



QUALITY REQUIREMENTS MANUAL FOR THE SUPPLIER



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CURRENT EDITIONS OF IATF 16949:2016 & ISO 9001:2015



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Date



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1.0 TO OUR SUPPLIERS

The success of Steel & Trucks is based on supplying our customers with high quality products at competitive prices. Steel & Trucks suppliers are a key element in reaching and maintaining this high level of performance. We believe that the suppliers of our company are an important part of Steel & Trucks Team, which strives to develop and maintain a positive working relationship with all of them.

This document establishes and defines the expectations that providers must meet. Not returning signed the acknowledgment of receipt ("Annexed C ") implies not including the provider in the list of authorized suppliers.

This manual and the contractual conditions of Steel & Trucks are available at www.steelandtrucks.com, website of Steel & Trucks. It is the provider's responsibility to periodically check the website to know possible updates.

Note: Stamping Steel & Trucks is a company that receives support from Steel & Trucks, which provides management, administration and control through one or more people.

2.0 INTRODUCTION

The purpose of this manual is to define the minimum requirements, processes and systems to do business with Steel & Trucks. The manual describes the processes used to ensure that the supply base of Steel & Trucks is continually improving to avoid disruptions in the quality and deliveries, providing the lowest cost and superior service.

The implementation of the processes described in this manual will not only reduce the risk of interruptions in the supply chain, but will also help Steel & Trucks and its suppliers to increase our competitive position in the industry and ensure our continued mutual success.

3.0 MISSION

Contribute to the development and creation of businesses, guaranteeing the balance of the interested parties through technological and administrative strategies tending to

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consolidate and ensure the permanence in the automotive market, based on our values.

4.0 VISION

To be a leading organization in the national market with a worldwide presence in the manufacture of automotive components for exhaust systems and chassis. Maintain a permanent search of markets, technological development of processes and synergistic products tending to the diversification of them in the medium and long term.

5.0 QUALITY POLICY

It is the policy of Steel & Trucks, S.A. of C.V. provide products and services that exceed the needs and expectations of customers, within an effective and efficient management system in; quality, timeliness, reliability and price, in addition to:

- a) Provide a means of participation of all staff through the philosophy of Lean Manufacturing allowing a system of continuous improvement in our processes and services.
- b) Establish training systems that contribute to the development and competence of the staff.
- c) Be willing to maintain permanent human, material and financial resources to cover the current and future requirements of clients and other interested parties.
- d) To promote culture, art, sport and recreation with our workers and with the community.
- e) Permanently support unprotected groups (assistance houses, associations and altruistic dependencies).
- f) Guarantee respect, non-discrimination and the legitimate values of our workers, customers, contractors and supplier.
- g) Search and establish strategic alliances with customers and suppliers that are competitive globally.
- h) Encourage technological development in all areas that allow us to respond to customer requirements consistently over time in a global competition, through the development of cutting-edge technology in our processes and machinery.

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- i) Establish registers, alliance and agreements of connection in the matter of technological development with schools and institutes.
- j) Permanently search for available government support to promote employment and long-term sustainability.
- k) Optimize costs and increase global productivity levels.
- l) Plan actions to address and cope the risks and opportunities that provide security so that the QMS can achieve the desired results.

6.0 SELECTION OF SUPPLIERS

New suppliers must complete the supplier validation system or the self-questionnaire "F8.4.1-3 Questionnaire for selection of suppliers (Preliminary)". before being admitted to the supplier portfolio.

A Supplier will be integrated into the status of the Approved when the Supplier meets the criteria of Steel & Trucks classification (health or financial stability, experience, footprint, quality and environmental assessment, technical and project management, innovation capabilities, general strategy of the company, social sustainability, etc. and will be validated through the Supplier Evaluation.



All Steel & Trucks suppliers are classified through the state of the panel as follows:

A= Approved	Supplier fully approved for development and production. Only Class A providers can be considered within this state. All criteria are in accordance with our policy.
I = Intermediate	In the list of suppliers, but has not yet been evaluated or is pending due to other criteria that are not met (Price, Development, Quality rejections, quality certificate in process, lack of capacity in



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	development ...)
NA= Not approved	Supplier not acceptable. To be removed from the list of providers based on an appropriate elimination plan.

