



UNICAR[®]
MEXICANA

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Supplier quality manual

SUPPLIER QUALITY MANUAL



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1. SCOPE

Establish the minimum requirements that should be covered by all the raw material, components and service suppliers for the transformed products by Unicar Mexicana S.A. de C.V.

At the same time, the Unicar Mexicana suppliers should make sure that their own suppliers know the scope and content of the disposal and requirements of this manual, and on the supply chain.

2. TERMS

APQP Advanced Product Quality Plan

Critical Failure It is considered a dimension, property of the material, physical characteristic, etc. that, if it is not within specifications, it could be a safety risk or will certainly cause operational failure and / or customer complaint.

Non Critical Failure Are those incidents that do not affect the quality of the product or the sequence of the process, such as delivery time, documentations, etc.

PPAP Production Part Approval Process.

PPM Parts per million.

3. REQUIREMENTS FOR SUPPLIER

3.1. QUALITY MANAGEMENT SYSTEM

It is an Unicar Mexicana's requirement that the supplier commit to developing and maintaining a quality management system minimum certified to ISO 9001 in the valid version, with the purpose to reach the last version of IATF 16949 international norm certification.

If there is not a certified quality system, the supplier commits initially to developing and implementing a quality management system based on ISO 9001 and it is Unicar Mexicana's responsibility to evaluate through second part audits, in order to achieve the certification.

3.2. ENVIRONMENT MANAGEMENT SYSTEM

It is desirable to Unicar Mexicana that the suppliers have an environment management system based on ISO 14001.

3.3. PROJECTS MANAGEMENT

The suppliers must use the methodology for the management of the project through the product / process planning and developing according to the APQP from the AIAG manual, unless otherwise is defined through the project management. The suppliers must make a detailed planification of the project, as minimum, on the next cases:

- New products / processes.
- Significant changes on existing products / processes.
- Transfer of production.

3.4. RAW MATERIAL APPROVAL

Unicar Mexicana's suppliers must obtain an initial approval according to the APQP from the AIAG manual on the next cases:

- New part / product and/o service.
- Modification of a product, material, or component resulting out of engineering changes, specifications, or materials.
- Changes in the process and / or location.

The initial PPAP must be issued at a level 3 y this will be checked and approved by Unicar Mexicana previous to any product shipment for the serial production. Otherwise, the supplier must request and get a temporary approval for the parts supply and materials for the serial production, by Unicar Mexicana.

3.5. PRODUCT REVALIDATION

The product conformity approval must be revalidated by the suppliers every 3 years for all the products and / or services. This revalidation must be issued at a level 3 or according to the APQP from the AIAG manual.

3.6. IMDS

The supplier commits to complete the IMDS database (<http://www.mdsystem.com/>) about the presence of forbidden substances in the composition of delivered products to Unicar Mexicana. The IMDS recommendations and the OEM individual requirements must be considered.

The IMDS report must be included in the initial samples report.



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3.7. MATERIALS, PRODUCTS AND / OR SERVICES RECEPTION

The supplier must delivered the products, materials and services required by Unicar Mexicana, in the quantity, with the quality and right in the required date in the valid Shipping Order, released and / or Shipping Requisition, issued by Unicar Mexicana, in the defined schedule by the company, and invariably accompanied by the invoice or remission that protects the delivery of the product, material or service, as appropriate, as well as a copy of the quality certificate that proves the accomplishment of the stablished quality requirements.

If the original invoice is not delivered by the supplier, for any reason, with the delivered material, this shall be sent by courier or e-mail to Unicar Mexicana S.A. de C.V. the same day the material is delivered.

In all cases, the agreed payment period will begin to be counted from the receipt of the original invoice in the accounting department of Unicar Mexicana.

3.8. PRODUCT VERIFICATION

Unicar Mexicana reserves the right to verify the material quality purchased from the supplier at receiving and to make a claim in case of detecting a Non-Compliance non detected through the reception, even if the material or product has been previously identify as accepted by the company.

Unicar Mexicana reserves the right to inspect said products, materials and services within ninety (90) days after the delivery but said inspection does not release the supplier from its obligations in accordance with this Quality Manual.

Unicar Mexicana has the right of reject all and each one of the products, materials and services that are defective or non-conforming with the specifications, requirements, set amounts, supplied early or late or incorrectly labeled. Unicar Mexicana may charge the supplier for all expenses for unpacking, review and reshipment of the defective or non-conforming products, material and services.

3.9. IDENTIFICATION AND TRACEABILITY

The supplier has the responsibility of establish an identification and traceability system or procedure for all supplied products and materials, which provide identification of the product and its components through its fabrication process and guarantee through the assignment of a unique part number the quality status, supplied amount and manufacturing date.

