Meridian

萬豐·鎂瑞丁

Supplier Quality Manual

UNCONTROLLED AFTER PRINT

Introduction

Customer Satisfaction is one of Meridian's main goals, and as a supplier your company has made a very important contribution to the achievement of this goal.

The Meridian Supplier Quality Manual has been created, and it is constantly evolving to assist suppliers in understanding the purchasing expectations and quality requirements for products and services supplied to Meridian.

Supplier Quality continuous improvement towards excellence is mandatory to allow Meridian to provide products that exceed our customers' expectations and to achieve our common objectives of sustainable and profitable growth.

To that end, Meridian seeks suppliers that have strong quality systems, continuous improvement systems and a vision for long term cost competitiveness.

This Manual sets out Meridian's policies and procedures in addition to those established on the Purchase Order Terms & Conditions and on the applicable quality standard (ISO, IATF, other). Its adherence and enforcement by the supply base allows Meridian to develop long and mutually beneficial relationships with all suppliers.

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1. Welcome to Meridian

We are the world's leading supplier of innovative lightweight cast metal solutions for the transportation industry. Nothing will distract us from that mission, and every action we take is focused on achieving and maintaining that leadership position in the world.

2. Scope

This Meridian Supplier Quality Manual has been developed to communicate the operating principles, general expectations, requirements, and procedures of Meridian. Adherence to the guidelines described in this manual is required by all Meridian suppliers. Acceptance of any purchase order constitutes acceptance and commitment on behalf of the recipient to comply with this manual's content. These guidelines are provided as a supplement to, and do not replace or alter, any purchase agreement terms or conditions which are included as requirements of applicable engineering drawings, specifications, and other contractual documents. This manual describes the minimum requirements for which the supplier has responsibility. However, system improvements that exceed the requirements specified within this manual are always encouraged.

The expectations and requirements described in this manual apply to all suppliers of prototype and production products and/or services. Suppliers must meet all applicable requirements specified here.

3. General Requirements

This section provides the minimum general requirements to remain a Meridian supplier. These requirements may be supplemented by specific requirements for the responsible Meridian purchasing location.

3.1. Customer Support

The Supplier is required to provide a 24/7 contact list that can be readily available to assist in solving problems relating to quality, delivery, and other issues. The supplier's focus should be on continual improvement.

3.2. Customer Specific Requirements

The supplier is required to meet or exceed the requirements set by Meridian's customers.

3.3. Continuous Improvement Attitude

Meridian expects our suppliers' top management to share our commitment to meet or exceed customers' quality expectations through continuous improvements. It is also expected that they will give their full support to the relationship that exists between our companies and demonstrate flexibility in assisting Meridian in meeting all our customers' requirements.

3.4. Advanced Quality Planning

Prior to production of any product, the supplier shall utilize quality-planning techniques to ensure successful launches of these products. Meridian requires the use of the Advanced Product Quality Planning and Control Plan (APQP) reference manual published by the Automotive Industry Action Group (AIAG) as a guide to proper use and documentation.

3.5. Engineering / Technical Support

Meridian is dedicated to the manufacture of highest quality products. For this objective to be achieved, all suppliers shall offer engineering and technical support to Meridian when said support

is requested. Supplier confidentiality is expected in consideration of receiving proprietary technical or form, techniques, modifications, and general know-how received from Meridian, its divisions, subsidiaries, branches, or joint ventures.

3.6. Manufacture Capability / Capacity / Location

Suppliers are expected to have the resources necessary (property, facilities, equipment, and materials) to supply the products and/or services required to accommodate Meridian's production schedule. The supplier should provide for fluctuations in requirements due to scheduling changes. Operational planning should be done to maximize efficiency and minimize the use of special conditions such as overtime.

3.7. Process Control

Meridian suppliers are required to control all manufacturing processes and use DVP&R as input in the development of an effective control plan, which is approved during part qualification.

3.8. Rights of Verification of Products/Services

Meridian reserves the right to verify the products/services on the supplier's premises by Meridian representatives and our customer or their representative. This verification also applies to the supplier's sub tier supply base as well.

