Supplier Manual

Mechanical Shift Transfer Case

Electric Shift-On-the-Fly Transfer Case

Torque-On-Demand Transfer Case

Dual-Offset Transfer case

Interactive Torque Coupler

Synchronizers

6 speed Manual Transmission

Dual Clutch Transmission

Electric Vehicle Transmission

Divgi-TTS Business Philosophy

Divgi-TTS Supplier Business, Product & Service Processes

Performance and Processes Issues

Divgi-TTS Business Philosophy

Section #1 Vision & Beliefs

1.1 Vision

To be recognized as a world-class, globally oriented and innovative product leader in automotive drive train components and systems on whom customers rely to improve performance, durability and reliability.

1.2 MISSION

To help our customers and our people continually innovate and excel at world-class levels.

1.3 What We Value: The Divgi-TTS Beliefs

Respect for Each Other

Divgi-TTS must operate in a climate of openness, trust and cooperation, in which each of us freely grants others the same respect and decency we seek for ourselves. We expect open, honest, and timely communication. As a global company, we invite and embrace the diversity of all our people.

Power of Collaboration

Divgi-TTS is both a community of entrepreneurial businesses and a single enterprise. Our goal is to preserve the freedom each of us needs to find personal satisfaction while building a strong business that comes from unity of purpose. True unity is more than a melding of self-interests: it results when goals and values are shared.

Passion for Excellence

Divgi-TTS chooses to be a leader in serving our Customers, advancing our technologies, and rewarding all who invest in us. To sustain our leadership, we relentlessly seek to improve our performance. We bring urgency to every business challenge and opportunity. We anticipate change and shape it to our purpose. We encourage new ideas that challenge the status quo, and we seek to involve every mind in the growth of our business.

Personal Integrity

We at Divgi-TTS demand uncompromising ethical standards in all we do and say. We are committed to doing what is right in good times and in bad. We are accountable for the commitments we make. We are, above all, an honorable company of honorable people.

Responsibility to Our Communities

Divgi-TTS is committed to good corporate citizenship. We strive to supply goods and services of superior value to our Customers; to create jobs that provide meaning for those who do them; and to contribute generously of our talents and our wealth in the communities in which we do business.

Section # 2 Quality Policy Principles

Quality driven management and employee dedication are keys to success and Customer satisfaction. Divgi-TTS is committed to building products that are sound and dependable. We will improve our business continuously in quality, cost, and reliability. We will consistently provide products and services, which meet or exceed Customer expectations, and satisfy Customers by anticipating their requirements.

Divgi-TTS seeks to achieve and maintain a reputation of excellence throughout the communities it serves. To achieve this, dedication to quality in everything the Company does will be a top priority of all of our employees and Suppliers. We believe that success will come only through continuous renewal. Quality is at the very core of our Product Leadership culture. All Divgi-TTS employees are therefore, committed to CQC.

Quality Policy:

✓ **Divgi-TTS drives a passion for excellence in all spheres of business activity through a process of continual improvement.**

✓ **We will consistently provide world class, defect-and hassle-free products and services which meet or exceed customer expectations, and achieve Customer Satisfaction by anticipating their requirements.**

✓ **We are committed to a high standard of motivation & competency that is essential to the pursuit of excellence.**

In summary, all Divgi-TTS employees are committed to…..

Customer Satisfaction

Quality Products

Continual Improvement

Environment, Health and Safety Policy

- ✓ At Divgi-TTS, we strive to conserve our fragile environment and improve our occupational health and safety requirements by
    - **Energy Saving** and optimum consumption of resources.
    - Preventing environmental pollution through **waste reduction and control**
    - Encouraging **safe work practices** for hazards prevention, accident, injury and ill health **through People involvement, Education & training and continual Risk Reduction.**
    - Complying with relevant legal and other requirements.
    - Continual improvement in EHS management system.
- ✓ Make this policy communicate to all persons working for and on behalf of the organization and available to the public/stakeholders on request.

In summary, all Divgi-TTS employees are committed to…..

Safe work Practices

- People Involvement
- Education & Training
- Continual Risk Reduction
- Hazards Prevention

Energy Saving

Waste reduction and Control

Section # 3 Goals & Scope

"We need Suppliers who are capable of providing best-in-class quality and services."

Before presenting the following guidelines, we want to provide the general principles that drive this program to make sure that each Supplier's decision to participate is made with a complete knowledge of our objectives, of the procedure used, and what is expected of all Supplier companies.

Goal

The demand for improved product quality is widely recognized as the primary challenge facing our industry. Divgi-TTS has historically been committed to producing the highest quality product possible. Our policy is to meet and strive to exceed Customer requirements with the standard of measurement being zero defects. This manual details the procedures and systems of this quality approach, the basis of which is defect prevention and continuous improvement. Divgi-TTS is committed to this approach and we expect the same commitment from our Suppliers. It is important that Divgi-TTS's supply base develops our same enthusiasm for World Leadership and displays the willingness to work toward the common goals outlined in this manual. With this in mind, Divgi-TTS has created this common Supplier Manual applicable for all Divgi-TTS locations supporting the following points:

- **Communicate to the Supplier Divgi-TTS's expectations, goals and minimum requirements to assure quality of supplied parts.**
- **Encourage open and free communication of ideas, information and notification of problems among Suppliers, Divgi-TTS and its Customers in the spirit of teamwork and cooperation.**
- **Develop an overall plan to ensure smooth production start-up and ramp-up both at Divgi-TTS and the Supplier, based on effective planning and communication.**
- **Define the quality assurance procedures and documents Suppliers must follow to assure application of an effective quality system based on ISO 9001, working toward IATF 16949.**

Scope

This Supplier Manual applies to all production material Suppliers and service part Suppliers that supply product to the production facilities of Divgi-TTS. These procedures may be applied to other parts and materials (such as consumable tools and supplies). The applicability of these procedures to tools and supplies will be indicated on purchase orders.

Responsibilities

- **Suppliers must maintain a comprehensive Quality System to ensure compliance with the requirements of the contract and this document. This manual explains Divgi-TTS's minimum expectations, as well as the process Divgi-TTS follows to assess the capability and performance of each Supplier. Divgi-TTS seeks Suppliers who have a minimum of ISO 9001 and who will achieve IATF 16949 registration.**
- **Divgi-TTS also seeks Suppliers who have ISO 14001 or comparable registered Environmental Management Systems.**

Section #4 Supplier Code of Conduct

4.1 Supplier Code of Conduct

The Divgi-TTS Beliefs serve as a guide for our employees on the way we conduct our business—with our Customers, our employees, our Suppliers and our communities. These beliefs, which are deeply rooted in our culture, also serve as a framework for the standards of business conduct we expect of any Supplier that does business with us. Compliance with these standards will be a mandatory component of our purchase contracts worldwide and must also apply to subcontractors.

4.2 Respect for Each Other

Divgi-TTS operates in a climate of respect, courtesy and impartiality. The same fairness and impartiality should be extended to all legitimate Suppliers who wish to compete for Divgi-TTS business. We expect open, honest and timely communication. Divgi-TTS Suppliers should encourage a positive and diverse workplace by not tolerating harassment or discrimination, including that involving race, color, religion, gender, age or disability.

4.3 Power of Collaboration

Successful business relationships are the result of mutual goals and values. We encourage differentiating technologies that challenge the status quo and help support Divgi-TTS's product leadership model. We view every Supplier relationship as an opportunity to extend our enterprise and grow our business. Information given to us must be accurate, and when requested, we will treat as confidential, information so designated.

4.4 Passion for Excellence

Divgi-TTS seeks to be a leader in serving our Customers, advancing our technologies, and rewarding all who invest in us. To extend our competitive position, we expect our Suppliers to relentlessly improve their own performance and to bring urgency to every business challenge and opportunity.

4.5 Personal Integrity

4.5.1 **We at Divgi-TTS demand uncompromising ethical standards in all we do and say—we expect our Suppliers to do the same. Our policies prohibit the acceptance of gifts, services or anything of such value that the good judgment of the recipient might be influenced, or that a third party might reasonably perceive as influencing that judgment. Payments of money, property, or services for the purpose of obtaining business or special consideration are prohibited. If a Divgi-TTS employee solicits a gift or entertainment opportunity from a Supplier for their personal use, the request is to be declined. We discourage our employees from purchasing goods or services from Divgi-TTS Suppliers for their personal use, even though paid for by the employee.**

4.5.2 **Divgi-TTS recognizes that in some cultures, business gifts and business entertainment are considered an important part of the development of business relationships. Any gift or entertainment must be evaluated to ensure it is in the best interest of Divgi-TTS, consistent with Divgi-TTS policies and the law, and in accordance with local custom.**

4.5.3 **No listing of ethical guidelines can be considered complete. It is incumbent upon those affected by this policy to avoid the misconception that if it is legal, it is ethical. Appropriate conduct must reflect good judgment, fairness and high standards.**

4.6 Responsibility to Our Communities

We are committed to good corporate citizenship. We expect our Suppliers to abide by all applicable employment, environmental, health and safety laws and regulations. We will not allow the use of any forced, involuntary or child labor by Suppliers who provide goods or services to us. We also believe that Suppliers should provide wage and benefit levels to their employees that address the basic needs of people in light of local conditions.

4.7 Adherence

We expect your cooperation in ensuring adherence to our Supplier Code of Conduct. If you or anyone in your company believes that a Divgi-TTS employee or other Supplier has violated this policy, please contact Mr. Deepak Vani, Head-Strategic Sourcing & GSM by phone at +91-9767899277 or through e-mail davani@divgi-tts.com

Section #5 Supplier Manual Access

5.1 Divgi-TTS's Responsibility

5.1.1 Provide Supplier access to the latest released version of the Divgi-TTS Supplier Manual.

5.1.2 Update Supplier Manual as required and notify Suppliers. This notification will be accomplished in one of the following manners:

- Copies distributed directly to the Supplier

5.1.3 Specific approach to access and notification to be determined by your Divgi-TTS Global Supply Management (GSM) representative.

5.2 Supplier's Responsibility

5.2.1 Ensure Supplier uses the current released version of the Divgi-TTS Supplier Manual.

5.2.2 Provide training to their personnel regarding the location of the controlled version of the Divgi-TTS Supplier Manual.

5.2.3 Suppliers must ensure that Divgi-TTS has the correct Supplier contact information allowing notification of any changes.

5.2.4 Supplier shall ensure compliance with applicable statutory and regulatory requirements and special product and process characteristics; Supplier shall cascade all applicable requirements down the supply chain to the point of manufacture.

5.3 Revisions

5.3.1 Any updates to the Supplier Manual will be provided to the Supplier as stated in the Divgi-TTS Responsibility section above. Suppliers will be notified through electronic means of any changes to the manual.

5.3.2 Suppliers should never use an uncontrolled version of the Divgi-TTS Supplier Manual. They should always reference the controlled copy.