6.1 QUALITY ASSESSMENT

The supplier must supply parts and services that do not have defects or give rise to possible claims. Steel & Trucks will evaluate its suppliers by means of a Monthly Evaluation F8.4.1-5 (which includes: failure rate (PPM), number of pieces received vs. parts rejected, delivery on time, price, plant interruptions, extraordinary freights and Recall) and an annual evaluation F9.2-14 Assessment 2nd part. Steel & Trucks reserves the right to conduct second-party face-to-face audits of its suppliers.

6.2 ENVIRONMENT, HEALTH AND SAFETY

All of our suppliers must align with our environmental policies, occupational health and safety, values and pillars. And carry out activities that reduce the environmental footprint and emissions protecting natural resources, virgin materials and fossil fuels.

The supplier must perform risk analysis to minimize damage and protect the integrity and safety of all its personnel.

6.3 SOCIAL SUSTAINABILITY

The provider must take care of working conditions, comply with human rights, work rights, have policies of inclusion, ethics and diversity and community development, the provider must demonstrate these conditions and send evidence of them.

6.4 CONFIDENTIALITY

All information, regardless of the level, form and nature thereof, received by the Steel & Trucks Supplier, must be confidential and, therefore, the Supplier is bound in a strict and irrevocable manner:

Do not reveal or transmit in any other way information to third parties.

You must deliver to Steel & Trucks at the end of the provision services, all documentation, in written or graphic form, stored in computer media.

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Not use the information for any other purpose than the performance or execution of the services required by Steel & Trucks.

Adopt in your business organization at all levels, the appropriate measures to ensure compliance with everything indicated, accepting mutual responsibility in case of breach of the confidentiality agreement by its staff, shareholders and administrators.

Steel & Trucks reserves the right to demand a confidential document " F8.4.2-5 Contract of Confidentiality Provider " which must be delivered before the start of a new project or service, to ensure that the latter, in relation to other parties, does not use the information received.

6.5 SUPPLIER'S QUALITY MANAGEMENT SYSTEM

All suppliers of products and services supplied to Steel & Trucks that affect the degree of satisfaction of the client must have, at a minimum, the ISO 9001:2015 certificate, in order to adjust to the standard IATF 16949: 2016. In the case of that the supplier does not have the certification, Steel & Trucks will not include to the provider in the provider list authorized, replacing it with another that meets all Steel & Trucks requirements.



The manuals of quality and the supplier's total quality systems shall conform to standards ISO 9001: 2015 / IATF 16949:2016. Steel & Trucks reserves the right to demand from its suppliers other more specific requirements of its components.

6.6 COMMITMENT OF CORPORATE SOCIAL RESPONSIBILITY

The "Commitment of corporate social responsibility of suppliers" F5.1.1-3 Code of ethics to suppliers, is mandatory for both current suppliers and for new suppliers.

6.7 CONFLICT MINERALS

Businesses, governments and civil society organizations are paying more attention to certain "minerals in conflict" and their derivatives, such as tin, tantalum, tungsten and gold, from the so-called "covered countries". The extraction and trade of these "conflict materials" contribute financially to the violence. Steel & Trucks suppliers must comply with the regulations on the use of these conflict minerals originating in the "Covered Countries" and send the questionnaire annually Conflict Minerals Reporting Template (CMRT) available at the following link:

<http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/>



It should be received when applying the safety data sheet (MSDS "Material Substances Data Sheet") of the substances used, lubricant examples and / or antioxidants of the raw materials "Steels". The supplier must comply with the governmental requirements of toxic substances, prohibited and / or dangerous.

6.8 CODE OF ETHICS

Check the website where our Code of Ethics is available at the following link: www.steelandtrucks.com.

The supplier must adhere to this document which will be included as an annex to this Manual.

