

AZ Automotive Corp.

Supplier Quality Manual

*Corporate Purchasing
24331 Sherwood Avenue
Center Line, Michigan 48015
(586) 880-2200
www.azautomotive.com*

Updated 12/19/2008

AZ Automotive Corp.

AZ Automotive Corp's Supplier Development Manual is based upon recognized automotive standards and the requirements defined in manuals published on behalf of the automotive industry by the Automotive Industry Action Group (AIAG). It also recognizes all additional customer-specific OEM requirements. AZ Automotive Corp. performs Supplier Quality Management System development in conformance with ISO/TS 16949.

This manual is intended to assist suppliers in their understanding of AZ Automotive Corp's requirements regarding specific management, communication and reporting processes. This manual clarifies and supplements AIAG requirements. This manual does not change or eliminate any requirements contained in the AIAG manuals, other automotive industry requirements or AZ Purchase Orders. Purchased product/services are defined as all product and services that affect customer requirements such as sub-assembly, sequencing, sorting, rework and calibration services.

AZ Automotive Corp. adheres to a Zero Tolerance policy. The expectation is that all suppliers provide materials, services, and processes that are 100% within specifications and delivered 100% within the prescribed delivery schedule. Suppliers are monitored in accordance with TS16949 requirements.

Refer to AZ Automotive's Web Site, www.azautomotive.com for latest edition of this Supplier Quality Manual and associated documents.

Table of Contents

1. Quality Requirements for Suppliers

- 1.1. Objective
- 1.2. Requirements
- 1.3. Approved Supplier List

2. Advance Product Quality Planning (APQP)

- 2.1. Purpose
- 2.2. Requirements

3. Production Part Approval Process (PPAP)

- 3.1. Purpose
- 3.2. Requirements
- 3.3. Part Submission Warrant (PSW) approval
- 3.4. Authorization to ship

4. Defective Material Report (DMR)

- 4.1. Expectation
- 4.2. Requirements

5. Escalation Process for Non-Conforming Material

- 5.1. Expectation
- 5.2. Requirements
- 5.3. Escalation Process Steps

6. Supplier Performance

- 6.1. Performance Measures
- 6.2. Supplier Development
- 6.3. Delivery Schedule Performance

7. Contact Information

8. Appendix

- 8.1. AZ Automotive PPAP Requirements
- 8.2. Defective Material Report (DMR) (sample)
- 8.3.
- 8.4. Controlled Shipping Level One Notification Letter (sample)
- 8.5. Controlled Shipping Level Two Notification Letter (sample)

1. Requirements for Suppliers

1.1. Objective

It is the intent of AZ Automotive to do business with suppliers who are able to provide parts/materials/processes and services consistently to specification, at a competitive price, in accordance with the defined delivery schedule.

1.2. Requirements for Supplier Quality System

Unless otherwise specified by the customer, production part suppliers to AZ Automotive must be registered to the latest revision of ISO 9000 or ISO/TS-16949. AZ Automotive may qualify suppliers that are not registered as “Interim Approved” if a written Action Plan is provided with a timeline to achieve registration.

1.3. AZ Approved Supplier List

Production parts/materials/processes and services will only be purchased from suppliers on AZ Automotive Corp’s “Approved Supplier” list. AZ Automotive Corp. evaluates and selects suppliers based upon their ability to supply product/services in accordance with the specified requirements.

2. Advance Product Quality Planning

2.1. Purpose

AZ Automotive seeks to facilitate and promote effective compliance to established standard automotive APQP requirements.

2.2. Requirements

AZ Automotive’s APQP requirements are identical to established automotive standards and requirements contained in the latest publication of the Automotive Industry Action Group’s (AIAG) manual, Advanced Product and Quality Planning and Control Plan (APQP). Additional customer-specific requirements contained in program “Statement of Requirements” documents will apply as appropriate. Refer to AIAG’s latest released manual. Additionally, AZ Automotive will also require conformance to other customer specific requirements, such as CHRYSLER LLC PSO and GM program reviews, when mandated by AZ Automotive’s end-item customer.

