received? Yes No

8D Required?: Yes No 8D Receipt Date (if applicable) \_\_\_\_\_

Is an RMA required? Yes No RMA# (if applicable) \_\_\_\_\_



APPENDIX C





**Innotech Product Change Request**  
Change Number

Supplier Information			
Supplier Name			
Contact			
Email/Phone			
Address			
Date of Request			
Proposed Date of change			
Part Information			
Component Part Number			
Part Description			
Type of Change Request (check all that apply)			
	Design Change		Machine Change
	New Supplier, Supplier Location		Manufacturing Location Change
	Material Change		Tool/Die change
	Manufacturing Method Change		Inspection Method Change
	Manufacturing Process Change		Other (list)
Detailed Description/Sketch of Change - attached more documents if necessary			
Innotech Quality Confirmation Requirements (Innotech will check all that apply)			
	Revised Control Plan		Gage R&R
	Revised PFMEA		Process Capability Results
	Sample Parts		Production Trial Parts
	Product/Quality Function Test - List Below		Updated PPAP
	Updated Drawings		Updated PO with new Rev Level
	Bank Plan Sign Off		
Comments			
Innotech Approval Section (signatures required before change process can begin - add change number above)			
Initial Request Approval:    Accept    Reject	Innotech Business Cell	Date	
	Supply Chain DR or Finance DR	Date	
Innotech Quality Confirmation Approval Section (must be signed after Quality Requirements submitted)			
Quality Confirmation Approval:    Pass    Fail	Innotech Business Cell	Date	
Innotech Approved Date of Change			



## APPENDIX D

### Innotec Supplier Scorecard Scoring Criteria

Scorecards are scored based on a rolling twelve month calendar. For example, a Supplier's April 2021 scorecard will reflect data from 5/1/2020 - 4/30/2021.

#### Scoring Criteria

PPM	40
Delivery	20
8D Timeliness	10
Quality Registration	10
Service & Performance	15
Service & Performance	5

**Maximum 100**

PPM	
0	40
>0-100	38
101-200	36
201-300	34
301-400	32
401-500	30
501-600	28
601-700	26
701-800	24
801-1000	22
1001-1100	20
1101-1200	18
1201-1300	16
1301-1400	14
1401-1500	12
1501-1600	10
1601-1700	8
1701-1800	6
1801-1900	4
1901 - 1999	2
>2000	0

8D Timeliness	
0	10
1 - 3 late	5
>3 late	0

Delivery Performance	
100%	20
95-99	16
90-94	12
85-89	8
80-84	4
79 or less	0

Quality Registration	
IATF	10
ISO9001:2015	8
NONE	0

Performance	Maximum	
Customer Service	5	Timely response to requests
Cost Objectives	5	Meets cost performance objectives
Communication	5	Supplier's pro-active communication related to any circumstance that may impact continuity of supply. Examples include timely communication of raw material shortages, changes in delivery timing, changes in capacity, hours of operation and/or any other information that may impact ability to fulfill Purchase Order requirements.
<b>Total</b>	<b>15</b>	

Social Responsibility	Maximum	
Social Responsibility	5	Comply with all requests including Conflict Minerals, REACH/Rohs or other Supplier Code of Conduct requirements

#### Calculating PPM - maximum 40 points

Product which does not conform to the drawing, specifications, and/or agreed upon standards will be counted against Supplier's PPM record. PPM will be reported in the quantity units as purchased. PPM will be calculated as follows:

$$\frac{\text{Total number of defective parts}}{\text{Total number of parts shipped prev. 12 months}} \times 1,000,000 = \text{PPM}$$

#### Calculating

Delivery Performance is based on the percentage of on time delivery. Delivery performance is calculated as follows:

$$\frac{\text{Total Number Deliveries received on time}}{\text{Total number of Deliveries previous 12 months}} = \text{Percentage on-time Deliveries}$$

#### Scorecard Performance Requirements

Score of 90 or more expected

Score of 60 or less requires immediate corrective action as detailed by Innotec

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