Divgi-TTS Supplier Processes

Section #6 Commercial Expectations

6.1 Purchasing Process

6.1.1 Supplier Agreement

- **Unless otherwise directed, Suppliers must sign and return the Supplier Agreement regarding Proprietary Information Security and Disclosure to the appropriate Divgi-TTS Supplier Representative prior to being issued an invitation to quote.**
- **Supplier must sign and return all other agreements as requested.**

6.1.2 Request For Quotation

- **Potential Suppliers will be invited to participate in the quoting process. Suppliers are required to use the forms supplied in the request for quotation, including detailed cost breakdowns. Failure to use Divgi-TTS documents may result in a "no quote" status. (Contact your local Divgi-TTS Supplier Representative for further instructions.)**

6.1.3 Supplier Selection Criteria

- **The following criteria can be used to award new business:**
  - **The Supplier's demonstrated performance in environmental management, quality, delivery, and cost reduction [reference Supplier Balanced Scorecard and Approved Supplier List (ASL) sections]**
  - **Supplier Consolidated Risk Assessment**
  - **Supplier's total cost competitiveness and commitment to continuous improvement**
  - **Supplier's demonstrated participation in Minority Business Sourcing (United States only)**
  - **Supplier's demonstrated technical capabilities, Engineering support of Divgi-TTS programs, and Program Management of new product launches**
  - **Supplier's overall financial condition**
  - **Supplier's acknowledgement and acceptance of Divgi-TTS's Purchase Order Terms and Conditions.**
  - **Other, such as customer-directed, regional requirement, etc.**

6.1.4 Cost Breakdown Analysis

- **As requested, Suppliers must supply detailed and accurate cost information on appropriate forms.**

6.1.5 Purchase Orders

- **Refer to the specific Divgi-TTS purchase order terms and conditions.**

6.2 Continuous Improvement

6.2.1 General

- **Continuous Improvement in regard to cost reduction is an essential element of long-term business success for Divgi-TTS and for its Suppliers. In order to remain competitive, Divgi-TTS and its Suppliers must recognize the requirement to find effective ways to eliminate waste and reduce the cost of our products.**

6.2.2 Expectation—Annual Improvement Factor

- **Divgi-TTS expects all Suppliers to demonstrate a year-over-year cost reduction of at least 5%. We expect this to be directly reflected in the form of an Annual Improvement Factor (AIF) on all business.**
- **All Suppliers are expected to constantly examine and optimize the entire cost structure of their business and the products supplied to Divgi-TTS. This includes process improvements, cycle-time reduction, scrap reduction, die/tooling set-up reduction, design improvements, Sales, General and Administration (SG&A) reduction, fixed and variable overhead reduction, transportation, etc. In order to ensure proper review and validation of Suppliers' design and process improvement ideas, Suppliers must strictly comply with Divgi-TTS's change management requirements for all design and process change proposals.**

6.3 Terms & Conditions

6.3.1 **The Supplier must comply with the Divgi-TTS Supplier Manual as well as the Terms and Conditions contained in the Divgi-TTS Purchase Order. The Supplier will consult with the appropriate Divgi-TTS Supplier Representative for clarification.**

6.4 Warranty

6.4.1 **The Supplier will accept the warranty requirements specified in the Purchase Order Terms and Conditions and/or separate agreements. Additionally, Supplier will be responsible for all applicable warranty costs.**

Section #7 Tooling and Gauging Policy

7.1 General

7.1.1 **Divgi-TTS will issue purchase orders for special tooling, including dies, jigs, fixtures, templates, inserts, molds, patterns, gauges, test equipment, etc. as agreed upon.**

7.1.2 **Divgi-TTS reserves the right to immediately remove Divgi-TTS-owned tools.**

7.1.3 **Suppliers must receive written authorization from Divgi-TTS before:**

- **Moving or destroying tooling**
- **Altering tooling capacity**
- **Disposing of service parts tooling.**

7.1.4 **Selling products made from Divgi-TTS tooling to any other Customer is not allowed.**

7.1.5 **All Special Tooling owned by Divgi-TTS must be identified (see Special Tooling below).**

7.1.6 **The Supplier is responsible to adhere to all legal safety requirements as applicable.**

7.1.7 **The Supplier is responsible for ensuring that its sub-Suppliers adhere to the above guidelines.**

7.2 Definitions

7.2.1 Special Tooling

- The following general (not all inclusive) guidelines provide characteristics that Divgi-TTS typically considers regarding whether or not tooling and measurement devices are considered special tooling:
  - Specifically designed for a Divgi-TTS part or product with little or no other application
  - Life and value is limited to the production and service life of the part(s) which they produce or measure
  - Directly affect the part they measure or produce including part specific gauges, dies, fixtures, gear cutters, broaches, molds, jigs, etc.
  - Can usually be re-located
  - May be found between "bolster plates" of a machine or pieces of equipment (including dies, welding fixtures, sub plates, or automation handling devices) and are not part of the general equipment
  - Unique computer software required to operate the tooling is considered part of tooling and is also the property of Divgi-TTS.

7.2.2 Measurement Systems

- Any gauges, fixtures, tools, test equipment, etc., required to measure the part/process.
- Measurement Systems may be general in application and usable for many purposes.

7.2.3 Parts

- Any purchased or manufactured component or assembly intended for further manufacture or resale.

7.3 Quotation & Design

7.3.1 Tooling Quotation

The items in this section must be considered as part of a tooling quotation to Divgi-TTS unless otherwise specified by Divgi-TTS.

- Tooling quotation must include expense breakdown, including fixtures, dies, gauging and other costs as well as tooling design (i.e., number of cavities, material, etc.).
- Capacity of the tool must be clearly defined on the quotation.
  - Capacity will be calculated on a 5-day 3-shift basis unless otherwise directed by Divgi-TTS.
- Tool life must be clearly defined on the quotation.
- Cavity replacement must be clearly defined on the quotation. This should be provided as a per part cost or as a cavity replacement cost.
- The quotation must specify lead-time breakdowns including design, build, testing and PPAP submission & approval.

7.3.2 Supplier's Responsibilities

- The Supplier is responsible for maintaining, repairing, refurbishing, & replacing tooling in production condition at no cost to Divgi-TTS and Divgi-TTS will retain all title and ownership rights for said repaired, refurbished, or replaced tooling for the defined lifetime of the tool, unless otherwise agreed to in writing by Divgi-TTS.
- The Supplier is responsible for disposing of the tooling at no cost when directed in writing by Divgi-TTS.

- **The Supplier will keep detailed maintenance records for the tooling. The Supplier will make these records available to Divgi-TTS on request.**
- **The Supplier will monitor the tool life and performance to ensure that repair, replacement and maintenance, whether or not the responsibility of the Supplier, are identified and corrected prior to the time that part quality or production capacity are affected. This will include regular dimensional reviews on specific part characteristics. Supplier agrees to make this data available to Divgi-TTS on request.**
- **The Supplier will on a regular basis monitor tool life and advise the Divgi-TTS Supplier Representative well in advance when tooling replacement is necessary.**
- **The Supplier will ensure that sufficient quantities of components will be in Supplier's inventory and available to support Divgi-TTS production prior to and during the time period that the tooling is being refurbished or replaced.**

7.3.3 Tool Design

- **When tooling is designed by the Supplier Divgi-TTS must be provided with electronic and hard copies of the design and all related drawings and specifications. Supplier, upon request from Divgi-TTS, will provide reproducible tooling prints for any existing tools.**
- **All designs must be based on the metric system unless otherwise agreed to in writing by Divgi-TTS.**

7.3.4 Tooling Run-off

- **The Supplier must document tooling run-off quantities in the quotation.**

7.3.5 Measurement System

- **Divgi-TTS's expectation is that all Measurement System devices must be validated in accordance of the AIAG Measurement Systems Analysis.**
- **All gauging systems must give readings in metric unless otherwise agreed to in writing by Divgi-TTS.**
- **Gauge tolerances must be defined by SAE/DIN/ISO standards.**
- **The Supplier is expected to maintain the integrity of the Measurement System and provide Gauge Repeatability & Reproducibility (R&R) at required intervals.**

7.4 Invoicing

7.4.1 Invoice Amount

- **Supplier invoices should document expenditures for Divgi-TTS-owned tooling (including a full cost breakdown). In addition, invoices must show the exact physical location by city, town, state or province, and country where the tools will be used in production. Supplier invoices for tooling should reflect the tooling order amount or the actual costs incurred, whichever is less. Any discrepancies should be brought to the attention of the GSM representative. The Measurement System Equipment invoice must include complete descriptions of each device. Note: Supplier must provide photographs of Divgi-TTS-owned tooling with all tooling invoices.**

7.4.2 Payment Authorization

- **Divgi-TTS will authorize payment for tooling and Measurement System devices when PPAP and all other applicable customer requirements (regarding tooling audit) are met, statistical studies are approved, and all photographs received, or as otherwise agreed upon with Divgi-TTS.**

7.4.3 Bill of Sale

- **Supplier will provide a bill of sale acknowledging payment and ownership of all Divgi-TTS Tooling and Measurement systems.**

7.5 Tooling Identification & Ownership

7.5.1 **All tooling and materials which Divgi-TTS furnishes either directly or indirectly to Supplier or which Divgi-TTS buys from or gives reimbursement to Supplier in whole or in part (collectively, "Divgi-TTS's Property") will be and remain the property of Divgi-TTS and be held by Supplier on a bailment basis. Supplier will sign or authorize Divgi-TTS to sign on its behalf any documents deemed reasonably necessary by Divgi-TTS to be filed with Federal, State or Local officials to record Divgi-TTS's title and interest in Divgi-TTS's Property. Supplier will not sell, lend, rent, encumber, pledge, lease, transfer or otherwise dispose of Divgi-TTS's Property. Furthermore, Supplier will not assert or permit any person claiming an interest through Supplier to assert any claims of ownership to or any other interest in Divgi-TTS's Property.**

7.5.2 **The Supplier will clearly mark or tag tooling and/or dedicated measurement devices and associated materials, as appropriate, with "Property of Divgi-TTS."**

7.5.3 **In certain instances the Supplier will be required to mark or tag the tooling with the additional note, "Property of (OEM)" as directed.**

7.5.4 **The Supplier will permanently mark the tooling with the part number, which the tool is intended to produce.**

7.5.5 **In the event that directly marking the tool is not practical, an identifying mark will be made and a corresponding record will be maintained that defines the corresponding part number to the mark. This record will be maintained for the life of the program.**

7.5.6 **A descriptive breakdown of each of the various components that make up the tooling and/or measurement devices, as well as photographic evidence of the completed tooling and/or measurement devices must be submitted with PPAP documentation.**

7.5.7 **The tooling and/or measurement devices must be stored and handled in a manner to avoid damage and deterioration.**

7.5.8 **Any Supplier logo or other identifying mark placed in tool/die that result in a Supplier logo on the end part is prohibited unless otherwise approved by Divgi-TTS in writing.**

Section #8 Prototypes

8.1 General

In most programs prototypes are required to verify the design concepts. The requirements listed below apply to all Suppliers who have been issued a prototype order.

8.2 Submission Requirements

The following items may be required with each prototype shipment. The specific details are to be defined by the purchasing location.

8.2.1 **Prototype Submission Warrant**

8.2.2 **Divgi-TTS Drawing**

- **Include a copy of the approved Divgi-TTS drawing supplied with the purchase order.**
- **If the drawing is not pre-numbered by Divgi-TTS, number the print to coincide with the dimensional report.**

8.2.3 **100% dimensional inspection to all print dimensions (except reference and basic dimensions) as required.**

- The sample(s) must be identified as required.
- Part number and revision level must be listed on the print. If no revision level is listed, write "none."
- The method of inspection (CMM, Calipers, Micro Height, etc.).
- All dimensions MUST meet the print specification or have a written and signed deviation by Divgi-TTS attached. Divgi-TTS must approve the deviation prior to shipment of parts.
- Out of specification dimensions must be clearly identified. The preferred method would be to highlight the dimension with a note "refer to attached deviation."
- Any special requirements, details or deviations should be identified in the comments/remarks section.

8.2.4 Capability Studies as required

8.2.5 Material Certification as required

8.2.6 Gauge Analysis as required

8.2.7 The shipment of prototype parts may also require the submission of material test results and preliminary Failure Mode and Effects Analysis (FMEA), control plans, or any other item specified by the appropriate Divgi-TTS representative.

8.3 Package Identification to be Defined by Receiving Location

8.4 Prototype Tooling

8.4.1 Unless otherwise specified by the Divgi-TTS representative, the Supplier will retain the prototype tooling at their facility. All prototype tooling paid for by Divgi-TTS is the property of Divgi-TTS and will be marked accordingly. The Supplier will provide such tooling upon Divgi-TTS's request.