Steel & Trucks suppliers must be aware of and introduce the Corporate Responsibility culture in their organization and with their Sub-suppliers.

6.9 BEST COST OF PRODUCT, PROCESSES AND SERVICES.

The expectation of Steel & Trucks is to establish a close relationship with its suppliers, from the beginning of the development process to the delivery of the product or service, in order to obtain the levels of competitiveness required by the market. Establishing a long-term relationship is possible only when the supplier and the buyer decide to reduce the total cost of an item, process or service of the "Supply Chain",

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maintaining a profitable situation for both parties. No price increase will be accepted during the life of the project, any change must be informed and reviewed by Sales Area before.

6.10 CHARGES TO SUPPLIERS

Monetary charges will be made to the providers in the following concepts:

1. **Administrative Expenses.** - An administrative charge will be made for each Notice of failure generated by an incident that affects the quality of the piece or process of Steel & Trucks.
2. **Inspection time.** - It is a monetary load in hours / man when Steel and Trucks personnel is used to contain a quality problem.
3. **Line stop.** - It is a monetary charge per minute when there is a line stop in the Steel and Trucks process due to a defective part of the supplier.
4. **Rework.** - A monetary charge will be made if the supplier material requires some rework, the use of Steel & Trucks personnel will have a demerit in hours / man.
5. **Extra time.** - A monetary charge is made if the Steel & Trucks staff generates extra time to contain supplier problems.
6. **Others.** - There will be a monetary charge for a problem in which you have to go to the provider facilities to perform an audit.

Cost table

Item	Chargeback
1.- Quality Issue (each quality issue)	90 USD
2.- Inspection time (Man / hour)	4.49 USD
3.- Line stop (by minute)	35 USD
4.- Rework cost (man / hour)	4.40 USD
5.- Extra time (man / hour)	13.98 USD
6.- Administrative expenses	250 USD
6.- Others	Example 200 USD: Facility audit + travel expenses, expedited

7.0 QUALITY PLANNING

7.1 ADVANCED PRODUCT QUALITY PLANNING (APQP)

The provider will use procedures and techniques planning provided in the latest version of Control Plan and Advanced Planning product quality AIAG as a manual reference. As a provider, you may be asked to provide data regularly before the PPAP to comply with the phases of APQP process of Steel & Trucks.

7.2 PRODUCTION PART APPROVAL PROCESS (PPAP)

The first samples of material must be sent with the documentation and under the specific conditions and / or requirements of Steel & Trucks (PPAP level 1-4).

The following documentation is suggested:

- Flowchart
- Control plan
- AMEF
- Material certificate (chemical and mechanical analysis of the material) with certified laboratory
- Technical specifications (Tolerances, grain size, dimensions, inclusions, appearance, etc.)
- Packaging specifications
- Signed technical specification
- Dimensional results
- Measurement system analysis study
- Capacity Analysis
- PSW

After the samples are sent, any of the following may occur:

- 1) Final approval: It gives the signature of the signed PSW and the Supplier can begin to deliver the material according to purchase orders and program.
- 2) Provisional approval: the external provider can deliver the material for a limited period of time until final approval is granted. The

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Purchasing Department of Steel & Trucks will inform the Supplier of the need to send new samples to obtain final approval.