3. Production Part Approval Process (PPAP)

3.1. Purpose

AZ Automotive seeks to facilitate and promote effective compliance to standard automotive PPAP requirements. AZ Automotive adheres to the AIAG PPAP manual for submissions. Additional clarification and AZ Requirements are found in Appendix 8.1, AZ Automotive PPAP Requirements. All PPAPs submitted to AZ Automotive must comply with these requirements.

3.2. Requirement

All suppliers of production parts, materials and processes are required to submit a PPAP to AZ Automotive Corp and receive approval prior to beginning shipments. AZ Automotive's PPAP requirements (Appendix 8.1) are identical to established automotive standards and requirements contained in the latest publication of the Automotive Industry Action Group's (AIAG) manual, Product Part Approval Process (PPAP). Additional customer-specific requirements may also be required. Each supplier shall prepare a PPAP submission binder, or electronic equivalent, with dividers for the 18 items as required per the AIAG PPAP manual per Table I.4.1 Retention/Submission Requirements. A completed copy of AZ Automotive "PPAP Requirement Check List" is required with each PPAP submission with each box checked, indicating compliance. Suppliers should plan on a Level 3 Submission but be available for a Level 5 Submission if requested by AZ Automotive. AZ Automotive's latest PPAP requirements are available at www.azautomotive.com.

As of February 1, 2006, AZ Automotive Corp determined that AIAG PPAP requirements were inadequate to comply with CHRYSLER LLC Process Sign Off (PSO) requirements. Therefore suppliers of CHRYSLER LLC components must prepare a PSO binder or an electronic equivalent with the 25 specific CHRYSLER LLC requirements and item 26 designated for AZ Automotive specific requirements.

3.3. Part Approval

When a supplier's PPAP package is approved, the Part Submission Warrant (CFG-1001) PSW will be sent to the supplier. If the PPAP package is not approved, the supplier will be contacted and it is the supplier's responsibility to promptly make necessary corrections and resubmit. AZ Automotive reserves the right to charge an Administrative fee for suppliers not complying with AZ Automotive Corp PPAP requirements.

3.4. Authorization to ship

Upon receipt of a signed approved Part Submission Warrant (PSW), the supplier is authorized to make shipments according to specified AZ Automotive Corp Purchase Order and Releases. Under no circumstances is a supplier allowed to ship without a written approval from AZ Automotive Corp Quality.

3.5. Process Changes

Any process change must be approved in advance by AZ Automotive and a PPAP resubmission to AZ Automotive. Please provide your AZ Buyer with as much advance notice as possible, but with a minimum of 4 weeks and the reason for the process change. This includes process changes, tooling moves, or changes in subcontractors.

4. Defective Material Report (DMR)

4.1. Expectation

AZ Automotive expects suppliers to assure that all material, services, and processes are in conformance to all specifications and requirements and delivered within the prescribed

delivery schedule. Upon receipt of non-conforming material, the supplier will be issued a Defective Material Report (DMR).

4.2. Requirements

AZ Automotive adheres to established automotive standards and requires an Interim Corrective Action, including containment, clean-point information, disposition of nonconforming material and material certification identification method, within 24 hours. Irreversible Corrective Action including Verification, Control and Prevention is due within 15 calendar days. The supplier is responsible for all costs incurred due to non-conforming material. This includes an administrative fee, a manufacturing disruption charge, if applicable, plus any other expenses incurred by AZ Automotive caused by the receipt and management of non-conforming material. (See Appendix 8.3).

5. Escalation Process for Supplier of Non-Conforming Material

5.1. Expectation

AZ Automotive Corp. requires suppliers to assure that all material, services, and processes are in conformance to all specifications and requirements and delivered within the defined delivery schedule. Repeated shipment of non-conforming material will invoke an escalation process designed to elevate management review and involvement to urgently identify and resolve the problem cause. Repeat issues, launch issues, or other serious issues may invoke the use of Controlled Shipping at the expense of the supplier.

5.2. Escalation Process

AZ Automotive Corp's escalation process for repeated receipt of non-conforming material is initiated through the DMR process (See Section 4). Any incident of non-conforming product is a serious matter to AZ Automotive. A supplier failing to insulate AZ Automotive from repeated non-conforming product or services will be subject to the escalation process, up to and including resourcing. Based upon severity of non-conformance, historical data, and/or discretion of AZ Automotive Corp management, the escalation process may be accelerated at any time. AZ Automotive Corp. reserves the right to inform the supplier's ISO/TS registrar if problems are not resolved in a timely manner.