3.9. Environmental Policies

Meridian expects suppliers to be environmentally responsible in their business practices. Evidence of this can be shown through ISO14001 registration or other applicable means.

3.10. Corporate Social Responsibility

Meridian requires suppliers to demonstrate social responsibility that demonstrates the supplier's compliance with Meridian's Corporate Social Responsibility statements available on the Meridian website.

Suppliers are also required to comply with Meridian's Corporate Social Responsibility principles, including but not limited to child labor, wages and benefits, working hours, modern slavery, ethical recruiting, freedom of association, non-discrimination, women's rights, diversity and inclusion, rights of Indigenous peoples, land, forest and water rights, avoidance of forced eviction, responsible use of security forces, environmental protection including greenhouse gas emissions and resource management, and ethical business practices including anti-corruption and prevention of counterfeit parts.

These requirements are mandatory and form part of contractual obligations through purchase orders, supplier terms and conditions, and this Supplier Quality Manual.

3.11. Certification Requirements

Suppliers should maintain Quality System Certification as per request in 4.2.

Suppliers used for inspection, test or calibration services by Meridian must have a defined laboratory scope that includes capability to perform the required inspection, test, or calibration. The supplier must also:

- be accredited to ISO/IEC 17025 or national equivalent, or
- have evidence that the external laboratory is acceptable to the customer.

- Calibration services may be performed by the equipment manufacturer when a qualified laboratory is not available for a given piece of equipment. In such cases, the organization shall ensure that the requirements listed in IATF 16949 Section 7.1 .5.3.1 have been met.

Suppliers used for components undergoing heat treatment must comply with CQI-9, Special Process: Heat Treatment Assessment available. Suppliers used for components requiring coating must comply with CQI-12, Special Process: Coating System Assessment. Depend on the nature of outsource business, supplier must complete with CQI Requirements such as: CQI-11 Plating System Assessment, CQI-15 Welding System Assessment, CQI-17 Soldering System Assessment, CQI-23 Molding System Assessment, CQI-27 Casting System Assessment, and other CQI Requirement from AIAG. All are available from the Automotive Industry Action Group.

3.12. Statutory and regulatory requirements

Meridian passes down all applicable statutory and regulatory requirements and special product and process characteristics to its suppliers.

Meridian requires the suppliers to cascade all applicable statutory and regulatory requirements down the supply chain to the point of manufacture.

3.13. Sustainability requirements

Meridian passes down all customer CSR/sustainability requirements to its supplier chain. The SAQ 5.0 can be used to assess sustainability or reference to the AIAG guiding: AUTOMOTIVE SUSTAINABILITY GUIDING PRINCIPLES INDUSTRY TO ENHANCE PERFORMANCE IN THE SUPPLY CHAIN.

3.14. Conflict Minerals Reporting Template and Extended Minerals Reporting Template

For raw material, components and outsource services such as coating, suppliers must be registered with IMDS (International Materials Data System) and must supply MSDS information as part of the PPAP process for production part approval.
For any components/raw material contained tin, tungsten, tantalum, and gold (3TGs) in the IMDS data sheet, suppliers must report their “Conflict Minerals Reporting Template (CMRT) to Meridian Lightweight Technologies. Template shall be submitted to conflict.minerals@meridian-mag.com by email before September 1st annually.
As per customer requirements, for any components/raw material contained cobalt and mica in the IMDS data sheet, the supplier chain must report their “Extended Minerals Reporting Template (EMRT) to Meridian Lightweight Technologies. Template shall be submitted to conflict.minerals@meridian-mag.com by email before September 1st annually.

4. Quality Requirements

This section provides the minimum quality requirements to qualify as a Meridian supplier. These requirements may be supplemented by additional requirements as specified by the responsible Meridian purchasing location.