The FIFO principle (First In - First Out) must be guaranteed throughout the entire production process.

3.10. SPECIAL FEATURES

The special features parts can be defined by Unicar Mexicana or by its clients. Nonetheless, it is also responsibility of the supplier to define any special feature as result of the risk analysis (For example, FMEA) at the beginning of the project.

The special features are identified by symbols in technical drawings and / or documents.

All involved stakeholders of the supplier, including the workers, must understand the meaning, importance and applicability of special features.

The suppliers must include all the special features in all related documentation (such as FMEA, control plans and work instructions) by a specific symbol. In case not to use the defined symbol, the supplier can use its own symbols for internal use, but in that case the supplier must document the equivalence of the internal symbols with the symbols defined by Unicar Mexicana or by the Unicar Mexicana's customer.

3.11. PASS THROUGH CHARACTERISTICS (PTC)

The parts with PTC are parts with features that cannot be checked before its use by Unicar Mexicana, its clients or final users and, therefore, in case of been non-conforming, they would not be detected by Unicar Mexicana; but they could cause problems to our clients or final user.

For this PTC parts, the supplier must establish Measures and controls that will be included in the FMEA and control plan.

3.12. PRODUCT SAFETY AND CONFORMITY REPRESENTATIVE

The supplier commits to identify, name and share evidence of the competence of the product safety and conformity representative (PSCR) to Unicar Mexicana.

3.13. CLAIMS MANAGMENT

Every Unicar Mexicana's supplier must:

- Establish a quality assurance system that guarantees:
 - Prevention: that manufacturing processes do not produce nonconforming materials and products.
 - Reaction: that in case the manufacturing processes produce nonconforming materials and products, these will be contain and the ship to Unicar Mexicana or its clients is avoid.



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- If for any reason, nonconforming products or materials are sent to Unicar Mexicana and the supplier detects the situation, they must notify immediately this situation and provide at least the following information:
 - Part number and batch number of nonconforming material.
 - Suspicious amount or identify as nonconforming.
 - Shipping date.
 - Reception date (Real or estimated) of the nonconforming material in Unicar Mexicana and / or to the customer facilities.
 - Containment measures to implement in Unicar Mexicana and / or the customer facilities.

When there is a non-conformity in the supplied material or product and / or dissatisfaction due to recurrence of failures, 8D's delivery failure, lack of evidence of corrective actions, Unicar Mexicana will notify by e-mail annexing the "Supplier Quality Claim" format with a 150.00 USD cost (Administrative costs).

The supplier must act immediately on this notification and must use the 8D's for the treatment of the No-Conformity and follow the next response times:

- Initial response (Immediate actions), 24 hours tops after the claim. 3D report.
- Root cause analysis and establishment of actions, 7 days tops after the notification.
- Closing and validation of actions, 30 days tops after the notification.

Unicar Mexicana requires continuous feedback from the supplier to close the No-Conformity and may request evidence of the corrective actions implemented.

In the event of 3 recurrences of repetitive failures, an escalation of Control Shipping (CSL) will be implemented, through third parties, the cost will be applied directly to the supplier.

3.14. PERFORMANCE EVALUATION

The supplier will be evaluated monthly, independently, by the Quality and Logistics areas of Unicar Mexicana. The supplier performance will be evaluated using the following criteria:

1. Quality performance
2. Logistic performance

Suppliers Performance Evaluation	
Quality	Logistics
50%	50%
=	=
PPM's	Amount
20%	20%
+	+
Reception and inspection	Date and Punctuality
20%	20%
+	+
QMS	Documentation
10%	10%

The resulting score will classify the supplier as following:

A	90% to 100%	Autonomous approved supplier
B	80% to 89%	Approved supplier
C	70% to 79%	Conditioned approved supplier
SC	< 69%	Supplier under observation

I. Quality Performance

1) PPM's

The quality performance is evaluated according to the level of product rejection and the delivered material in the evaluated period.



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Keeping in mind the amount of PPM's obtained, the percentage will be according to the following table:

20%	0 PPM's
15%	5,000 PPM's
10%	10,000 PPM's
5%	100,000 PPM's
0%	>100,000 PPM's

2) Reception and inspection

The Quality performance is evaluated according to the reception and inspection of the product and material delivered in the evaluated period, getting a percentage according to the following table:

20%	Without any Quality problems and deviations
15%	Up to 2 Claims and/or Deviations / Quality certificate missing
10%	Up to 4 Claims / Deviations
5%	Up to 5 Claims / Deviations
0%	More than 5 Claims

3) Quality System

The evaluation is based on the Quality System maturity, according to the following table:

10%	IATF 16949 Certification
5%	ISO 9001 Certification
0%	No Certification

II. Logistics Performance

4) Amount

The comparison between the amount delivered against the required amount, will have a score according to the following table.