5.3. Escalation Process Steps

5.3.1. Step One: Defective Material Report
(DMR or SMCN) (see Section 4.0)

5.3.2. Step Two: Level One Containment
Supplier implement 100% off line inspection. AZ Automotive Plant Quality will initiate Level One activities by emailing a Level One letter to the Supplier's Plant Manager. The letter will specify the non-compliance, required actions and exit criteria. The supplier shall complete the Containment Confirmation reply and email back to the AZ initiating plant and AZ Automotive Corporate Purchasing within 24 hours.

5.3.3. Step Three: Level Two Containment

AZ Automotive Corp. considers Level Two containment a serious breach in the supplier's quality management system. Level Two containment may be imposed to mitigate the risk of receipt of further non-conforming material. Supplier contracts 100% third party certification (Level Two Containment) in addition to Level One Containment. AZ Automotive Corporate will initiate Level 2 activities by phone call and confirm by emailing a Level 2 letter to the Supplier's President. The letter will specify the non-compliance, required actions and exit criteria. The supplier will be required to complete the Containment Confirmation reply and email back to AZ Corporate Purchasing within 24 hours. Supplier will assume all cost for Level 2 Containment

5.3.4. Step Four: Supplier Performance Review

Based upon performance history or severity of issues, an AZ plant or AZ Purchasing representative may schedule a Supplier Performance Review with the supplier. Supplier will be required to provide an Action Plan with a timeline for resolution. Subsequent meetings may be scheduled to verify compliance to the Action Plan and sustained corrective action resolution.

5.3.5. Step Five: Senior Management Review

Based upon performance history of chronic systemic problems, repeat problems or severity of issues, an AZ Automotive Plant or Corporate Purchasing representative may schedule a Senior Management Review Meeting between AZ Automotive Senior Management and Supplier Senior Management. Supplier will be required to provide and Action plan with a timeline for resolution. Subsequent meeting may be scheduled as necessary to verify compliance to Action plan and sustained corrective action resolution.

5.3.6. Step Six: AZ Corporate Audit

Based upon performance history of chronic systemic problems, repeat problems or severity of issues AZ Purchasing may schedule an AZ Automotive Corporate audit at the problem supplier location. The goal of the audit is to confirm both the effective implementation of corrective actions and evidence of systemic improvement. Corporate Quality performs an on-site review of the supplier's Quality Management system and provides findings to AZ Senior Management. The supplier is required to address all non-conformances reported using an Action Item list with a timeline for corrective action and implementation. Subsequent meetings may be scheduled to verify compliance to the Action Plan and sustained corrective action resolution.

5.3.7. Step Seven: Resourcing

If steps one through six in the escalation process are not sufficient to insulate AZ Automotive from receiving non-conforming material, AZ Automotive management may elect to resource the job. In the case of a customer “directed buy”, a request to resource will be made to the appropriate OEM.

6. Supplier Performance

6.1. Performance Measures

Supplier Performance will be continuously monitored and reported at a defined frequency. Supplier Performance measures are based upon ISO/TS 16949:2002 requirements including the following measures:

- Delivery
- Quality
- Commercial
- Responsiveness

6.2. Supplier Development

The prioritization of suppliers for development depends upon the supplier’s quality performance and the importance of the product supplied.

6.3 Delivery Performance

AZ Automotive monitors suppliers with respect to delivery schedule performance including incidents of premium freight. 100% on-time delivery is not just an expectation, but a requirement. Delivery nonconformance issues will be addressed using the DMR process described above.

6.4 Cost Reduction

AZ Automotive requires constant focus on cost reduction. If your company has VA/VE ideas it would like to propose, please contact your AZ Buyer for review. The industry requires yearly reductions, so getting ahead of the process for the future will be supported and encouraged.