4.1. Consistent Quality

Defect free product is required by suppliers to Meridian. Any deviation from this may result in the rejection and return of the product to the supplier with subsequent charges attached. All shipments received are subject to inspection. Payment by Meridian shall not constitute

acceptance. Even after acceptance of a shipment, Meridian reserves the right to return any material that proves to be defective for full credit. Defective material shall be returned at the supplier's expense and debited accordingly. Additional charges for sorting, freight expediting, and along with downtime charges at Meridian and at Meridian customers may also be added. Administrative fees apply to every open corrective action. The amount is determined by each division.

4.2. Quality Management System

Unless otherwise approved by Meridian, suppliers shall be third party registered to IATF 16949 by an accredited third-party certification body as a minimum requirement for sourcing. Where approval is granted, Meridian suppliers of automotive products and services are required to develop, implement, and improve a quality management system certified 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; with the ultimate objective of becoming certified to IATF 16949.

4.3. Quality Manual and Procedures

The supplier, as requested, will furnish Meridian with a copy of the supplier's Quality Manual and supporting procedures. This includes detailed documents and work instructions specific to the production of material for Meridian.

4.4. Corrective Action System

Meridian requires suppliers to utilize a closed-loop corrective action system when problems are encountered in their manufacturing facility, or after nonconforming product has been shipped to Meridian.

The corrective action system utilized shall be similar to the process outlined below. The focus shall be on identifying the root cause(s) of the problem and taking action to prevent its recurrence.

- Use a team approach
- Describe the problem
- Contain the problem
- Identify and verify root causes(s)
- Identify and implement permanent corrective actions
- Verify corrective action effectiveness
- Close the corrective action

4.5. Traceability

All suppliers to Meridian must have a batch identification system that distinguishes one batch from another when shipping the finished product. Each batch of material shall be clearly identified on the product (where applicable) and/or on the product packaging. All material batches shall be traceable to raw or component material batches as identified by the supplier's vendor.

4.6. Control of Sub-tier Suppliers

Suppliers are responsible for the quality of materials and components provided by their sub-tier suppliers and sub-contractors. Meridian suppliers must impose controls on their sub-tier suppliers that provide quality results and documentation comparable to the controls applied to suppliers by Meridian. The extent of the controls may vary, depending on the nature and complexity of the product and processes, but should normally include:

- Evaluation and qualification of sub-tier supplier facilities.
- Control to ensure that raw materials used meet Meridian's requirements.
- Controls to ensure that the sub-tier suppliers of components used are those approved by Meridian, where applicable.
- Part qualification, including first article inspection and process capability studies.
- Control of drawings/revisions.
- Control of nonconforming material.
- Corrective action and preventive action programs.
- A continuous quality improvement program.

Where appropriate, Meridian may specify the sub-tier suppliers that may be used, evaluate, and qualify the sub-tier supplier's facilities, and assist the supplier in controlling the sub-tier supplier. Typically, this occurs when the sub-tier supplier is an essential component of the supply-chain process. Meridian reserves the right to evaluate the quality system and records of such sub-tier suppliers as necessary. In the event of Meridian's involvement, it does not absolve suppliers of the ultimate responsibility for the quality performance of their sub-tier suppliers.

5. Purchasing, Shipping, Finance Requirements and Expectations

This section provides the minimum purchasing requirements and expectations to qualify as a Meridian supplier. These requirements may be supplemented by specific requirements for the responsible Meridian purchasing location.

5.1. Terms and Conditions

Meridian expects suppliers to provide immediate written notification and information if conditions arise that prevent compliance with any requirement of an order. Additional terms, conditions and requirements may be documented on purchase orders and other supplemental documents. Meridian facility specific terms and conditions may be viewed via access to the Meridian webpage.

5.2. On Time Delivery

Meridian requires all suppliers to provide 100% on time delivery performance with the exact product and/or services promised, defect free at the pricing agreed upon. Monitoring performance levels in this area will be ongoing with formal reporting on an ongoing basis. To further clarify this, we consider unauthorized early or late deliveries and partial or over shipments to be unacceptable. The quantity shipped per order, or release cannot vary from specified quantity without the prior written consent of the Materials department of the receiving plant. Where applicable, all parts with the same release date must be shipped in a single shipment, with freight costs deducted for multiple shipments, unless approval is given by the responsible Meridian site.