Section #9 Quality Requirements

9.1 General

9.1.1 Quality Management System

- All Suppliers must comply with the Divgi-TTS quality expectations defined in this section. Suppliers are fully responsible for the quality of their products. In order to ensure Zero Defects, an effective Quality Management System must be in place. Suppliers are expected to work in accordance with the requirements described in ISO 9001 and be working toward IATF 16949 and all AIAG & VDA reference documents, including: Production Part Approval Process, Failure Mode and Effects Analysis, Advanced Product Quality Planning, Measurement Systems Analysis, and Statistical Process Control. These requirements are mandatory unless otherwise agreed to in writing by Divgi-TTS or by written permission from the Customer given to Divgi-TTS. In some cases, Divgi-TTS will provide 2nd party certification through the annual Supplier audit process. In this case, Divgi-TTS reserves the right to charge the Supplier for this certification. Suppliers are also responsible for assuring their subcontractor's PPAPs are approved and are under a controlled system of evaluation and review. These records must be made available for Divgi-TTS examination when requested.

9.1.2 Plant-Specific Requirements

- **In addition to complying with the quality expectations defined in this section, Suppliers must also comply with the additional quality expectations, where applicable, of specific Divgi-TTS locations or Customers.**

9.2 Supplier Assessments

9.2.1 New Suppliers

- **A Divgi-TTS Supplier Representative will provide access to the Divgi-TTS Supplier Manual and may request completion of the Divgi-TTS Supplier Questionnaire (GSM-F001) and Risk and Quality Assessment Form (GSM-F002). This assessment includes quality systems and financial risk assessments. Divgi-TTS may also complete an on-site Supplier Quality Systems Assessment. Once completed and submitted, Divgi-TTS will determine whether the candidate Supplier has the required quality systems, technical core competencies, program management and financial stability to be awarded new business.**

9.2.2 Existing Suppliers

- **Depending on the complexity of the product being purchased or other potential risks, Divgi-TTS may conduct an on-site assessment using the Risk and Quality Assessment Form (GSM-F002). Once completed, Divgi-TTS will determine whether the existing Supplier has the required quality systems, technical core competencies and financial stability to be awarded additional business.**

9.3 Supplier Quality Management System Development

The organization shall require their suppliers of automotive products and services to develop, implement, and improve a quality management system (QMS) with the ultimate objective of eligible organizations becoming certified to this Automotive QMS Standard. Using a risk-based model, the organization shall define a minimum acceptable level of QMS development and a target QMS development level for each supplier. Unless otherwise authorized by the customer, a QMS certified to ISO 9001 is the initial minimum acceptable level of development. Based on current performance and the potential risk to the customer, the objective is to move suppliers through the following QMS development progression:

a) certification to ISO 9001 through third-party audits; unless otherwise specified by the customer, suppliers to the organization shall demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021;
b) certification to ISO 9001 with compliance to other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent) through second-party audits;
c) certification to ISO 9001 with compliance to IATF 16949 through second-party audits;
d) certification to IATF 16949 through third-party audits (valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body).
NOTE: The minimum acceptable level of QMS development may be compliance to ISO 9001 through second-party audits, if authorized by the customer.

9.4 Advance Product Quality Planning (APQP)

9.4.1 General

- **Divgi-TTS requires all Suppliers to take ownership of and manage APQP utilizing Divgi-TTS APQP Status Form (GSM-F003). A Divgi-TTS Representative will initiate the quality planning process with Suppliers. However, Suppliers have an obligation to establish a cross-functional team to manage the Product Quality Planning Process.**
- **Divgi-TTS will provide Suppliers with the prototype/pre-production, PPAP and production requirements and dates as noted on the "program need" part of the APQP Status Form (GSM-F003). Suppliers will be responsible for keeping their product quality planning timelines up to date. Suppliers are expected to supply updated copies on frequent intervals or when there is a change that will impact overall program timing. The timeline will include at a minimum the elements contained on the Divgi-TTS APQP Status Form (GSM-F003).**
- **Suppliers must require APQP from their sub-contractors and have the records available for review by Divgi-TTS.**

9.4.2 APQP Status Reporting

- **From the time Divgi-TTS awards business until the Phase 5 Gate Review, the Suppliers are required to submit monthly (or as otherwise agreed) APQP Status Reports to the appropriate Divgi-TTS representative.**

9.4.3 APQP Review Meetings

- **Once a Supplier has been awarded business, the appropriate representative of Divgi-TTS may establish with the Supplier a plan for visiting their production facilities to allow Divgi-TTS, and sometimes its Customer, to review and assess the Supplier's APQP process and launch readiness.**

9.5 We Are Ready Process Audit

9.5.1 General

- **As a verification of the Supplier's production readiness, Divgi-TTS may require completion of the We Are Ready Process Audit based on form (GSM-F004) prior to Start of Production (SOP). All instructions relative to the form are contained on the Instructions tab of the form file.**

9.5.2 Sequence of We Are Ready Events

- **Divgi-TTS determines level of We Are Ready (WAR) activity required.**
- **If required, Supplier conducts WAR self-audit, completes forms along with supporting documentation, and returns to Divgi-TTS.**
- **Divgi-TTS may require formal WAR presentation meeting/audit.**
- **Divgi-TTS and Supplier agree on corrective action plan, if required. All temporary and permanent corrective actions must be in place prior to start of series production (all yellow items must be completed and all red Xs must be eliminated on Supplier We Are Ready Cover Sheet).**

9.5.3 Supplier Responsibility

- Complete We Are Ready Check Sheet Form.
  - All equipment and processes must have been verified at documented capacity rates and be ready to run production at the peak quoted capacity rate. Equipment and tooling should be de-bugged and an in-house validation of the process completed.
  - Operators and support personnel must be trained in the requirements of the current/updated Control Plan, equipment, and gauges.
  - Process capability, operator instructions, and Gauge R&R studies must be completed and documented. Where applicable, this should include bias, stability, and linearity.
  - Material handling systems, packaging, and routings must be in place.
- Perform Run-At-Rate Requirements.
- Complete WAR Cover Sheet Form.

9.5.4 Divgi-TTS Responsibility

- Divgi-TTS representative will make a determination if the audit will be completed on-site.
- Become familiar with Supplier manufacturing process.
- Review WAR self-assessment completed by Supplier—the Cover Sheet, Check Sheet, and Run-At-Rate.
- Identify any items not accurately evaluated.
- Conduct Run-At-Rate if required.

9.5.5 Documentation

- Significant amounts of documentation can be required for completion of a WAR process audit. The following is not a complete list. However, it is representative of the types of data that may be required: PFMEA, Gauge R&R studies, capability studies, training plans, customer critical features recognition, work instructions, in-process handling, environmental considerations, dunnage, etc.

9.6 Production Part Approval Process (PPAP)

9.6.1 General

- Suppliers must comply with the latest edition of the AIAG Production Part Approval Process reference manual, VDA Standards, ISO 9001 and IATF 16949 and with all requirements outlined in this Supplier Manual. In addition, certain Customer specific requirements could apply.

9.6.2 PPAP Submission Requirements

- Unless specifically waived in writing by Divgi-TTS, all Supplier PPAP submissions must include a completed Supplier PPAP Check Sheet (GSM-F005), which validates that all PPAP documents are complete.

9.6.3 Submission Disposition and Notification

- There are three possible outcomes of a Supplier PPAP Submission:
  - Full Approval—Parts are fully approved for series production. Divgi-TTS Material Control will specify proper delivery and release requirements.
  - Interim Approval—Parts are conditionally approved for a limited time or limited quantity. Note—in this case, a Complaint on Purchased Material (CPM) may be issued against the Supplier.

- Rejected—Parts may not be used for series production and tooling purchase orders cannot be paid. Note: In this case, a CPM may be issued against the Supplier.

- Divgi-TTS will notify Supplier in writing when their PPAP submission has been approved or rejected. The documented format of notification will be a countersigned Part Submission Warrant (PSW).
- In some cases, PPAP approval requires validation testing and signatory approvals from Divgi-TTS's Customer prior to notifying the Supplier.

9.6.4 Interim Approval

- Suppliers must submit a completed Supplier Deviation Request (SDR) (GSM-F006) in cases where full PPAP approval cannot be obtained. The reasons for this request may include, but are not limited to:
  - Out of tolerance condition(s)
  - Incomplete PPAP submission requirements.
- If an Interim Approval is granted, a revised PSW must be re-submitted with appropriate PPAP documentation before the Interim PPAP expiration date. If an SDR is submitted with an Interim PPAP, both must expire on the same date.

9.6.5 PPAP Requirements Waiver

- Suppliers must gain written approval from the appropriate Divgi-TTS representative(s) when requesting any variation from the above stated requirements.

9.6.6 Re-Qualification

- To maintain validation that PPAP documentation matches current process practices and capability, Suppliers are required to provide timely annual PPAP submissions, unless otherwise directed by Divgi-TTS.

9.6.7 Shipping and Labeling Instructions

- Unless otherwise directed by the appropriate Divgi-TTS representative, Suppliers must affix “PPAP SAMPLE PARTS” label below the shipping label as well as the other three sides of the container and ship separate from production parts shipments. Reference Divgi-TTS site-specific requirements for further details.

9.7 Early Production Containment (EPC)

9.7.1 General

- Unless otherwise directed, this procedure applies to all Suppliers to Divgi-TTS. It is to be used for all pre-production and production requirements that require the Production Part Approval Process, and whenever mandated by Divgi-TTS on any parts that present significant risk to a Divgi-TTS plant. e.g., at annual shutdown, model year change, etc.

9.7.2 Definition and Purpose

- The purpose of EPC is:
  - To reduce the risk to Divgi-TTS and to protect the Supplier through increased detection.
  - To document Supplier efforts to gain control of its processes during start-up and launch so that any quality issues that may arise are quickly identified and corrected at the Supplier’s location and not at the Customer’s manufacturing location.

- To increase involvement and visibility of the Supplier's top management.

- EPC requires a documented launch or pre-launch control plan that is a significant enhancement to the Supplier's production control plan. This EPC Plan will raise the confidence level to ensure that all products shipped will meet Divgi-TTS expectations. This is an extraordinary launch measure. The EPC Plan will also serve to validate the production control plan. The EPC Plan should take into consideration all known critical conditions of the part as well as potential areas of concern identified during the Production Part Approval Process. EPC serves to proceduralize the Pre-Launch Control Plan referred to in section 3.7 of the DaimlerChrysler, Ford, GM Advanced Product Quality Planning and Control Plan Reference Manual.
- Note: This procedure does not provide authorization to ship nor is it a shipping schedule.

9.7.3 Supplier Responsibility

- Establish a containment process that has the following elements:
  - Identification of the person responsible for the containment process.
  - Development of an EPC Plan consisting of additional controls, inspection audits and factors in the production process (set-up, machinery, fixture, tooling, operator, material/components, preventive maintenance, climate). Additional controls could include:
    - Off-line, separate and independent check from the normal production process
    - Increased frequency/sample size of receiving, process, and/or inspections
    - Defined/coordinated sub-Supplier containment and/or sub-Supplier support/audits as required
    - Increased verification of label accuracy
    - Increased error proofing validation
    - Increased involvement and visibility by top management, including increased Management Internal Audits
    - Other items as specified by Divgi-TTS or the Supplier.
  - Prompt implementation of containment and corrective action if non-conformances are discovered.
- Document the EPC Plan (including functional testing and error proofing if applicable) using the Control Plan format referenced in the Advanced Product Quality Planning and Control Plan Reference Manual respectively as mentioned in IATF 16949 appendix A. The development and documentation of the EPC Plan is expected to occur during the Advanced Product Quality Planning Process. The EPC Plan is not a substitute for the Production Control Plan but is over and above the Production Control Plan and is used to validate it.
- To indicate compliance with the EPC requirements, Suppliers will attach to each shipment label a special marking as agreed to between the Supplier and Divgi-TTS.