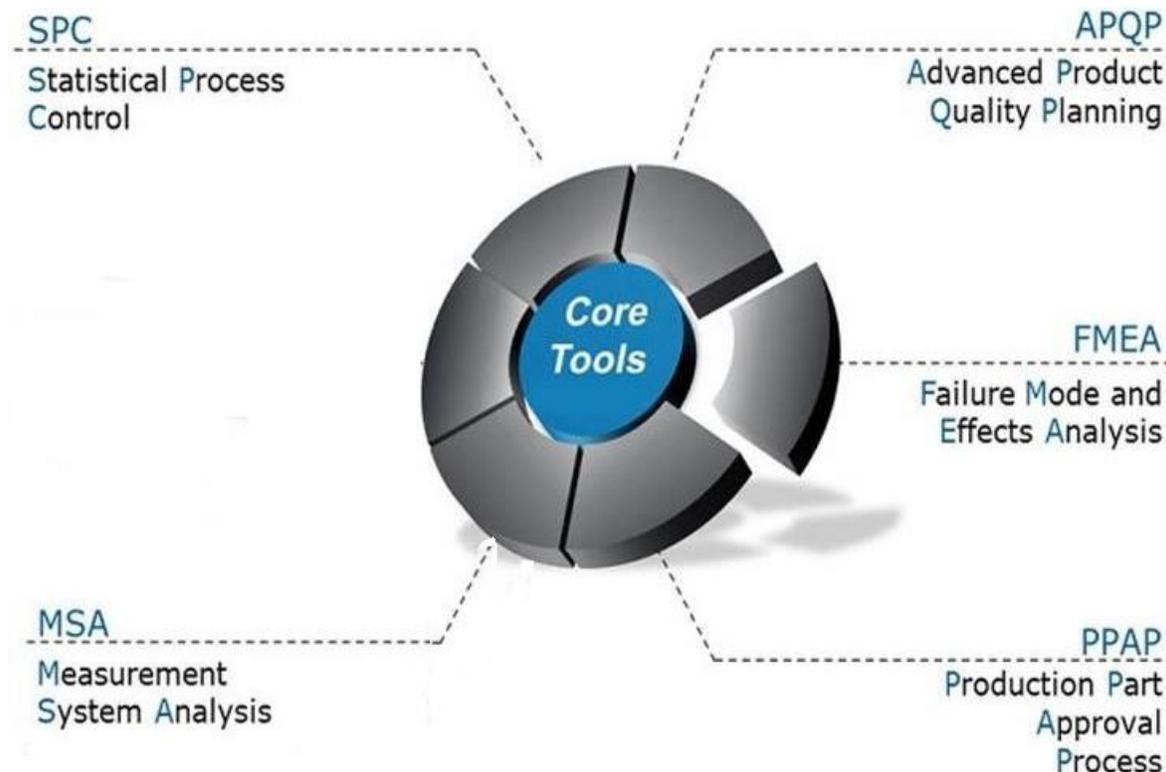
- 3) Rejection of the sample: Material delivery is not allowed until new samples are sent and they obtain the least provisional approval.

After approval of PPAP, an annual revalidation (endorsement) of the product to the supplier and all the PPAP documentation with level 4 is required according to 7.6.

PPAP is not requested from service providers because they are deliveries or single jobs and not series production.

7.3 MEASUREMENTS SYSTEMS ANALYSIS (MSA)

The supplier must perform repeatability and reproducibility studies, linearity, bias and stability in all meters and measuring instruments used in the measurement of critical and / or significant characteristics, identified in the control plan. The provider must undertake such studies periodically when any change is made in the measurement system, the operator, meter inspection or inspection method, AIAG as a manual reference.





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The following figure shows the applicable Core Tool manuals for the automotive industry.

7.4 STATISTICAL PROCESS CONTROL (SPC)

If requested, the provider will provide the ongoing control and capacity tests, as required when presenting the data in the annual PPAP validation. It is required the follow-up of the SPC, if applicable, for the prototypes, the pre-production tests, the PPAP and the monitoring of the continuous improvement. The minimum capacity indexes are a Ppk / Cpk of 1.33 for a mass production and a Ppk / Cpk of 1.67 for the PPAP or preproduction tests. The control and capacity tests in progress can be required regularly when presenting the data.

7.5 FAILURE MODE AND EFFECTS ANALYSIS (FMEA)

The FMEA will be carried out by a multifunctional team. Suppliers must review and update the F.M.E.A. regularly and take appropriate measures to continuously improve the process and the quality of the product. All PFMEAs must include the Special Characteristics defined by the Quality of the Steel & Trucks Supplier for acceptance.

7.6 TRACEABILITY (BATCH)

Traceability refers to the ability to track products along the distribution chain according to a laundry number, lot or serial number. Traceability (batch) is an important aspect in the automotive industry, where it makes possible the withdrawal, in order to identify and reduce the number of potential vehicles affected.