If a production line is shut down due to poor quality, late delivery, or incorrect quantity on any shipment, the supplier will be responsible for any costs incurred including expediting shipments, downtime at Meridian and/or charges from Meridian customers.

5.3. Competitive Pricing

Meridian expects all suppliers to remain competitively priced in their respective industries. Consumer demands for high quality at low prices place demands on all manufacturing enterprises. For this reason, the mutual objectives of all must be to strive for ways of continuous improvements in manufacturing, transport of product, communication, pricing, and quality of product and/or services.

5.4. Long-Term Agreement (LTA) Suppliers

Key suppliers in good standing are encouraged to establish an LTA with Meridian. An LTA is a true, mutually beneficial, partnership agreement between Meridian and the supplier. Once established, an LTA supplier will be granted preferential treatment in terms of sourcing opportunities.

5.5. Invoices, Releases, Packing Lists, Identification

Unless otherwise agreed to by the applicable Meridian site, suppliers are to forward invoices with each shipment accompanied by a bill of lading or other receipt from the carrier. Invoices must state shipping point, route, and whether freight is prepaid or collected. Separate invoices are to be issued for each shipment. Itemized packing lists must accompany all shipments, and the packing list container must be plainly marked to indicate its shipping and receiving locations. Unless otherwise agreed to by the applicable Meridian site, If EDI is capable, an ASN is expected with every shipment. All suppliers must be either EDI or online label and ship and have the capability to print labels in a format that can be scanned into Meridian's PLEX system, the label must have the suppliers lot number clearly identified. All suppliers must receive releases electronically, unless otherwise agreed to by Meridian.

5.6. Packaging & Labeling

The supplier shall package and ship products from the point of origination to the respective Meridian destination, in a manner that provides protection against damage, rust, corrosion, contamination, and anything that would render the product unfit for its intended use. The use of commercial carriers does not relieve the supplier of responsibility for properly packaging products to ensure acceptance at the point of delivery. Product shall be packaged so that the product weight or size does not adversely impact the type of transportation chosen or its use at the time of line presentation. The agreed upon shipping specifications must be adhered to in all instances. Failure to comply with the specified requirements may result in the supplier receiving a Materials Rejection Notice and/or a debit for excess handling charges.

Suppliers of components are responsible for ensuring they are rust free, oil and burr free and dry unless specified otherwise in the purchase order. Suppliers shall comply with the labeling requirements of the applicable Meridian site. In addition, all labeling must allow for product traceability over the life of any product.

5.7. Transportation Costs

Unless otherwise instructed, a supplier shall forward all materials in the manner and by the route providing the lowest transportation rate or as directed by Meridian. Any excess transportation costs incurred by Meridian will be deducted from the purchase price.

5.8. Customs

Unless otherwise specified by the applicable Meridian site, all suppliers who ship to a Meridian facility outside of their own country are required to submit a blanket NAFTA for the parts they supply on an annual basis. It is the supplier's responsibility to ensure the tariff codes are accurate for the product being shipped and a commercial invoice accompanies every shipment. Failure to comply with proper customs documentation and/or provide accurate content that results in fees or late deliveries to Meridian may be charged back to the supplier.

5.9. Financial Assessment

Supplier should provide evidence to Meridian for financial stability according to Terms and Conditions.

The supplier selection process should include an evaluation of the supplier's supply chain management system. Ford Supplier Chain shall submit a financial statement to Meridian at a minimum annually.

6. Supplier Qualification Process

All suppliers of production materials to Meridian must be qualified suppliers. The extent of the qualification process is dependent upon the criticality of the product purchased and other factors determined by Meridian. The qualification process shall include:

- Sub-tier Supplier Management, CQI-19
- Supplier self-assessments
- Offsite review of supplier's quality manual and related documentation
- An on-site assessment by Meridian personnel or their authorized agents

Meridian shall audit all quality systems and processes over each three-year calendar period to verify compliance with the Automotive QMS standard.