9.7.4 Divgi-TTS Responsibility

- The EPC quantity/timeframe will be agreed to with the Supplier and based on Divgi-TTS's Customer requirement.
- Review and approve the EPC plan and communicate approval to Supplier.

9.7.5 Exit Criteria

- Supplier will be eligible to Self Exit Early Production Containment provided it meets the quantity/timeframe agreed to with no discrepancies found at Supplier or Divgi-TTS. In the event the self exit criteria has been met but the EPC plan continues to identify non-

conformances, the EPC plan must be kept in place until process controls and capabilities have proven effective and the Production Control Plan is validated to Divgi-TTS's satisfaction.

9.7.6 Consequences of Shipping Non-conforming Material

- **Failure to execute EPC may result in Controlled Shipping.**
- **Shipment of discrepant material during the specified EPC period or any other time may result in Controlled Shipping.**

9.8 Process Capability and Monitoring

9.8.1 Defined Part/Process Characteristics

- **In addition to certain Customer Specific Requirements, certain characteristics can be deemed as important, and will require increased monitoring to ensure the quality of the parts. Those characteristics may be designated as special, significant, high impact, major, or other based on specific Divgi-TTS site requirements.**
- **The appropriate Divgi-TTS representative will identify these specific requirements, or characteristics either by direct communication, specification, or product drawing.**

9.8.2 Control of Above Defined Part/Process Characteristics

- **The Supplier is expected to use statistical techniques to maintain a state of control and to improve the process capability on defined part/process characteristics.**
- **Unless otherwise specified by Divgi-TTS, a minimum of 1.67 Ppk (short term study for initial PPAP) or 1.33 Cpk (long term study) is required.**
- **Suppliers must maintain the statistical data for all designated characteristics and must make the data available to Divgi-TTS upon request. The Supplier may also be required to submit this data periodically to Divgi-TTS when requested.**
- **Unless otherwise specified by Divgi-TTS, if the process does not meet the Cpk capability target, the Supplier must supply a containment plan describing the 100% inspection method that prevents out of specification parts from being shipped to Divgi-TTS, and a Corrective Action Plan for capability improvement.**
- **Divgi-TTS representative may designate additional requirements.**

9.9 Complaint On Purchased Material (CPM)

9.9.1 General

- **Divgi-TTS will immediately notify the Supplier if non-conforming material is found. Upon verification that Divgi-TTS has received non-conforming product from a Supplier, Divgi-TTS will issue a Complaint on Purchased Material (CPM) to the Supplier.**
- **Evidence of defect such as digital photos will be provided when possible. A sample of the defect may be sent to the Supplier upon request.**
- **Divgi-TTS will issue a CPM to the Supplier regardless of the disposition and/or use of the non-conforming material and improper PPAP submissions. Divgi-TTS will apply only the number of non-conforming parts to the Parts per Million (PPM) calculation if containment actions are forwarded within 3 days and sort results are forwarded within 10 days.**

- **Divgi-TTS will not issue a CPM and defective parts will not be counted toward the Supplier's PPM number, if the Supplier:**
  - **Requests and gets approval of a Supplier Deviation Request (GSM-F006) or other equivalent approval to cover 'out of print' conditions prior to shipping parts. See Supplier Change Management section for deviation request guidelines.**
  - **Notifies Divgi-TTS of a potential quality concern prior to the concern being found by Divgi-TTS and removes or sorts the suspect material and replaces it with "certified" material.**

9.9.2 Containment Actions

Upon receiving a CPM from Divgi-TTS, Suppliers are required to immediately sort 100% of their product, including product at the Divgi-TTS plant(s), in transit, in warehouses, at the Supplier's production facility, etc., and to ensure that Divgi-TTS's assembly plants are supplied with enough certified stock to assure no disruptions to production. Material must be labeled as certified for the specific defect or defects for the next three shipments unless otherwise directed by Divgi-TTS.

- **Depending on the continuity of supply situation, the following may occur:**
  - **High inventory at Divgi-TTS Supplier may choose to have product returned or Supplier may sort at Divgi-TTS.**
  - **Low inventory at Divgi-TTS Supplier must come on-site to Divgi-TTS to sort for defective product.**
  - **Extremely urgent (possible line down) Divgi-TTS will take the appropriate action and the Supplier will be responsible for all costs incurred.**
  - **NOTE: Some of Divgi-TTS's production facilities do not allow sorting of purchased material to take place on-site. Suppliers must make arrangements for transporting non-conforming material from Divgi-TTS, sorting the material, re-packaging, creating new packing slips with accurate quantities, affixing new bar code labels as needed, and arranging transportation of certified stock back to Divgi-TTS.**
- **Divgi-TTS will contact the Supplier for authorization to return the material at Supplier's expense.**
- **Divgi-TTS will not manage Supplier sorting using an outside source. Suppliers are responsible for outside sources and must make all arrangements to ship parts between Divgi-TTS and outside source. Supplier will also be responsible for inspecting and monitoring the quality of sorted parts.**
- **Defective parts returned to the Supplier, reworked and returned to Divgi-TTS may still be counted toward the Supplier PPM. Reworked parts must meet specifications. The repairing of parts is not permissible without prior written authorization from Divgi-TTS.**
- **Supplier is responsible for reporting accurate sorting results and to request adjusted defective quantities when appropriate. This can have an impact on the Supplier's PPM calculation.**

9.9.3 8-D Reports

- **General**
  - **The Supplier will respond to CPMs by using the Divgi-TTS 8-D Problem Solving Form (GSM-F007) or other form approved by appropriate Divgi-TTS personnel. The 8-D documentation will be submitted in response to each CPM, unless otherwise agreed to by the appropriate Divgi-TTS representative. E-mail is the preferred method of response.**
- **Initial Submission**
  - **Suppliers must submit an initial 8-D Problem Solving Form that documents the containment action taken and the sort results found. Divgi-TTS must receive the initial**

8-D report within 24 hours of notification. 3-D report must be submitted within 48 hours and the 5-D report must be submitted within 14 days.

- Final Submission
  - Suppliers must submit the final 8-D Problem Solving Form for approval and closure as soon as practical, but no later than 30 days from the CPM issuance date. The Supplier may request approval for an extension of the 30-day deadline, but must do so prior to the original deadline. Requests should be made to the appropriate representative of Divgi-TTS.
- Approval and Closure
  - The appropriate Divgi-TTS representative prior to closure of a CPM must approve a Supplier's final 8-D Report. Any 8-Ds open beyond 30 days may negatively impact the Supplier's performance rating. (See Supplier Performance Metrics section.)
  - If the 8-D identifies a change to the process or part, the Divgi-TTS Change Management requirements MUST be followed. (See Supplier Change Management section.)
- Supplier may be requested to present their corrective actions on-site at the Divgi-TTS Facility.
- Divgi-TTS and its Customers reserve the right to verify product conformance to the requirements at the Supplier's and their subcontractor's plants.
- Verification of the implemented corrective action on-site at the Supplier may be accomplished during subsequent visits.
- If Corrective Actions take more than two (2) weeks to implement, a progress report may be required.
- When the corrective action is completed and verified to be effective, the Divgi-TTS 8-D Champion is responsible for approving the 8-D closure and notifying the Supplier contact of the closure.

9.10 Supplier Charge Back

9.10.1 General

- Suppliers are responsible for the quality, on-time delivery, and reliability of the product they supply. Product must meet the drawing and any referenced specifications. The Supplier accepts financial responsibility for the consequences of non-conforming product and rejected PPAP submissions including, but not limited to, costs incurred for containment, sorting, premium freight, rework, repair, and replacement of defective material, resulting overtime, and productivity loss incurred by Divgi-TTS or by Divgi-TTS's Customers.
- Following is the schedule for charge back costs associated with non-conforming product sent to a Divgi-TTS site:
  - In-house sorting by 3rd Party Sorting Company (if allowed by specific Divgi-TTS site)—charges to be paid directly between Supplier and 3rd Party Sorting Company.
  - In-house sorting by Divgi-TTS personnel (if required to avoid down production line—Supplier will be responsible for actual costs incurred.
  - Production Line down Charge—Supplier will be responsible for actual costs incurred.
  - Miscellaneous fees (rework, material handling, required Customer visit time and travel costs, expedites, Customer location sorting fees, tooling/machine damage, testing, etc.) Supplier will be responsible for actual costs incurred.
  - Supplier will be responsible for all applicable warranty costs.

9.10.2 Unauthorized Changes

- In cases where a Supplier has implemented an unauthorized change or has failed to deliver contracted products in accordance with the specifications and terms of the Divgi-

TTS Purchase Order, all cost that are incurred by Divgi-TTS and/or its Customers will be the sole responsibility of the Supplier.

9.10.3 Charge Back Debit

- **The method of charge back will be by debit memo, processed by the Divgi-TTS receiving location.**

Section #10 Quality Systems Basics (QSB)

10.1 Commitment to QSB

Quality Systems Basics is a set of basic quality initiatives that when successfully implemented will reinforce the current management system. It does not replace the existing management system, but is intended to strengthen it. Experience has demonstrated a direct correlation between QSB implementation and improved Supplier performance metrics. For this reason, it is Divgi-TTS's expectation that Suppliers will embrace this set of quality principles. Supplier's commitment to QSB will be considered when awarding new business.

10.1.1 **QSB consists of ten basic key elements:**

- **Fast Response**
- **Standardized Operations**
- **Standardized Operator Training**
- **Control of Non-conforming Material**
- **Layered Process Audit**
- **Risk Priority Number (RPN) Reduction**
- **Error Proofing Verification**
- **Verification Station**
- **Supply Chain Management**
- **Contamination Control**

10.1.2 **Divgi-TTS has developed training materials to assist in implementation of the first five elements. A self-assessment (GSM-F010) is available for these five elements and should be used to gauge progress toward implementation.**

Section #11 Supplier Change Management

11.1 General

11.1.1 **Recognizing that managing change is of critical importance, Divgi-TTS has implemented a corporate-wide Change Management System designed to ensure the quality and integrity of Divgi-TTS products. Suppliers are expected to take a proactive approach to issues of non-**

conforming product or any changes to design, performance, materials, or processes. Suppliers should never ship such product before obtaining written Divgi-TTS approval through one of the methods outlined below. In cases where a Supplier has implemented an unauthorized change and Divgi-TTS and/or its Customers have been negatively impacted, the Supplier will be responsible for compensating Divgi-TTS for all associated costs.

11.2 Temporary Changes

11.2.1 **When seeking permission to temporarily ship product that is out of specification or product that is produced with a temporary process change not reflected in the Supplier's current Process Control Plan, the Supplier is responsible for obtaining approval prior to shipping. Such situations might include minor dimensional errors or a processing operation outsourced while a machine is down. Note that any changes to Supplier-specified product characteristics also fall under this requirement even if they are not shown on the Divgi-TTS drawing.**

11.2.2 **Suppliers must complete and submit a Supplier Deviation Request Form (GSM-F006) to the appropriate Divgi-TTS Supplier Representative for review.**

- **The Supplier must obtain written permission prior to shipping product that is out of specification and carry out the following:**
  - **Submit Supplier Deviation Request (SDR)**
  - **Track the SDR expiration date and applicable quantity of product**
  - **Ship product within the scope of the SDR**
  - **Obtain authorization for additional shipments beyond the agreed limit.**

11.3 Permanent Changes

11.3.1 General

- **When seeking permission to make a permanent change to the design, performance, or processing of product supplied to Divgi-TTS, Suppliers must request approval as described below prior to implementation. Note that any changes to Supplier-specified product characteristics also fall under this requirement even if they are not shown on the Divgi-TTS drawing and/or specification.**

11.3.2 Supplier Change Request

- **Suppliers seeking permanent changes to product design, performance, or processing must complete and submit a Supplier Change Request (SCR) Form (GSM-F011) *(formerly known as SREA in some Business Units)* to the appropriate Divgi-TTS Supplier Representative for review.**
  - **The form must include all relevant information.**
  - **Divgi-TTS may approve, reject or apply conditions of approval to the SCR (e.g., level 3 PPAP required after change is implemented). The disposition is determined by the nature of the change and impact on manufacturing and Customer requirements.**
- **Approval of the SCR does not authorize the Supplier to ship—it is only the authorization to proceed with coordination of PPAP submission.**
  - **Suppliers must NOT:**
    - **Implement changes before receiving full PPAP approval**
    - **Ship until satisfying all AIAG and/or VDA Production Part Approval Process requirements**

- Ship prior to the implementation date established with the Divgi-TTS Materials Group.