7. Contact Information

Corporate Purchasing Manager: (586) 880-2219

Plant Quality Contacts

Center Line	(586) 880-2196
Lenexa	(913) 859-0990 x 224
London	(519) 457-7112 x 2222
Roseville	(586) 880-2103
Sterling Heights	(586) 880-2008

Appendix 8.1

Supplier Initial Submission / Resubmission

AZ Job # : _____ Submission Date: _____ PPAP Level _____ Submission # _____
Supplier: _____ Eng. Level _____ Date _____
If applicable: OEM Part # _____ Eng. Level _____ Date _____
Reason for Submission: New _____ Eng. Change _____ Initial Submission _____ Correction _____
Engineering change description: _____
Comments: _____
Supplier Contact: _____ Email address _____ Phone # _____

AZ Automotive Corp adheres to the Production Part Approval Process as noted in the AIAG PPAP manual. All documentation shall be in conformance to the latest AIAG manual except as noted.

Suppliers for Chrysler LLC programs

- The supplier shall prepare a PSO Binder or an electronic equivalent with dividers for the 25 items as required per the latest edition of the Chrysler LLC PSO manual plus at least one divider for AZ specific requirements. If an item is not applicable, the supplier shall provide documentation in that section stating “not applicable”.
- A completed copy of the Chrysler LLC Process Sign-off Summary Report is required with each PPAP submission. Supplier to complete all sections of the Summary Report. AZ Automotive may elect to verify any portion thereof.
- A completed copy of AZ Automotive “PPAP Requirement Check List” is required with each PPAP submission. Each applicable box to be checked indicating compliance to requirements.

Suppliers for all other programs

- Each supplier shall prepare a PPAP submission binder or an electronic equivalent with dividers for the 18 items as required per the AIAG PPAP manual per Table I.4.1 Retention/Submission Requirements. If an item is not applicable, the supplier shall provide documentation in that section stating “not applicable”.
- A completed copy of AZ Automotive “PPAP Requirement Check List” is required with each PPAP submission. Each applicable box to be checked indicating compliance to requirements.

Suppliers should plan on a Level 3 Submission but be available for a Level 5 Submission if requested by AZ Automotive. See the following for clarification of the 19 requirements including AZ Automotive and Customer-specific requirements. Any questions should be addressed to AZ Automotive Purchasing or Plant Quality.

1) Design Records

- Drawing(s) – Drawings should be marked up (Ballooned) Prints must be the original OEM prints or AZ Automotive generated prints. If the supplier’s prints are used they must contain OEM approval with authorization number (i.e. EWO), signature and date.
- Copy of print included with PPAP package.

2) Engineering Changes

- Design Change Approvals (EWO, CN, etc)

3) Engineering Approval

- GM Specific: A GM-E3660 form “Engineering Source Approval for Functional Performance” is required for all submissions to General Motors

4) DFMEA

- If Supplier is “Design Responsible” a DFMEA is required.

5) Process Flow Diagram.

- (See AIAG APQP and Control Plan reference manual)