6.1. On-Site Assessment

For suppliers of critical components, an on-site assessment of the supplier's facility is performed. The on-site assessment includes three components:

- A quality assessment to determine whether the supplier's quality management system is in place and functioning effectively.
- A business assessment to determine whether the supplier has financial resources, production capacity, and other business resources needed to fulfill Meridian's production needs.
- A technology assessment to determine whether the supplier has the technical resources needed, including production and inspection equipment, facilities, engineering resources, etc.
- If the assessment team determines that the supplier meets Meridian's requirements, Meridian qualifies the supplier to bid on new business and supply production materials.

6.2. Contingency Planning

The organization (supplier) shall prepare contingency plans, to mitigate risk, in the event of an emergency such as, but not limited to, utility interruptions, labor shortages, key equipment failure, field returns or fire. The Organization shall notify the Meridian receiving plant within 24 hours of systemic production interruption. A contingency plan to resume production shall be communicated to Meridian with details of a timeline, interim corrective actions, and permanent corrective action.

Note: production interruption is defined as an inability to meet Meridian specified production volume.

7. Product Approval Requirements

Meridian requires all their suppliers to maintain a Production Part Approval Process (PPAP) system to ensure parts submitted to Meridian meet all requirements. This system shall utilize the AIAG standard documentation found in the Production Part Approval Process (PPAP) reference manual.

The Meridian purchasing location will identify what PPAP level the supplier will submit to as referenced in the AIAG manual. The supplier shall use PPAP level 3 as the default for all submissions unless otherwise specified. Full approval of this process must take place on or before the established PPAP date unless the Meridian responsible for product approval activity has waived this requirement.

In some cases, Meridian personnel may wish to be present during the initial production run. This will allow Meridian to validate and verify the process before any product is shipped.

7.1. PPAP Process Requirements

In addition to other contractual requirements, all initial first-time production material must be approved through the PPAP process at Meridian.

Meridian Suppliers are required to submit PPAP packages that clearly document the Retention/ Submission Requirements outlined in the latest edition of the PPAP manual. Products for PPAP shall be taken from a significant production run. This production run shall be from one to eight hours with the specific production quantity total of 300 consecutive parts unless otherwise specified.

Six (6) sample pieces from each process stream, run from production intent machinery and processes must be inspected for full dimensional conformance. Additional samples may need to be evaluated to establish process capability for Critical and Significant Characteristics. Inspection results, accompanied by a marked/numbered print showing the inspection points referenced, as well as the sample parts, will be submitted to the Meridian Quality Department. Sample size and frequency of inspections is to be determined based on lot size. Material certifications and outside testing certifications (if required) shall also accompany these parts. The PPAP and sample package must be clearly labeled as “PPAP” on the outside of the box and include the Engineering Revision level.

The Meridian Quality department will inspect these samples for conformance and return a signed warrant indicating whether it is approved for production purposes. This report will be emailed, faxed, or mailed to the supplier.

7.2. PPAP Status

Following submission of the supplier PPAP information, Meridian will provide the supplier with a determination of PPAP status as described below.

7.2.1. Full Approval

Indicates that the part or material meets all Meridian and its customer specifications and requirements. The supplier is therefore authorized to ship production quantities of the product subject to release from the Meridian scheduling activity.

7.2.2. Interim Approval

Permits shipment of material for production requirements on a limited time or piece quantity basis. Interim approval will only be granted when the supplier has:

- Clearly defined the root cause of the non-conformities preventing production approval; and,
- Prepared an interim approval action plan agreed upon by Meridian.

An approved plan must be submitted in writing to the Meridian purchasing location and approved in writing prior to any shipment. Resubmission to obtain “full approval” is required.

7.2.3. Rejected

The submission, the production lot from which it was taken or accompanying documentation does not meet Meridian requirements. Corrected products and documentation shall be submitted and approved before production quantities may be shipped.