– In cases where a Supplier has implemented an unauthorized change and Divgi-TTS and/or its Customers have been negatively impacted, the Supplier will be responsible for compensating Divgi-TTS for all associated costs incurred by Divgi-TTS and its Customers.

11.3.3 Review Process

- A cross-functional group at Divgi-TTS will evaluate the SCR (GSM-F011) and APQP forms. The nature of the change (Supplier process or design change) will determine if it can be implemented quickly or if Divgi-TTS will require validation testing and approvals from our Customers.
- Suppliers may be required to submit an APQP checklist (GSM-F003).

Section #12 Materials/Delivery Expectations

12.1 Delivery Expectations

12.1.1 Plant-Specific Requirements

- In addition to complying with the materials and delivery expectations defined in this section, Suppliers must also comply with the laws of the country of each receiving Divgi-TTS facility and additional materials and delivery expectations, where applicable, of specific Divgi-TTS locations. Contact the appropriate material scheduler at the receiving Divgi-TTS production facility for any questions on plant-specific requirements.

12.1.2 Program-Specific Requirements

- Divgi-TTS will specify expectations for materials during the Advanced Product Quality Planning process, RFQs, purchase orders and other forms of communication. The requirements include at least:
  - Labeling
  - Capacity
  - Delivery terms according to the latest INCOTERMS (examples: F.O.B., C.I.F., D.D.P)
  - Containers, trays and other packaging
  - Warehousing
  - Consignment
  - Product identification
  - Hazardous material restrictions (including but not limited to IMDS/MSDS requirements)
  - Preservation of product (rust prevention, contamination)
  - Material release and pull systems
  - Transportation mode and carrier route
  - Returnable Packaging (avoid waste wherever possible!).

12.1.3 Suppliers are expected to ship 100% on time to Divgi-TTS based on Divgi-TTS's terms and conditions as defined in its Purchase Order. Any costs associated with delays in shipments will be at the Supplier's expense.

12.2 Packaging/Containerization

12.2.1 **The Supplier will plan for the timely provision of containers and/or packaging media to support Divgi-TTS requirements. Returnable packaging systems are the preferred method of production part packaging. Extra cleaning processes required to meet Divgi-TTS cleanliness needs are the responsibility of the Supplier. Any costs associated with extra cleaning are to be part of the Supplier's quotation and are the responsibility of the Supplier. Divgi-TTS must approve all packaging design during APQP and prior to PPAP. Suppliers are not permitted to ship product to Divgi-TTS without packaging approval by Divgi-TTS.**

12.2.2 **The Supplier will develop and implement a system to monitor container quantity and their condition. The Supplier will also ensure that the following conditions are met:**

- **Containers are kept in good suitably clean and dry condition (free from foreign material).**
- **Labels from previous shipments are removed.**
- **Containers are maintained in working order (i.e., lubrication of gate hinges, spring clip locking devices, etc.).**
- **Damaged containers, trays, or other Divgi-TTS supplied product are be removed from the float, tagged as defective, and returned with notification to the Material Control at the appropriate Divgi-TTS plant. Reimbursement to Divgi-TTS will be made for Supplier-incurred damage of returnable packaging.**
- **Divgi-TTS will ask each Supplier that utilizes Divgi-TTS-owned returnable dunnage to keep inventories at their plant to ensure proper material flow.**
- **At the end of the calendar year, Divgi-TTS will request an inventory count of all returnable dunnage, including what is in storage at any of Supplier's plants and what is in transit to Divgi-TTS.**
- **Packaging meets all government and environmental regulations.**

12.2.3 **The Supplier is responsible for all normal and reasonable costs associated with cleaning and minor repair.**

12.2.4 Approval of Packaging

- **Suppliers must utilize Supplier Packaging Form (GSM-F012) unless otherwise directed as part of the APQP process.**

12.3 Labeling & Identification

12.3.1 General

- **These requirements are for the printing and placement of shipping/parts identification labels.**

12.3.2 Label Size & Materials

- **The size of the Divgi-TTS standard label will be 101.6 mm (4.0 in) high by 165.1 mm (6.5 in) wide unless otherwise specified by the Divgi-TTS receiving plant. Label stock must be white, and the printing must be black. The tag will be affixed via a pressure sensitive or dry gummed application. If the label cannot be affixed to the package/container because of container size or design, special arrangements will be required between the Material Control function at the receiving Divgi-TTS plant and the Supplier.**

12.3.3 Label Types, Label Placement, & Machine Readable Information

- **Label fields specified as containing machine readable information (bar codes) will comply with plant specific requirements. Of particular note, Master Labels, and Mixed Load Labels will be affixed to secondary containers in such a manner that when the pack is broken apart, the label is discarded or destroyed (e.g., hang Mixed Load Label from the banding or attach to stretch wrap).**
- **In order to ensure label accuracy, it is expected that the Supplier verify (electronically or manually) all labeling to ensure that the label matches the purchase order (or release). Label errors may be treated as a quality complaint necessitating permanent corrective action.**

12.4 Transportation & Supply Chain Security

12.4.1 Invoice Requirements

Supplier (if shipping internationally) agrees to comply with the Divgi-TTS standard international invoice requirements:

- **Name of the seller**
- **Name of the purchaser**
- **Port of entry**
- **Description of the merchandise in sufficient detail to properly classify the merchandise under importing country's customs law. This description must be written in English or the official language of the destination country.**
- **Country of origin**
- **Name and address of the manufacturer, if applicable**
- **The Divgi-TTS purchase order number**
- **The Divgi-TTS part number**
- **Name by which each item is known and the grade and quality, if applicable**
- **Marks and numbers of the packages in which the merchandise is packed**
- **Merchandise quantities, weights and measures**
- **Terms of Sale (latest version of INCOTERMS)—A rated bill of lading showing actual freight charges must be included.**
- **Purchase price and currency**
- **Unit price and extended price on each line**
- **Total value of shipment**
- **All charges and discounts including but not limited to: assist charges including tooling, dies, molds or any other similar items including materials and components used in the production of or incorporated into the merchandise provided by Divgi-TTS or its Customers.**

12.5 Preferred Transportation Carriers

12.5.1 Freight Paid by Divgi-TTS

Suppliers will utilize only Divgi-TTS preferred transportation carriers at all times unless otherwise instructed by Divgi-TTS for opportunities to reduce costs and improve logistics.

12.5.2 Freight Paid by Suppliers

Suppliers should investigate the utilization of Divgi-TTS preferred transportation carriers for opportunities in transportation costs reductions and improved logistics.

12.5.3 Special Circumstances

Under special circumstances, Divgi-TTS reserves the right to impose the use of Divgi-TTS preferred transportation carriers.

Performance and Processes Issues

Section #13 Supplier Performance Metrics (Continuous Improvement)

13.1 General

13.1.1 **This Supplier Performance Rating System presents the criteria that will be used by Divgi-TTS to rate production material Suppliers. Suppliers shipping to more than one Divgi-TTS plant will receive individual ratings from each Business Unit and supporting detail from each plant. Ratings will be published on a monthly basis using the following categories.**

- **Quality - 40 %**
- **Delivery - 40 %**
- **Value Improvement Program - 20 %**

13.2 Quality Performance:

13.2.1 PPM Defect Rate (40 Points)

- **Formula: (Total Number of Defective Parts Found/Parts Delivered in the Month) x 1,000,000. Divgi-TTS will count only non-conforming parts, but the Supplier must forward sort results from "in house" sorts or the full quantity will be applied to the Supplier's PPM calculation.**
- **Unless otherwise specified by Divgi-TTS, the following scale will apply to all Suppliers:**

– 0 to 200 PPM	40 points
– 201 to 500 PPM	35 points
– 501 to 1000 PPM	30 points
– 1001 to 1750 PPM	25 points
– 1751 to 2500 PPM	20 points
– 2501 to 3250 PPM	15 points
– 3251 to 4000 PPM	10 points
– 4001 to 5000 PPM	5 points
– > 5000 PPM	0 points

13.3 Delivery Performance

13.3.1 On Time Delivery Rate (40 points)

Divide delivered quantity by scheduled quantity to get % OTD and multiply by 40 to get delivery score.

13.4 Value Improvement Process

13.4.1 Value Improvement (20 Points)

Continuous / continual improvement results from delivering value through improved supply chain management. In addition to meeting quality and delivery expectations, we expect help from our suppliers in strengthening the relationship. Suppliers are expected to engage in a continual pursuit of improving existing parts and processes, and by being responsive to Divgi-TTS initiated improvement expectations. Any proactive "value proposition" suggested by a supplier that will help usto add value to its business will be appreciated. Supplier should communicate such suggestions that will help our supply chain, for evaluation and award of points.

Points will be awarded to each Supplier based on his performance on the following:

Sr. No	Category	Points
1	**Implementation of Quality System Basics (basic 5 elements initially)**	**5**
2	**TS certification by Third party**	**5**
3	**In time "8D" response**	**5**
4	**Lean Initiation**	**5**

13.5 Additional Metrics

13.5.1 Divgi-TTS Will Monitor the Following Categories:

- **Number of Complaints (CPM)**
- **Number of Unauthorized Changes**
  - **Unauthorized Changes are all changes related to components of the production product manufactured internally or manufactured by subcontractors without information/approval by Divgi-TTS.**
- **Number of Major Disruptions**
  - **Major Disruptions are disruptions which: affect Divgi-TTS's Customer, end up in a line shut down at Divgi-TTS, or end up in a stop shipment to Divgi-TTS Customers.**

13.5.2 **Divgi-TTS may decrease the Supplier rating by one full grade for any infractions in the number of: Complaints (CPMs), Unauthorized Changes, or Major Disruptions.**

13.6 Supplier Performance Card

13.6.1 Performance Card Contents

- **The Supplier Performance Scorecard (FRM/STA/005) addresses Quality, Delivery, and Value Improvement data.**

13.6.2 Issuing the Scorecards

- **Suppliers would receive Performance Scorecards (FRM/STA/005) on a monthly basis via e-mail or other suitable methods. Suppliers that have not shipped product within the previous six months will not be issued a Supplier Performance Scorecard.**

13.6.3 Review of Performance Scores

- **Suppliers are encouraged to review their performance scores with the appropriate Divgi-TTS functions. In the event that the Supplier believes that the Scorecard contains inaccurate data, the Supplier should immediately notify Divgi-TTS Supplier Technical Assistance (STA) Representative for discussion, review and resolution.**

13.6.4 Defect Matrix

- **Divgi-TTS would provide defect matrix for previous six months along-with report cards in order to enable suppliers to understand repetitive quality issues and help them to arrive at Pareto Chart. This matrix also reflects whether corrective actions are effective or not.**

13.7 Supplier Rating System

13.7.1 EXCELLENT (80~100)

- **This is the highest level, that supplier can attain. All new suppliers are placed in this category, when they start business with us. They remain at this level as long as their performance continues to be maintained at a high level. An *EXCELLENT* rating enables the supplier to be first choice for new business.**

13.7.2 GOOD (60~79)

- **A Supplier is placed in this category based on the evaluation of performance concerns by the Supplier Performance Review Team. A *GOOD* rating enables a supplier to be a continued product / service provider and he is also eligible for new business.**

13.7.3 MARGINAL (40~59)

- **A Supplier is placed in this category based on the evaluation of performance concerns by the Supplier Performance Review Team. When a supplier is rated as *MARGINAL*, supplier is not awarded with the new business. A Supplier can receive new business from us only after that Supplier's rating has moved up to GOOD.**

13.7.4 POOR (LESS THAN 39)

- **This is the lowest rating level, that supplier can reach. A Supplier is placed in this category based on the evaluation of performance concerns by the Supplier Performance Review Team. When a Supplier's rating is downgraded to *POOR*, we will take action in order to re-source the business to an alternate Supplier. Once the business is re-sourced, the POOR Supplier will be removed from our Approved Supplier List.**

Section #14 Process Audits—Post SOP

14.1 Verification of Conformance

Divgi-TTS and its Customers reserve the right to verify product and process conformance according to the requirements at the Supplier's and subcontractor's premises on a scheduled or unscheduled (event-orientated) frequency.