- 6) PFMEA
- ❑ PFMEA - RPN – Corrective action required for the three highest RPN values noted. Severity numbers ≥ 7 must be addressed. Per the AIAG Potential Failure Mode and Effects Analysis Manual.
- 7) Dimensional Results
- ❑ All Print and Math data dimensions reported on Dimensional Layout Report.
 - ❑ 100% Dimensional Layout five piece to print/math data. Each part to be numerically identified to correspond with dimensional data sheet.
 - ❑ All dimensions should be listed with the actual results. (Unless noted as reference)
 - ❑ If production parts will be produced from more than one cavity, mold, tool, die, pattern or production process, the supplier must submit a complete dimensional report from each cavity.
- 8) Material & Performance Results (as applicable to the commodity provided)
- ❑ Laboratory Requirements: All data to comply with AIAG format for Material Test Results CFG-1004 or Performance Test Results CFG-1005. All tests must be listed in a format with the required specification as compared to the actual results. The supplier shall retain all test samples unless specifically requested to submit the tested pieces. Test samples shall be available for AZ Automotive review. Test results documents must include at least:
 - ❑ 1. Stated Specification Number,
 - ❑ 2. Number of pieces checked,
 - ❑ 3. Specified tolerance range
 - ❑ 4. Actual Data.
 - a) Material Certifications. Perform all tests when chemical, physical or metallurgical requirements are specified. Provide “Approved Source” documentation when applicable.
 - b) Circle grid using .100” circles. / Thickness Strain Analysis performed and approved.
 - c) Weld Destruct Test / Samples for welded components. Identify standard used for testing. Cross sectional examinations required for Arc Welds and or Resistance Spot Welds. Must show conformance to stated specification. Projection Welds need to be tested to appropriate specification. Where required show nugget diameter and / or percent of original projection.
 - d) Teflon Testing. Must include torque / tension results and test charts, per required specification.
- 9) Initial Process Study (Refer to AIAG Statistical Process Control Reference Manual)
- ❑ A minimum of 300 parts must be run. For variable data, 100 of the 300 must be measured. For attribute data, all 300 parts must be measured. All parts for variable and attribute studies to be numerically labeled in order of manufacturing and data recorded by characteristic. I.e., flush, feeler, etc.
 - ❑ Process Capability Studies on all 100 pieces of Variable, SAFETY and Key Product Characteristics require a PPK ≥ 1.67 . Histograms required capability along with X Bar and R charts to demonstrate control. Process Capability.
 - ❑ If no KPCs are noted on drawing, the supplier shall contact AZ Automotive Supplier Quality or the Plant Quality and review critical characteristics and designate KPCs is deemed appropriate.
- 10) Measurement System Analysis (Refer to AIAG MSA manual)
- ❑ AZ Automotive Variable GR&R standard is 10 parts, 3 operators, and 3 trials. Any deviation must be sanctioned by AZ Automotive Quality.
 - ❑ AZ Automotive Attribute Gage R&R standard is 20 parts, 2 operators, 2 times. Any deviation must be sanction by AZ Automotive Quality. Ideally 3 out of the 20 parts will be out of specification but near the upper or lower specification limit. Reference page 132 of the AIAG MSA Third Edition Manual.
 - ❑ Gage Studies on equipment used for Statistical Studies. (Must include hand measurement equipment ie, calipers etc.) Per the AIAG Measurement Systems Analysis Reference manual.
 - ❑ Copy of Check fixture certification.
- 11) Qualified Laboratory Documentation
- ❑ Certification for all testing facilities used. (QS9000 3rd Edition Clause 4.16, PPAP Clause I.2.2.11) For Daimler Chrysler parts, Lab must be approved through Daimler Chrysler, ILAC, APLAC, A2LA, SCC or L-A-B.

- 12) Control Plan
- Process Control Plan (include all standard dimensions and 2 levels of control or 100% inspection for SAFETY and COMPLIANCE KPC'S. S – Applies to Weld Process as well. Control Plan must include a minimum of annual part layout and annual check fixture certification.
- 13) Warrant (PSW)
- 14) Warrant (CFG-1001/PPAP) Complete and accurate to the correct drawing and Eng. Level. Warrant must include weight in kilograms to four decimal places. Separate warrant required for each part number. AZ Automotive requires the signature of the Quality Manager or higher officer verifying that the results show conformance to all customer requirements and that all required documentation is available. Production Rate information is required.
- 15) Appearance Approval Report
- Appearance Approval Report. (if applicable) Daimler Chrysler and GM parts require a specific Appearance Approval Report as stated in their appropriate manuals.
- 16) Bulk Material Requirements Checklist
- For bulk material, AZ Automotive and the supplier shall jointly agree upon the Bulk Material Checklist.
- 17) Sample Parts
- Sample Parts – Quantity (minimum of 5) Labeled with part number, change level, and sequential inspection number correlated to Inspection Report. Supplier must retain represented sample of samples submitted.
- 18) Master Sample
- The supplier shall retain a master sample for the same period as the production part approval records.
- 19) Check Aids
- If requested by AZ Automotive Corp, the supplier shall submit with the PPAP submission any part-specific assembly or component checking aids.
- 20) Customer Specific Requirements
- The supplier is responsible to meet the intent of all AZ Automotive's final customer specific requirements. If the supplier is unsure of the final customer requirements, contact AZ Automotive Supplier Quality Manager.
- GM Specific Requirements
- A GM-E3660 form is required for all GM parts.
 - Pre-Launch Control Plan developed per the Advanced Product Quality Planning and Control Plan reference manual. The Pre-Launch Control Plan is a separate document from the Production Control Plan.
 - GMW3059 form completed. (if applicable)
 - GM GP-9 Run @ Rate documentation
- Chrysler LLC Specific Requirements
- Documentation must encompass requirements as noted in CHRYSLER LLC PSO (Process Sign Off) latest edition.