7.3. Production Sign Off (PSO) Process

A systematic review of the supplier's planned, and actual manufacturing process is performed at the quoted peak daily line rate, including manpower, facilities, equipment, materials, methods, procedures, and tooling. This process is conducted utilizing the standardized APQP format.

7.4. PPAP Resubmission Requirements

Process or product changes will require resubmissions for approval. Process or product changes are defined as changes in the process or product that could affect its capability to meet design requirements or the durability and reliability of the product, including but not limited to:

- Use of other construction or material than was used in the previously approved part/PPAP.
- Production from new or modified tools (except perishable tools), dies, molds, patterns, etc., including additional or replacement tooling.
- Production following any refurbishment or rearrangement of existing tooling or equipment.
- Production from tooling and equipment transferred to a different plant location or from an additional plant location.
- Change of a supplier for parts or services (e.g.: Heat-treating, plating)
- Product produced after tooling has been inactive for volume production for twelve months or more.
- Product or process changes related to components of the production product manufactured internally or manufactured by suppliers that impact fit, form, function, performance, and /or durability of the saleable product. Additionally, the supplier shall concur with any requests by its sub-supplier before submission to Meridian.
- A Supplier Change Request (F-MER-740-006) form must be completed and submitted to Meridian.

7.5. Safe Launch Requirements after PPAP approval

The supplier shall ship the first shipment of production parts after the first PPAP approval certifying the parts 100% as per the agreed characteristics between Meridian and the Supplier.

7.6. Statistical Process Control (SPC)

One portion of any continuous improvement program should be the proper use of statistical methodologies. Statistical data shall be provided as required for purchases as identified by the respective engineering drawing, applicable specifications, or standards, and/or the purchase order. Meridian recommends the use of the Statistical Process Control (SPC) reference manual published by AIAG. The requirements for statistical process control and process capability shall be established by the Meridian purchasing authority.

7.7. Control of Non-Conforming Product

If a supplier's parts are found to be out of specification, the supplier will be notified by Meridian personnel to provide immediate containment and support to resolve the problem. If time permits, any defective product found at Meridian will be returned to "freight collect" or the supplier will be billed for shipping charges on the invoice for full credit. If replacement of the returned material is required, a new invoice must be issued for this material.

Replacement shipments must be sent to Meridian “freight prepaid". The supplier is responsible for expediting charges, if required to ensure timely product delivery. The supplier is responsible for providing RMA to the respective Meridian plants to return the defective material lot back to the supplier. If Meridian does not receive an RMA from the supplier, Meridian reserves the right to return the non-conforming material at the supplier’s expense.

Suppliers are expected to have defect containment in place within 24 hours from being notified of the defective material. Details of the containment actions are to be provided to Meridian within this 24-hour period. Root cause is expected to be reported to Meridian within 5 days, permanent corrective action to be in place within 14 days and verification data of effectiveness of this corrective action to be provided to Meridian within 30 days to provide closure of this issue. These details must be reported, in writing, to Meridian.

Any condition causing line shutdown at Meridian, or a Meridian customer warrants the supplier's **IMMEDIATE** action to eliminate the condition. The supplier is responsible for addressing the containment of the problem at their facility and regarding parts in transit and parts at Meridian. A supplier may send in a sorting team to sort parts in-house at the Meridian facility, with Meridian approval, to avoid chargeback costs or hire a local sorting company to sort and contain the product. The supplier will be responsible for all costs incurred. If Meridian must sort supplier parts to keep production supplied with defect free components, the Supplier will be charged for the sort at a rate determined by the respective Meridian location. This charge may be applied to both components and finished assemblies in which the components are used. If a supplier defect causes Meridian finished product to be reworked or scrapped, all charges incurred will be the responsibility of the supplier. Other charge-back costs may include material, shipping or handling, direct and indirect labor, contracted services, living and travel expenses, and costs incurred by Meridian’s customer and subsequently debited to Meridian.

Meridian reserves the right to require suppliers to implement controlled shipping processes if defective material is found. The details of the controlled shipping requirements will be specified by the Meridian purchasing authority.