The supplier must establish the appropriate system in the "supply chain", in order to identify and isolate at any time, batches or sets eventually affected by a problem during the entire useful life of the product. Steel & Trucks reserves the right to verify and evaluate the performance of the established system and request changes or improvements.

7.7 PRODUCT AND PROCESS CERTIFICATIONS

The supplier shall ensure that the material supplied to Steel & Trucks complies with all the technical specifications of materials and norm, packaging specifications, standard and / or purchase order of the product. Certifications of materials containing the results (Chemical Product Analysis, mechanical, destructive tests, durability and the

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required tests performed by an accredited laboratory in ISO / IEC 17025, EMA or other accrediting body) are required in PPAP and annually to revalidate the results of the material supplied to Steel & Trucks.

8.0 SELECTION OF SERVICE SUPPLIERS

The continuity and reliability of business is a standard that many companies worldwide have chosen, and that seeks to maintain production or service processes,

When selecting a service provider, it is expected to meet the requirements that guarantee quality services and provide excellent technical support. Among the requirements, are the following:

- Certificate and / or dimensional report vs design (From. Scantlings, tooling "Dice, dies, half wedges, etc.").
- Calibration certificate for measuring equipment (eg. Durometer, CMM).
- Certification under ISO / IEC 17025.
- Heat treatment certificate.
- Preventive, predictive and / or corrective maintenance (Report before and after).
- The workers of the providers must be registered in the social security or be insured, training for hazardous work and the specific ones for which they were hired (DC3)
- Manual of use of new equipment and / or machinery in Spanish language, including if applies: errors section, electrical drawings, original tooling drawings, maintenance section.
- Compliance with established times (service providers).
- Delivery just in time.

Suppliers with special "coating" processes must deliver the AIAG CQI Assessment of the latest applicable edition.

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9.0 NON-CONFORMING PRODUCTS

If the supplier supplies a material that Steel & Trucks believe that it is non-conforming, the supplier will be responsible for the non-compliance product and will be subject to the following measures:

- 1) Steel & Trucks can return to the supplier a whole lot of material, or any quantity thereof, the latter having to bear the costs. The supplier will reimburse Steel & Trucks the cost or free product or replace the material under the discretion of Steel & Trucks. (This is only applying b if there is a stock suitable for maintain production until the certified product is available).
- 2) The supplier will verify the product at Steel & Trucks facilities within the established time frame by Steel & Trucks to determine the conforming product to maintain production.
- 3) In the event that the supplier is unable or unwilling to verify the material within 24 hours (unless otherwise specified), Steel & Trucks may:
 - I. Verify the material by applying a fee for hour specify.
 - II. Conduct the verification with an external rework company authorized by Steel & Trucks. The provider will pay the rate of the company that make material verification.
 - III. Charge a fee administrative and personnel (a single rate applied to each of the previous charges.
- 4) Credit note for the discarded material and the puff number of the non-conforming material for international suppliers.

In the event that a non-conforming material is found in the facilities of a Steel & Trucks customer, the supplier will be responsible for the costs of verification, in addition to the return charges incurred by Steel & Trucks by its customer. In addition, Steel & Trucks reserves the right to apply charges for guarantees in which it incurs for defects caused by the nonconforming material of the supplier. These charges may include: the cost to transports returned materials, the cost incurred by the personnel of Steel & Trucks, the increase in the price of the distributor and any cost or which is incurred by the client of Steel & Trucks.

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When the supplier finds that he sent suspicious or out-of-spec material, he must immediately notify Steel & Trucks and inform us of the batch number and invoice, giving the corresponding technical justification.

9.1 CORRECTIVE ACTION AND PROBLEM SOLVING (SEE DOCUMENT F6.1.2-2 8 D's)

The provider must implement containment actions in a period no longer than 24 hours after the notification of a quality and / or other problems.