AZ Automotive Specific Requirements (if applicable to particular commodity)

- a) Run @ Rate Verification
Refer to GM GP-9 procedure for GM parts.
Refer to CHRYSLER LLC PSO manual for CHRYSLER LLC parts.
- b) List of all Sub Tier II components with description, part numbers, and source and part approval status.
- c) Packaging Instructions including any particular customer specific requirements / Picture of pack.
- d) Procedure for labeling. Example of label per AIAG-B10 requirements
- e) Traceability Procedure – Through entire supply chain.
- f) Copy of Team Feasibility statement.

Supplier to have available upon request by AZ Automotive.

- a) Production Line Layout.
- b) Drop Policy – Instructions that define what action is to be taken when a part is dropped or found on the floor.

PPAP Status

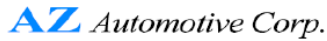
All PPAP submissions to AZ Automotive will be classified as one of the following and will be communicated to the Supplier via the Part Submission Warrant (PSW) CFG-1001.

Approved: Full Approval granted. Authorization to invoice for payment with signed copy of PSW provided. Upon receipt of a signed approved Part Submission Warrant (PSW), the supplier is authorized to make shipments in accordance with AZ Automotive Corp releases.

Interim Approval: Temporary approval granted until a specified date or for a specified quantity of parts.

Rejected: Production part submission and/or documentation did not meet AZ Automotive PPAP requirements. The supplier shall correct the production process, make a new submission within seven days. No shipments are allowed without an AZ Automotive Corp written approval. AZ Automotive reserves the right to issue a Defective Material Report and charge an administrative fee for not complying with AZ Automotive Corp PPAP requirements.

Appendix 8.2



DMR # 000000

Section A: SUPPLIER DEFECTIVE MATERIAL REPORT					
DATE:		TO:			
FROM AZ AUTOMOTIVE PLT.		SUPPLIER:			
CONTACT PERSON		EMAIL ADDRESS			
EMAIL ADDRESS		PHONE #			
PHONE #		REPEAT ISSUE?	Yes ___ No ___	PREVIOUS DMR #	
AZ JOB NUMBER:		QUANTITY REJECTED		DATE REC.	
DESCRIPTION		QUANTITY FROZEN		LOT #	
Quality Services Report #		GRN/RECEIPT #		SHIPPER #	
DO NOT USE TAG#		TAG #		P.O.#	
PROBLEM DESCRIPTION			PICTURE OR GRAPHICS OF PROBLEM		
SHADED PORTION TO BE FILLED OUT BY SUPPLIER					
INTERIM ACTION / CONTAINMENT (Due within 24 hours to issuing AZ Plant)					
COMPLETED CORRECTIVE ACTION (Section B shown on Page 2)					
Supplier to complete page Two and return within 15 days to the issuing AZ Plant					
AZ PLANT FOLLOW UP LOG WITH SUPPLIER					
INTERIM ACTION	CONTACT NAME		DATE		TIME
SUPPLIER RESPONSE					
CORRECTIVE ACTION	CONTACT NAME		DATE		TIME
SUPPLIER RESPONSE					
IF AZ PLANT DOES NOT RECEIVE SATISFACTORY INTERIM OR CORRECTIVE ACTION RESPONSE, CONTACT AZ BUYER					
DATE AND TIME AZ BUYER CONTACTED	Buyer		Date		TIME
SUPPLIER RESPONSE					
MATERIAL DISPOSITION					
SORT	SCRAP		RMA NUMBER		STL RESALE? YES() NO()
REWORK	RETURN/ SUPPLIER		SHIPPER NUMBER		OEM NAME
COST RECOVERY				COST CALCULATION DETAIL	
	SCRAP/RETURNED PRODUCT COST = # OF PARTS RETURNED /SCRAPPED X PART COST				
	SORT/ MACHINE DOWNTIME HRS INCURRED BY AZ AUTO.				
	OTHER COSTS INCURRED / FREIGHT ETC.				
250	ADMINISTRATIVE FEE				
	TOTAL DMR COST RECOVERY AMOUNT				
Cost Recovery items confirmed by Plant	Plant Approval Name / Date			AZ BUYER/DATE	