If a supplier detects a non-conforming product prior to shipment to Meridian, the supplier must immediately determine the extent of the problem and take action to correct the problem. If suspect material has shipped, the supplier must notify all using plants and identify the material and the suspect condition.

7.8. Supplier Change Request

If the supplier requests a change to process, material or design, the supplier will submit a written request for change to the responsible purchasing and quality authority. The supplier shall not make any change until notified in writing of the approval by the responsible purchasing and quality authority. This notification will also include details for the implementation of the change. Changes to processes or material being requested by sub-suppliers also apply.

This change request process also applies to any rework or reprocessing of material.

All supplier chains shall meet the customer specific requirements for change request where applicable.

For changes affecting Honda, refer to Honda SQM and HSQM-0136 - Change Point Control.

7.9. PPAP Annual Revalidations

Annual PPAP Revalidation is required from all Meridian suppliers on the anniversary date of the original approved PPAP. Annual PPAP documentation must be readily available for submission upon Meridian's request and the annual layouts and annual functional tests included in the PPAP package must be mentioned in the part control plan.

The annual PPAP revalidation shall include but is not limited to:

- A warrant sheet stating annual revalidation as reason for submission.
- (6) Part piece layout for each process stream or as negotiated by the Meridian plant.
- Marked drawing.
- Material certification.
- Ongoing SPC data on Significant/Critical Characteristics.
- Functional Testing Results
- Current IATF-16949 / ISO-9001 certification
- A 24/7 supplier contact list.
- IMDS screen capture of current revision
- Process Flow Diagram
- Process Failure Mode and Effects Analysis (PFMEA)
- Control Plan

Meridian reserves the right to perform audits on supplier's annual revalidation PPAPs based on risk assessment.

8. Supplier Evaluation

This section provides information regarding the ongoing rating and monitoring of Meridian suppliers.

8.1. Supplier Rating System

Meridian suppliers are rated for continuing and future inclusion in the supply base according to the following criteria:

- Quality performance
- On time and correct delivery performance
- Communication
- Price competitiveness

Information on performance in these areas will be provided by the purchasing responsible Meridian location.

8.2. Periodic Re-evaluation

Meridian periodically reevaluates current production suppliers using quality performance data and/or on-site assessments. If requested, the supplier shall make their facility available for on-site process verification by Meridian personnel, with reasonable notice.

9. Vendor/Supplier Performance

Ongoing Vendor / Supplier performance is monitored by Purchasing and Quality. The information is recorded on Supplier Scorecard and includes the following criterion (see illustration below):

- Product quality
- Disruptions (including field returns)
- Delivery performance
- Special status notifications related to quality/delivery (Red Level 3)
- The Purchasing discretion may be used when following the supplier performance communications process. Purchasing will consider frequency of delivery, critical nature of the component and impact on Meridian.
- Suppliers falling below performance criteria are subject to onsite audits and corrective actions.
    - Performance Criteria:
        - Level 1, 100 - 90 Green
        - Level 2, 89 - 70 Yellow
        - Level 3, < 70 Red (Automatic Hold for new Business, Corrective Actions & Improvement Plan Required)

Table 1

Delivery	Quality
40/40	60/60
1. ASN Errors 2. On Time Delivery - Skip Weekends 3. Over Shipments 4. Undershipments 5. Disruptions receiving plant yard holds stop ships 6. Special status related to delivery or quality 7. Returns , warranty, field actions and recalls	1. Problem Records 2. PPM Manual 3. Sustainability and CMRT 4. Repeat Issue 5. Corrective actions open for more than 30 days 6. On-Time PPAP open for more than 30 days 7. 3rd Party accreditation

10. References

1. **F-MER-740-006 Meridian Supplier Change Request Form**
2. **HSQM-0136 - Change Point Control**
3. **F-MER-740-001 Supplier Evaluation form**
4. **F-MER-740-003 Supplier Audit Validation Form**
5. **F-MER-740-013 Supplier Re-Evaluation Form**