14.2 Auditor Access

Suppliers are to ensure the auditors have full access to all 'Divgi-TTS Product' related processes and documents—e.g., FMEA, control plan, measurements, etc.

14.2.1 These audits will be based on using the Divgi-TTS Supplier Process Audit Form (GSM-F015).

Section #15 Supplier Conferences/Summits

15.1 From time to time Suppliers will be requested to attend Divgi-TTS sponsored conferences or summits. These conferences/summits will either be regional in nature or Business Unit focused. Supplier participation and support of these conferences/summits is required.

Section #16 Record Retention

16.1 The control of records will satisfy all regulatory, Divgi-TTS, and Customer requirements. These records must be available for review by Divgi-TTS upon request and retained for periods of time specified by Divgi-TTS.

APPENDICES:

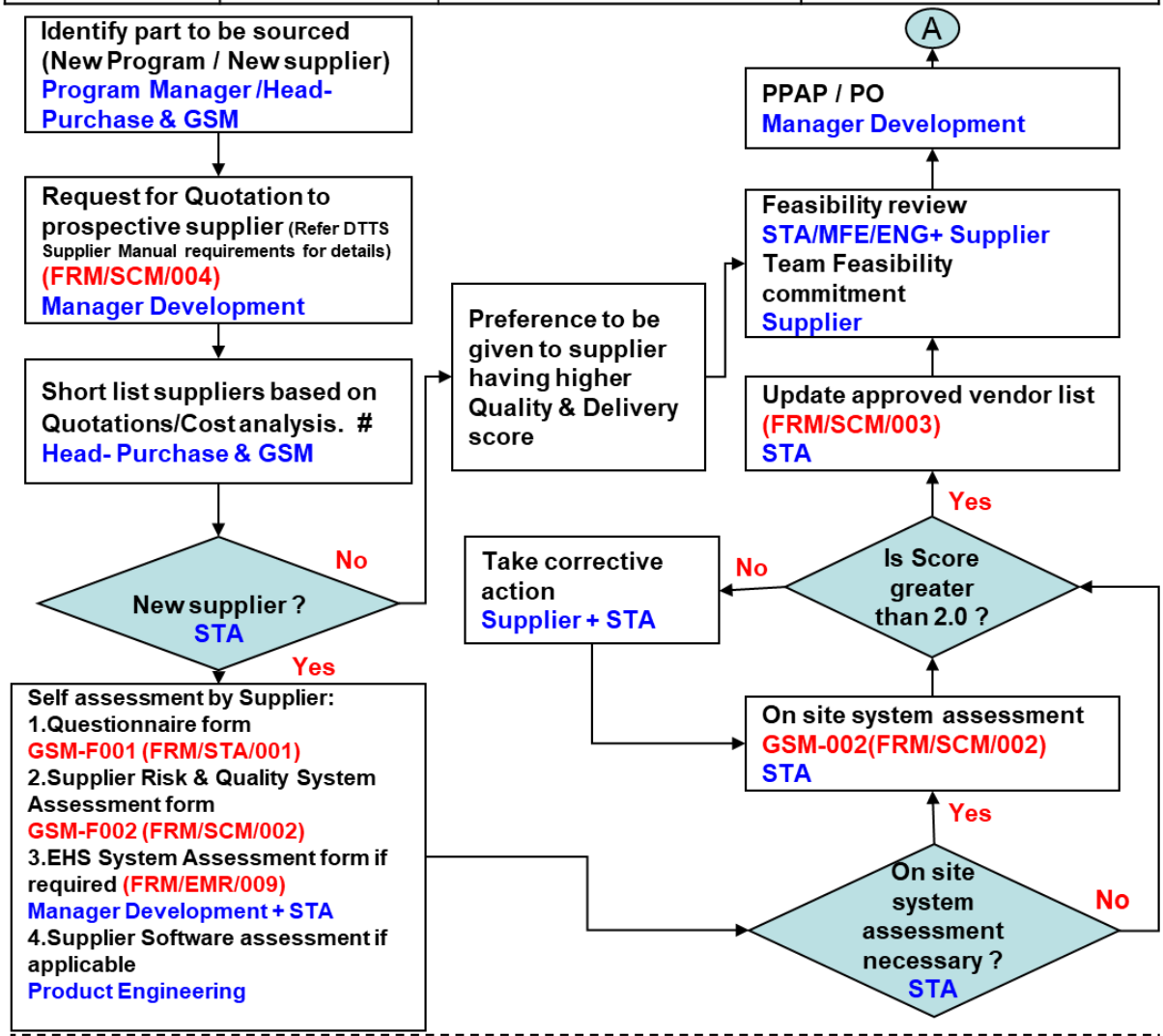
A-1 Acronyms & Abbreviations

3-D	**Three Discipline Report (first 3 steps of an 8-D Report)**
5-D	**Five Discipline Report (first 5 steps of an 8-D Report)**
8-D	**Eight Discipline Report**
AIAG	**Automotive Industry Action Group**
AIF	**Annual Improvement Factor**
APQP	**Advanced Product Quality Planning**
ASL	**Approved Supplier List**
BU	**Business Unit**
CPM	**Complaint on Purchased Material**
DIN	**Deutsche Industry Norm**
DFMEA	**Design FMEA**
EPC	**Early Production Containment**
eRFQ	**Electronic Request for Quotation**
FIFO	**First In First Out**
FMEA	**Failure Mode and Effects Analysis**
GSM	**Global Supply Management**
IMDS	**International Material Data System**
ISO	**International Organization for Standardization**
JIT	**Just in Time**
MBE	**Minority Business Enterprise**
NBH	**New Business Hold**
OEM	**Original Equipment Manufacturer**
PFMEA	**Process FMEA**
PPM	**Parts Per Million**
PO	**Purchase Order**
PPAP	**Production Part Approval Process**
PSW	**Part Submission Warrant**
QSB	**Quality Systems Basics**
RFQ	**Request for Quote**
RPN	**Risk Priority Number**
R&R	**Repeatability and Reproducibility**
SAE	**Society of Automotive Engineers**
SCR	**Supplier Change Request**
SDR	**Supplier Deviation Request**
SG&A	**Sales, General and Administration**
SOP	**Start of Production**
SOSP	**Start of Serial Production**
SPC	**Statistical Process Control**
VDA	**Verband der Automobilindustrie**
VIP	**Value Improvement Program**

A-2 Forms

Form Number	Form Name	File Name
GSM-F001	Divgi-TTS Supplier Questionnaire	GSM-F001 Divgi-TTS Supplier Questionnaire.doc
GSM-F002	Risk and Quality Assessment Form	GSM-F002 Risk and Quality Assessment Form.xls
FRM/EMR/009	Assessment of Supplier's EHS System	FRM/EMR/009 EHS Assessment Form.xls
GSM-F003	APQP Status Form	GSM-F003 APQP Status Form.xls
GSM-F004	We Are Ready Review Form	GSM-F004 We Are Ready Review Form.xls
GSM-F005	Supplier PPAP Check Sheet	GSM-F005 Supplier PPAP Check Sheet.xls
GSM-F006	Supplier Deviation Request Form	GSM-F006 Supplier Deviation Request Form.xls
GSM-F007	8-D Problem Solving Form	GSM-F007 8-D Problem Solving Form.xls
GSM-F010	Supplier QSB Assessment Form	GSM-F010 Supplier QSB Assessment Form.xls
GSM-F011	Supplier Change Request Form	GSM-F011 Supplier Change Request Form.xls
GSM-F012	Packaging Form	GSM-F012 Packaging Form.xls
GSM-F014	Supplier Balanced Scorecard	GSM-F014 Supplier Balanced Scorecard.doc
GSM-F015	Process Audit Form	GSM-F015 Process Audit Form.xls
FRM/STA/005	Supplier Performance Report Card	'--
FRM/STA/006	Defect Matrix (Rejection Analysis)	'--
FRM/SCM/004	Request for Quotation	FRM-SCM-004 Request for Quotation.doc
QF/MT/06	Production PO	'--
QF/MT/09	Monthly Schedule	'--
QF/QA/10	CPM	'--

Process: PURCHASING		
Process Owner	Head- Purchase & GSM	Control Number: OP/STA/001
Short Description	Procedure for Supplier and subcontractor Development	
Original Release	00 / 01-AUG-2004	
Latest Revision	07 / 08-Jul-2024	Page of : 1 of 2



1) If related party:- Price, terms and conditions to be approved by a committee of Head Commercial, Finance Controller and Head Operations for competitiveness

2) Final approval to be taken from Managing Director

3) Supplier shall ensure compliance with applicable statutory and regulatory requirements as per DTTS Supplier manual & PO terms & conditions