Section B: CORRECTIVE ACTION REPORT	
Supplier may expand the Corrective Action form to include multiple pages	
1. Problem Description: (Section A shown on Page 1)	
2. Interim Action / Containment: (Section A shown on page 1)	
3. Root Cause:	
4. Permanent Irreversible Corrective Action: (including effective dates)	
5. Verification:	
6. Control:	
7. Prevention:	
Supplier's Management confirms and verifies the above Irreversible Corrective Action.	
Name _____	Title _____
Date _____	_____
AZ Automotive Plant Quality Approves Irreversible Corrective Action as stated.	DMR COLOR CODE
Name _____	GREEN Supplier submitted Corrective Action. AZ Plant approved.
Date DMR Closed _____	YELLOW Supplier submitted Corrective Action Plan and AZ Plant approved Plan. Implementation and verification not complete.
DMR Color Code	RED Supplier did not submit an acceptable Corrective Action within 30 days.

Appendix 8.3

DMR (Defective Material Reporting) - Effective 1/1/09

DMR occurrences are subject to the following fees and charges:

- \$250 Administration Fee – All DMR's
- \$750 AZ Production Interruption Fee – If applicable
- Any additional costs incurred by AZ for managing supplier non conforming material.
- Supplier discrepant material must have a "Supplier Disposition" within 24 hours of notification. If no Supplier Disposition is provided within 24 hours AZ will determine disposition of non conforming goods and will charge back Supplier for any related costs.

Appendix 8.4

AZ Automotive Corp.

24331 Sherwood Ave. • Centerline, MI 48015
Phone: 586.759.2200 • www.azautomotive.com

DATE

PLANT MANAGER
SUPPLIER'S NAME
SUPPLIER'S ADDRESS
SUPPLIER'S CITY, STATE, COUNTRY
SUPPLIER'S EMAIL ADDRESS

Subject: Entry into Controlled Shipping - Level 1

Dear SUPPLIER PLANT MANAGER,

AZ Automotive has determined that current controls by your organization are not sufficient to insulate AZ

Automotive from the receipt of nonconforming material produced by your facility. This letter is formal notification that your facility has been placed on Controlled Shipping – Level 1 for the following part(s).

Part Description: **AZ JOB NUMBER AND DESCRIPTION**

Non-conformance(s): **NON-CONFORMANCE NOTED
DMR NUMBER AND DATE**

Supplier must adhere to GM's GP-5 Procedure for Level 1 Containment. Return email "Controlled Shipping Confirmation Reply" as noted on page two of this letter is required within 24 hours to AZ Plant Quality Manager. Supplier must forward Controlled Shipping Level 1 documentation daily to the AZ Plant Quality Manager and the AZ Automotive Supplier Quality Manager. Twenty (20) production days after implementation and verification of irreversible corrective action with no rejections as noted on the "I-charts", the supplier may petition in writing to be removed from Controlled Shipping. Petition must include supporting documentation for removal as noted in the exit criteria of GP-5 and should be sent to the AZ Plant Quality Manager and AZ Purchasing Manager. Supplier may cease containment operations after written authorization is received from AZ Automotive Corp.

If you have any questions, contact (NAME, PHONE NUMBER AND EMAIL ADDRESS OF PLANT QUALITY MANAGER).

Sincerely,
Plant Quality Manager

AZ Automotive Distribution:
Plant Manger
Executive Vice President and COO, VP of Quality
Purchasing Manager

Supplier Distribution:
President, Quality Manager

Controlled Shipping Confirmation Reply Level 1

To: **AZ AUTOMOTIVE PLANT QUALITY MANAGER**
AZ Automotive Corp. Purchasing Manager

Email: **EMAIL ADDRESS OF AZ PLANT QUALITY MANAGER**
AZ Automotive Corp Purchasing Manager: purchmanager@azautomotive.com

We acknowledge receipt of your Controlled Shipping letter, advising us that our facility has been placed on Controlled Shipping Level 1. Refer to AZ Automotive Corp’s Supplier Quality Manual at www.azautomotive.com for the Escalation Process for Suppliers of Non-Conforming material.