If necessary, Steel & Trucks will take the necessary measures, such as the selection, inspection and reprocessing of the material or parts required, without allowing interruptions in the production line and until the parts received comply with the suppliers' disposition. These costs will be irrevocably charged to

the provider. The provider must respond in the Format section of 8 Disciplines in a period not greater than 10 business days on the analysis of Root Causes and the Plan of Corrective Actions, and no more than 30 business days for the closure of all phases of the report 8 D' s. If the supplier requires more time, you must send a written request to Steel & Trucks.

Steel & Trucks expects the application of analysis tools for the detection of "Root Cause", (Ishikawa, SPC, Pareto, PDCA, FMEA, 6 σ ...), in order to establish strong "Corrective actions", to avoid recurrence of the problem.

9.2 PRODUCT SECURITY AND PRODUCT RESPONSIBILITY: SECURITY AND CRITICAL FEATURES

The supplier must have verification procedures and identify critical safety features in the materials that may imply any damage to the safety of the people of Steel & Trucks, as an example (weights, grip systems for handling, loading / unloading, parts sharp or sharp, etc.)

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9.3 CONTINGENCY PLAN AND SUPPLIER RISK MANAGEMENT

The supplier must prepare contingency plans to meet the requirements of Steel & Trucks in case of production interruption and parts delivery. The supplier must notify his Steel & Trucks contact within a period not exceeding 12 hours. The nature of the problem must be communicated and immediate measures must be taken to guarantee the supply of the product.

Interruptions in production could include, among others, natural disasters, political instability, economic instability, capacity problems, quality problems, labor strikes, planned production shutdowns and other events that make it impossible for the supplier to meet the required volumes or comply with any APQP.

10.0 PACKAGING PRESERVATION, LABELING AND SHIPPING

10.1 PRESERVATION OF PACKAGING

The product will be packaged as agreed by Steel & Trucks according to the packaging specification "F8.5.4-3 Packing List" In the event that a specific packaging has not been defined, the Supplier will protect the material during transport to avoid deterioration, rust, mixing and contamination by external agents.

A color code has been implemented by Steel & Trucks and must be used in materials identification.

Note: The supplier must guarantee the use of FIFO for proper traceability.

10.2 LABELED

All material must be labeled according to the requirements of Steel & Trucks. In the event that this requirement is not established, the labeling will be carried out in such a way that the products can be unequivocally related to the attached documents, so that the established

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traceability system is guaranteed, which indicates:

- Part number
- Material Diameter and Type
- Engineering level
- Purchase order number
- Quantity
- Manufacturing date
- Heat number
- Shipping date
- Invoice number

And that will be suitable for transit, arriving intact at the Steel & Trucks plant.

10.3 SHIPPING

At each shipment of material, the supplier must notify and send previously the complete documentation for proper handling during shipment to Steel & Trucks by email and to the given customs broker company in original and complete documentation during the delivery in a closed envelope



to avoid to be lost. The possible documentation required is as follows and must be agreed between the supplier and the purchasing area:

- Delivery advanced notice
- Packing list
- Bill of lading or Airway, only for foreign suppliers
- Shipping tracking number
- Quality Certificates
- Commercial Invoice
- Fumigation Certificate
- Pediment



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When necessary, the material safety data sheet (must be provided to Steel & Trucks before any shipment and also the technical data sheet, applies to articles that are considered and classified as contaminants or dangerous to health and could be: oils, lubricants, adhesives, seals, chemicals, solvents, paints, protective or anticorrosive substances and any other.

10.4 SYSTEM JUST IN TIME

National suppliers must adhere to weekly deliveries according to the purchase programs sent with the frequency and defined schedule. Charges for over inventory, for missing or non-compliance with the program and its terms and conditions.

10.5 SHIPPING

The supplier must have a documented system that ensures order and cleanliness in their facilities, in order to ensure the quality of the product, applying the 5's methodology.