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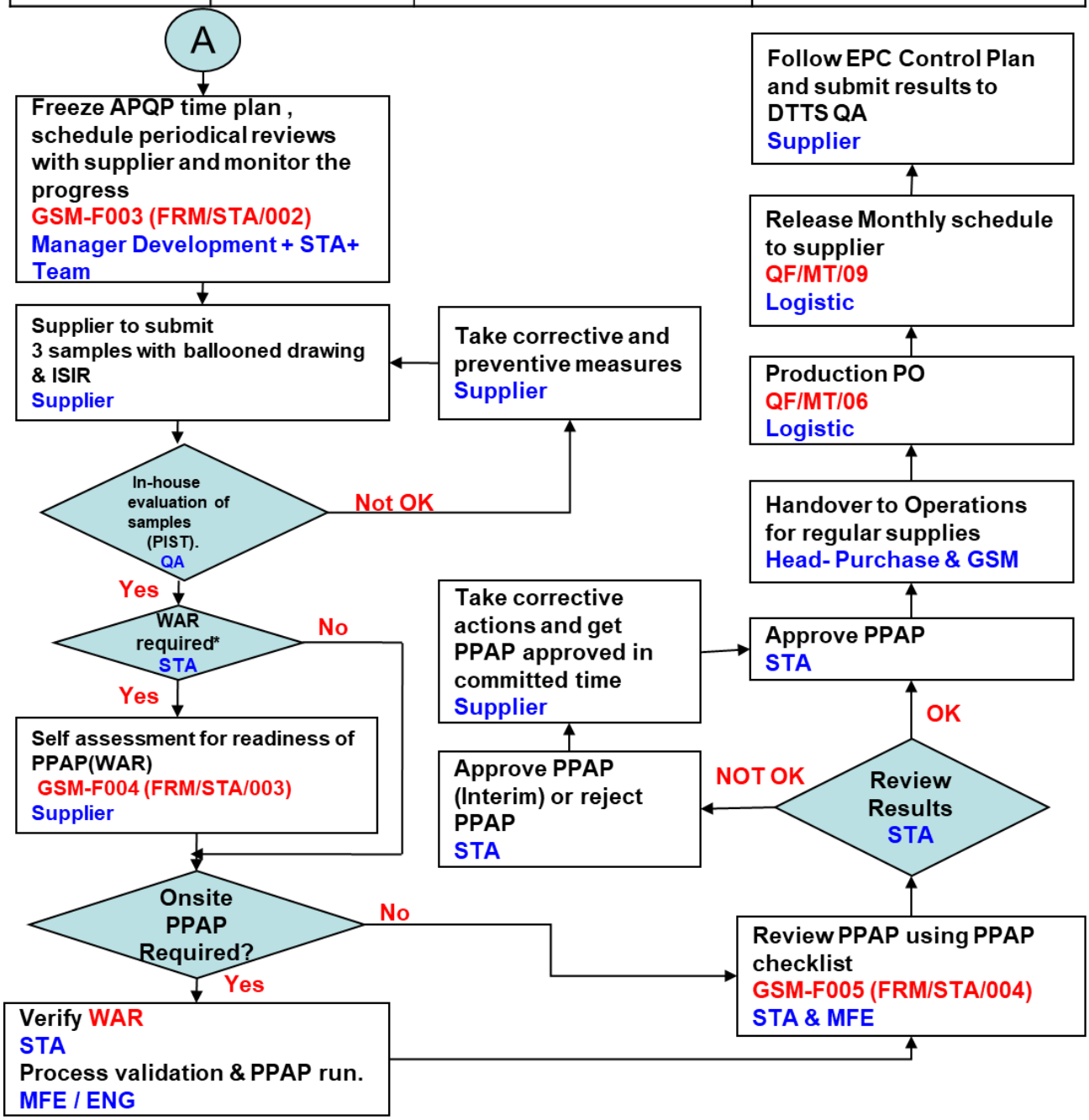
Process: PURCHASING		
Process Owner	Head- Purchase & GSM	Control Number: OP/STA/001
Short Description	Procedure for Supplier and subcontractor Development	
Original Release	00 / 01- AUG-2004	
Latest Revision	07 / 08-Jul-2024	Page of : 2 of 2



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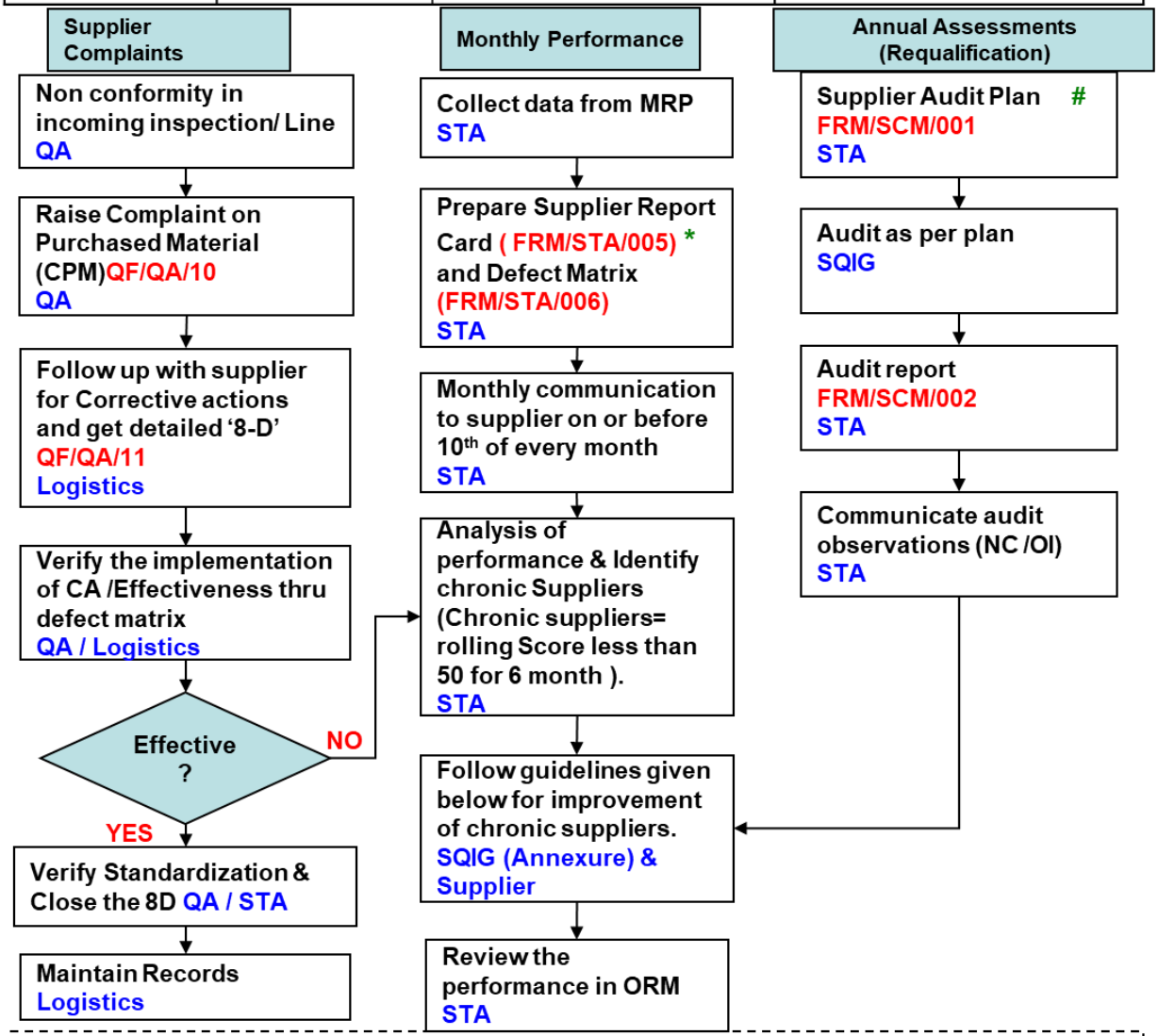
Prepared and checked By	Approved By	

Process: SUPPLIER PERFORMANCE & QMS CERTIFICATES EXPIRY MONITORING		
Process Owner	Head-Purchase & GSM	Control Number: - OP/STA/002
Short Description	Monitoring of supplier performance (Rating and corrective actions) & QMS Certificates expiry	
Original Release	00/ Jan.05, 2008	
Latest Revision	04/ May 21, 2024	Page of : 1 of 4



* Please refer Divgi-TTS supplier manual for detailed guidelines of supplier rating.

\# 1. All Domestic suppliers' audit would be done at least once in a year.
2. Overseas suppliers will be assessed by GSM or thru supplier self assessment.
3. Second party auditors shall be certified internal auditors...

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	Process: SUPPLIER PERFORMANCE & QMS CERTIFICATES EXPIRY MONITORING		
	Process Owner	**Head-Purchase & GSM**	**Control Number: - OP/STA/002**
	Short Description	**Annexure to OP/STA/002**	
	Original Release	**00/ Jan.05, 2008**	
	Latest Revision	**04/ May 21, 2024**	**Page of : 2 of 4**

Supplier Quality Improvement Group

Head Commercials
Head MFE
Head OPN
Head ENG
Manager STA
Manager Logistics
Manager QA
Manger Development

***Chronic Suppliers Identification-**

- Suppliers whose 6-month rolling score is less than 50 in monthly scorecard is a chronic supplier.
- If Chronic supplier not found as per above criteria , then supplier who falls in Marginal category continuously in rolling 6 months to be considered for improvement

Guideline to Improve chronic supplier performance-

1) Identify chronic supplier
2) Send poor performance letter to top management of suppliers
3) Arrange visit of supplier's top management to DTTS for discussion
4) Get improvement roadmap from supplier top management
5) Ensure implementation of improvement roadmap as per given timeline.
6) Monitor the effectiveness of implemented actions.
7) In case supplier not improved after continuous follow-ups then develop new supplier and de source the existing supplier.

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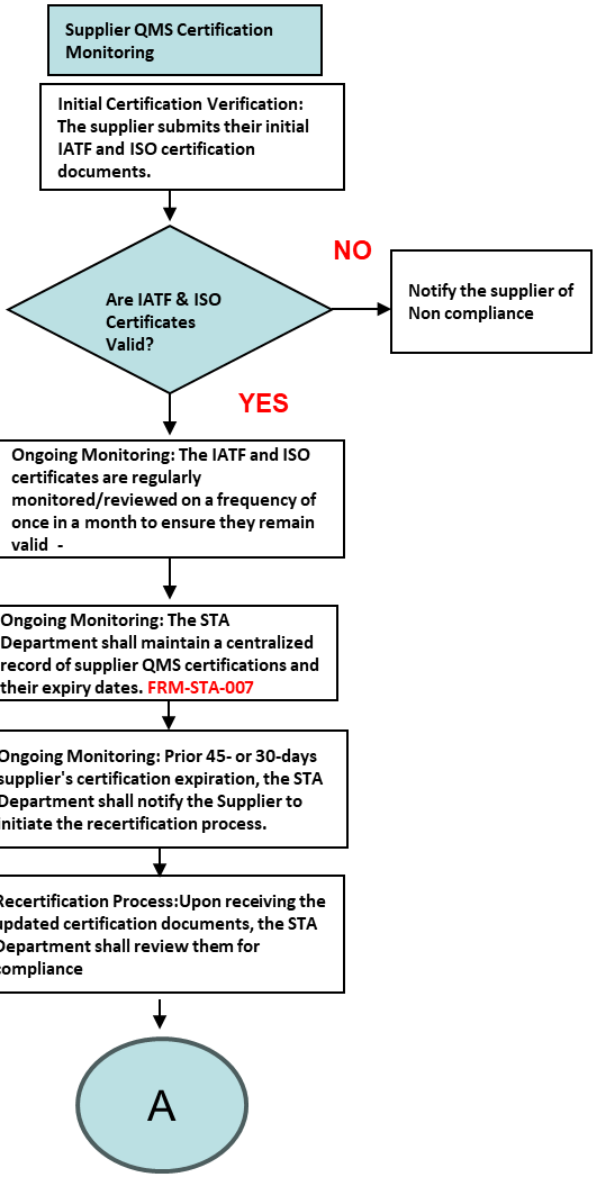
	Process: SUPPLIER PERFORMANCE & QMS CERTIFICATES EXPIRY MONITORING		
	Process Owner	**Head-Purchase & GSM**	**Control Number: - OP/STA/002**
	Short Description	**Monitoring of supplier performance (Rating and corrective actions) & QMS Certificates expiry**	
	Original Release	**00/ Jan.05, 2008**	
	Latest Revision	**04/ May 21, 2024**	**Page of : 3 of 4**



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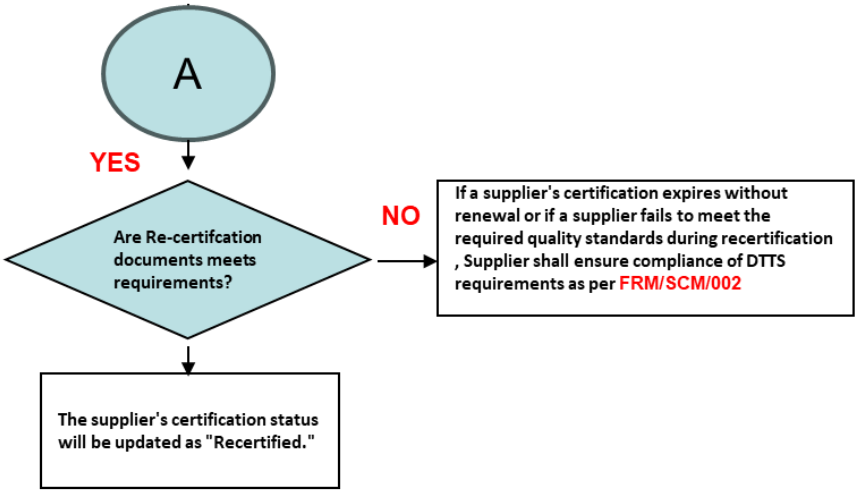
	Process: SUPPLIER PERFORMANCE & QMS CERTIFICATES EXPIRY MONITORING		
	Process Owner	**Head-Purchase & GSM**	**Control Number: - OP/STA/002**
	Short Description	**Monitoring of supplier performance (Rating and corrective actions) & QMS Certificates expiry)**	
	Original Release	**00/ Jan.05, 2008**	
	Latest Revision	**04/ May 21, 2024**	**Page of : 4 of 4**