SELECT ONE BOX (right click to fill in box)

- We understand the Controlled Shipping requirements
- We do not fully understand the Controlled Shipping requirements.
Please contact: AZ Automotive Purchasing Manager

Person responsible for Containment:
Name _____
24 hour phone #/ Email address _____

The following is a description of how conforming parts and shipments will be identified to indicate that they have been qualified as conforming to requirements.

Include AZ Job # and specific non-conformance (s).
AZ Job # _____
Non-conformance: _____
Inspection Method to assure conformance: _____

Individual part identification: _____ Container
Identification: _____

Date “Clean Point” established: _____

The containment activity will be performed at the following location:

Appendix 8.5

AZ Automotive Corp.

24331 Sherwood Ave. • Centerline, MI 48015
Phone: 586.759.2200 • www.azautomotive.com

DATE

SUPPLIER'S PRESIDENT
SUPPLIER'S NAME
SUPPLIER'S ADDRESS
SUPPLIER'S CITY, STATE, COUNTRY
SUPPLIER'S EMAIL ADDRESS

Subject: Entry into Controlled Shipping - Level 2

Dear SUPPLIER PRESIDENT,

AZ Automotive has determined that current controls by your organization are not sufficient to insulate AZ

Automotive (**AZ SPECIFIC PLANT**) from the receipt of nonconforming material produced by your facility.

This letter is formal notification that your facility has been placed on Controlled Shipping – Level 2 for the following part(s).

Part Description: **AZ JOB NUMBER AND DESCRIPTION**

Non-conformance(s): **NON-CONFORMANCE NOTED
REFERENCE DMR NUMBER AND DATE**

Supplier must adhere to GM's GP-5 Procedure for Level 2 Containment. Return email "Controlled Shipping Confirmation Reply" as noted on page two of this letter is required within 24 hours to AZ Automotive Purchasing Manager. Supplier must forward Shipping Level 1 and 2 documentation to the AZ Plant Quality and AZ Purchasing Manager daily. Twenty (20) production days after implementation and verification of irreversible corrective action with no rejections as noted on the third party "I-charts", the supplier may petition in writing to be removed from Controlled Shipping. Petition must include supporting documentation for removal as noted in the exit criteria of GP-5 and should be sent to the AZ Plant Quality Manager and AZ Purchasing. Supplier may cease containment operations only after written authorization is received from AZ Automotive.

If you have any questions, contact Plant Quality Manager (**NAME, PHONE NUMBER AND EMAIL ADDRESS OF AZ PLANT QUALITY MANAGER**) or Purchasing Manager at (586) 880-2219 [purchmanager@azautomotive.com]

Sincerely,
Purchasing Manager

AZ Distribution:
Executive Vice President and COO, VP of Quality,
Purchasing Manager,
Plant Manager, Plant Quality Manager,

Supplier Distribution:
Plant Manager, Quality Manager

Controlled Shipping Confirmation Reply

To: AZ Automotive Corporate Purchasing Manager
Email: purchmanager@azautomotive.com

From:

We acknowledge receipt of your Controlled Shipping letter, advising us that our facility has been placed on Controlled Shipping Level 2. Refer to AZ Automotive Corp’s Supplier Quality Manual at azautomotive.com for the Escalation Process for Suppliers of Non-Conforming Material.

SELECT ONE BOX (right click to fill in box)

- We understand the Controlled Shipping requirements
- We do not fully understand the Controlled Shipping requirements.
Please contact: AZ Automotive Purchasing

Person responsible for Containment:
Name _____
24 hour phone #/ Email address _____

The following is a description of how conforming parts and shipments will be identified to indicate that they have been qualified as conforming to requirements.

Include AZ Job # and specific non-compliance (s).
AZ Job # _____
Non-compliance: _____
Inspection Method to assure conformance: _____

Individual part identification: _____
Container Identification: _____

Date “Clean Point” established: _____

The containment activity will be performed at the following location:

Name of Third Party

Person responsible for Containment at Third Party:
Name _____
24 hour phone #/ Email address: _____