11.0 DEFINITIONS

- ✓ PPM: (Parts per million) Rejection rate of rejected parts (NG) between the total number of parts received (Deliveries) by one million (1'000,000).
- ✓ ISO 9001: (International Standardization Organization or its acronym in Spanish International Organization for Standardization), is the basis of the quality management system that focuses on all elements of quality management with which a company must have to have an effective system that allows you to manage and improve the quality of your products or services.
- ✓ IATF 16949: (International Automotive Task Force "International Automotive Task Force") is the standard for quality management systems (QMS) specific to the automotive industry, based on the international standard of ISO 9001
- ✓ CMRT: (Conflict Minerals Reporting Template) are those that were extracted in the midst of armed conflicts and in conditions of abuse of human rights, mainly in the Democratic Republic of the Congo and neighboring countries.

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- ✓ AIAG: (Automotive Industry Action Group) is a worldwide organization that serves as an open forum for companies around the world to develop and share information that contributes to the automotive industry.
- ✓ APQP: (Advanced Product Quality Planning), It is a structured process to define the key characteristics important for compliance with regulatory requirements and to achieve customer satisfaction. APQP includes methods and controls (i.e., measurements, tests) that will be used in the design and production of a specific product or family of products (i.e., parts, materials).
- ✓ PPAP: (Production Part Approval Process) is designed to demonstrate that the component supplier has developed its design and production process to meet the client's needs, minimizing the risk of non-compliance by effective use of APQP.
- ✓ MSA: (Measurement Systems Analysis) is a special design experiment that seeks to identify the components of variation in measurement.
- ✓ SPC: (Statistical Process Control) is the tool it provides to help improve Quality in its quantitative component. It also has tools for the qualitative component of quality.
- ✓ AMEF: (Analysis of the Mode and Effects of Faults) is currently the most used technique for risk analysis. Risk analysis is a very natural human activity.
- ✓ PSW: (Part Submission Warrant) is the document of approval of the part and which protects that the part is in accordance with all the requirements indicated in the drawing. Before carrying out the approval of the PSW, the necessary dimensional and functional validation tests must be carried out on the assembly line.
- ✓ ISO / IEC: it is an international standard developed by ISO (International Organization for Standardization) in which it is applied by the testing and calibration laboratories in order to demonstrate that they are technically competent and that their results are true.
- ✓ Ppk / Cpk: is a capacity index that indicates whether a process is capable of satisfying two-sided specification limits. However, Ppk uses the current standard deviation for the calculation of process variation, whereas Cpk uses an estimated standard deviation



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- ✓ DC3: is a format, in which is written and recorded that is how much with the skill and / or training in x matter, it is personal and issued by a person who has the DC-5 record in which reported to the Ministry of Labor and Social Security (STPS), which can give the course or workshop as appropriate to train the person interested in obtaining their DC-3.
- ✓ PDCA: (plan-do-check-act, in Spanish plan-do-verify-act), also known as the cycle of Deming (by Edwards Deming) or spiral of continuous improvement, based on a concept devised by Walter A. Shewhart It is widely used by quality management systems (QMS)
- ✓ FIFO: (First-In, First-Out) method of valuation of inventories used for similar products with respect to their cost and sale price, consisting of considering that the first units that entered the warehouse are the first ones that come out of it.
- ✓ Lot: Is the group of materials or identifiable parts of a particular shift or a manufacturing process. The identification of parts and lots must provide and be part of the provider's tracking procedures.



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Acknowledgment of receipt of the Quality Manual for Steel & Trucks suppliers

Dear Supplier,

Steel & Trucks maintains the requirements our suppliers on the website. Please access the following link www.steelandtrucks.com to see the latest revision of the Steel & Trucks Supplier Manual. The completion and return of this document indicates the acceptance of the quality requirements suppliers of Steel & Trucks.

Company: _____

Location: _____

Name: _____

Position: _____

Email: _____

Phone: _____

Please scan and return this confirmation by email to:

Gustavo Garduño:
gustavo.garduño@steelandtrucks.com

Yuliana Soto:
yuli.soto@steelandtrucks.com

Jonathan Martinez:
jonathan.martinez@steelandtrucks.com

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