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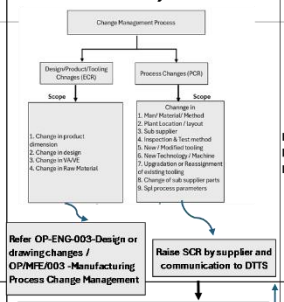
Process: Supplier Change Management Process - Product & Process	Doc. No.	OP/STA/003
	Rev. No./Date	02/21-05-2024
Short Description : How supplier changes are managed in the organization.	Page	1 of 1

1.0	Objective	The objective of this procedure is to establish and maintain a documented procedure to control and react to changes related to product and process
2.0	Scope	The scope of the procedure applies to Process change at Supplier End
3	Responsibility	Head- Purchase & GSM

Sl.#	Key Inputs	Activity	How	Where	Why	Resp.	When	Output with Documented information ref.	MSES-A ref
1	1) Customer requirement (DTTS/OEM) 2) Customer Complaint (DTTS/OEM) 3)Process Change (Supplier End) 4)Productivity improvement (Supplier End) 5) Poka Yoke(Supplier End) 6)Layout Change - Major Change(Supplier End) 7)Improvement of performance / Quality (Kaizen) 8) ECR		Based on input trigger from Customer, kaizen, 4M Change, Sub Supplier, Product Engineer & Process Engineer	Supplier End	To change/improve process design as per requirement	Supplier representative	Before initiating any process change	Supplier Change Request (SCR) - FRM-STA-011	6.4
2	PCR & Backup data	DTTS Buyer approval / communication	Via mail / drawing for 1. Change in PPAP condition - Method, Machine 2. Major layout change 3. Change request through ECR/PCR/Others	DTTS	To initiate Change	DTTS Buyer/STA	Before initiating any process change	DTTS Approval	6.4
3	1) Trial component build report 2) Risk Assessment	Internal communication & PCR	Sign off by all HOD (hard copy)	Supplier End	To initiate & approve change activity	Supplier CFT	Before initiating PCN	Approved PCR	6.4
4	Approved PCR	Preparation of Timing Plan for change introduction	Discussion with all CFT members	Supplier End	To initiate change activity trigger	Supplier CFT	After ECN / approved PCR reciept	PCR Tracking Sheet	6.4
5	1.Approved PCR, PTDB 2. Feasibility study	Conduct Feasibility NO YES	As per approved PCR	Supplier End	To check feasibility at Plant level	Supplier ME	After PCR approval	Feasibility study - FRM-STA-012	6.4
6	PCR PTDB	Conduct Risk Analysis	As per ECR/PCR	Supplier End	To check feasibility at Plant level & at Supplier end	Supplier ME	After PCR	Risk Analysis sheet - FRM-STA-013	6.4
7	Process change Details, Revised Dwg.,	Implement the Changes in Process		Supplier End	To fulfill the requirements Process change	Supplier ME	After PCR	PCR Tracking sheet	6.4
8	PCR, Updated process Docs	PTR Sample Built as applicable 1) Part inspection 2) Built on line 3) PTR part submission to DTTS 4) PTR part approval from DTTS	Conducting Trial run	At Supplier End	To run batch on changed process for confirmation	Supplier CFT/SQA Engineer	As per Plan	Trail Reports	6.4
9	PCR, Updated process Docs	Preparation of PPAP file/internal PCR/ECR document & submission to DTTS(if applicable)/ internal for PSW	Submitting to DTTS	Supplier End	To submit change documents to customer/ Internal customer	Supplier ME	As per Plan	1. PSW 2. Before After Comparison Sheet - FRM-STA-014	6.4
10	1.Before & After Checksheet 2.PPAP Document	1) Declare the cut off quantity 2) Record all details in PCR progress sheet 3)PPAP Approval & Share approved PSW to Supplier . Close the ECR/PCR	Stock confirmation from respective department/supplier & updation of progress monitoring sheet	Supplier End/At DTTS	To confirm the final implementation of PCR/ECR	Supplier ME/DTTS STA	As per Plan	1.PCR Tracking Sheet - FRM-STA-016 2.Approved PSW	6.4

For PCR Numbering should be done as below
Financial Year - PCR- Serial number - Example : 2024-PCR-01
IATF Clause No.:8.3.6, 8.3.6.1,8.5.6 8.5.6.1,7.5.3.2.2,

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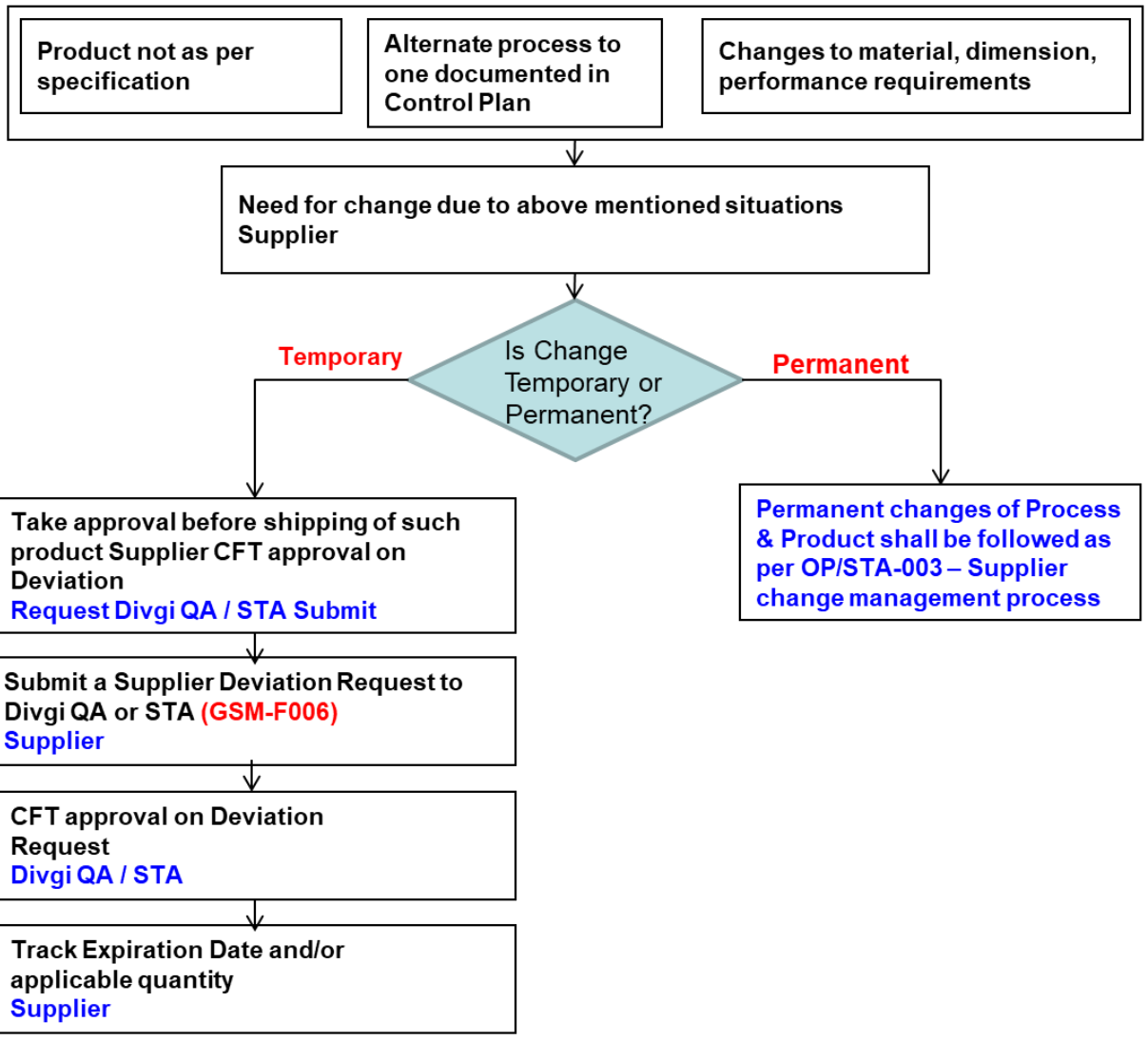
SUPPLIER CHANGE MANAGEMENT PROCESS GUIDELINES

Sr.No	Type	Types of process changes	Approval guidelines									
			Process change request(PCR)	Feasibility	Risk Analysis	PCR Before/After	WI/CP	PFMEA	PFD	PPAP Level	Relevant Doc. of Changes - Additional	Remarks
1	Man	Organisation structure change	X	X	X	X	X	✓	X	X	Organisation structure	
2	Man	Extra shift working / Extended shift working	X	X	X	X	X	X	X	X	Shift Record	Supplier has to maintain record
3	Man	Contract manpower	X	X	X	X	X	X	X	X	Operator Register	Supplier has to maintain record
4	Material	Different spec / grade	✓	✓	✓	✓	✓	✓	✓	L3		
5	Material	Raw material size/thickness/weight	✓	✓	✓	✓	✓	✓	✓	L3		
6	Material	Different raw material approved supplier	✓	✓	✓	✓	✓	✓	✓	L3		
	Material	Any Child-part change (Machine/Supplier/MethodMaterial)	✓	✓	✓	✓	✓	✓	✓	L3		
7	Method	Process change Sequence or Addition of process	✓	✓	✓	✓	✓	✓	✓	L3		
8	Method	New Technology	✓	✓	✓	✓	✓	✓	✓	L3		
9	Method	Packaging change (Bin/Trolley Dispatches)	✓	✓	✓	✓	✓	✓	✓	L3		
	Method	Traceability (Batch code) marking change	✓	✓	✓	✓	✓	✓	✓	L1	Tracability Details	
10	Method	Change in checking method & checking frequency	X	X	X	X	✓	X	X	X		
12	Machine	Die /Tooling change(Modification)	✓	✓	✓	✓	✓	✓	✓	L3		
13	Machine	Machine change	✓	✓	✓	✓	✓	✓	✓	L3		
14	Machine	Removal / Addition of Poka-yoke	✓	✓	✓	✓	✓	✓	NA	X		
15	Method	Change in process parameters	✓	✓	✓	✓	✓	✓	✓	L3		
16	Machine	Change in productivity not affecting approved run rate	X	X	X	X	✓	X	X	X		
17	Machine	Change in productivity affecting approved run rate	✓	✓	✓	✓	✓	✓	✓	L3		
18	Method	**Change in intermidiate process allowance on part (Ex.Rough to finish)**	✓	✓	✓	✓	✓	✓	✓	L3		

Process: Supplier Temporary changes of Process		
Process Owner	Head- Purchase & GSM	Control Number: -OP/STA/003
Short Description	How supplier changes are managed in the organization.	
Original Release	00/ 09-Jul-24	
Latest Revision	00/ 09-Jul-24	Page of : 1 of 1



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Divgi TTS Supplier Manual

Leadership through innovation

HEAD OFFICE
Divgi TorqTransfer Systems Pvt. Ltd.,