20%	Shipment amount according to the order
0%	Required amount but shipment 0

5) Dates/Punctuality

Comparison from the delivery date versus the delivery date that the supplier promised, if they delivered on time, they will get the maximum rating of 20%, but if there's a delay or advance delivery, it is going to be evaluated as following:

20%	Shipment received on promised date
15%	Shipment received a week later
10%	Shipment received two weeks later
0%	Shipment received more than two weeks later

6) Documentation

The delivery of all the requested documentation is evaluated, such as the product quality and the invoice.

10%	Complete documents
0%	Incomplete documents

The suppliers that do not achieve a satisfactory evaluation in their quarterly performance (Level C) must define and implement improvement plans following the 8D's methodology prescribed on this Manual, or generate an action plan, same that must be sent for its review to the Shopping and / or Quality area from Unicar Mexicana.



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3.15. AUTOEVALUATIONS

When applicable, the supplier is forced to make an annual self-audit according to the CQI relevant standard (CQI-9, CQI-11, CQI-12, CQI-15, CQI-17, CQI-23, CQI-27, etc.) and share evidence of it. The cover of the audit will be sent to Unicar Mexicana if requested.

3.16. SUPPLIER'S SCALATION PROCESS

The unsatisfactory evaluation of the supplier may result in scallation. In such case, the supplier will be informed in writing about the beginning of the scallation process, so as the required operations and future consequences. The scallation process ends with the scallation cancellation or with the end of business relations.

The goal is for the supplier to comply with the action plans established and goes back as soon as possible to the desired performance of Unicar Mexicana.

Level	Criteria	Action	Responsible
I	Nonconformity reported	Nonconformity notification to supplier	Quality Process Chief Logistics Coordinator
II	No answer for the material disposition or 8D's delivery	Meeting with the supplier and validations of action plans based on 8D's	Quality Manager Logistics Manager Buyer
III	No answer in more than 30 days for the material disposition or 8D's delivery	Stopped negotiations	Quality Manager Logistics Manager Buyer

3.17. CONFIDENTIALITY AND BUSINESS ETHICS

All the information or data provided from Unicar Mexicana to the supplier that are related with the products, materials and services to be supplied, contents in technical specifications, drawings, CAD files, electronic files, manufacturing parts, products and material information, shipment norms, methods and try out tools, shipping orders, shipping releases, to mention the main ones, are exclusive property of Unicar Mexicana and / or its customers. This information and data are provided with the only purpose that the supplier has the elements to comply with the quality requirements and guarantee the timely and sufficient supply of the required products, materials and services by Unicar Mexicana.

The Unicar Mexicana values and policies forbid the company employees accept gifts, tips or other benefits that go beyond the courtesies normally associated with business practices from any supplier or potential supplier of Unicar Mexicana, and that in the opinion of the company exceed a symbolic or nominal value.

The same way, if any Unicar Mexicana employee request a payment or inappropriate gift to a supplier or potential supplier, the supplier must report immediately this infraction to the direct supervisor employee and to the Shopping area responsible of the company.

3.18. ENVIROMENT REQUIREMENTS, LEGAL, REGULATORY, SUSTAINABILITY.

The supplier declares and warrants to Unicar Mexicana that it is in compliance with all applicable laws and regulations and the products, materials and services to be provided under this agreement will be manufactured and provided in accordance to the applicable laws and regulations, including, illustrative but not limitative, compliance with the United Nations Global compact and all the laws and regulations related to the protection of the environment, hygiene and public and employee safety, labor laws, including employee hiring and equal opportunities and the applicable license and permits, etc. as necessary, be they municipal, state or federal, depending on the domicile of the supplier's operations.

The supplier agrees to carry out the production and supply of the materials, products and services required by Unicar Mexicana in accordance with this agreement without causing contamination, spillage or illegal final disposal of any substance, dangerous waste and / or materials or waste that are considered dangerous by the General Law or Ecological Balance and Environmental Protection, all its regulations and all the others applicable Official Mexican Standards. The supplier must indemnify, defend and keep the company in peace and saved in case of any loss or damage caused by any lack of applicable permits, licenses or authorizations to the Products/Services to be supplied, or as result of any contamination that may have been generated from its operations.

It is the supplier's responsibility to inform Unicar Mexicana immediately of any change in the dangerous status of the delivered material.



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4. SUPPLIER ACCEPTANCE

We have reviewed, understand, and agree with this guidelines, policies, procedure and goals set forth this Supplier Quality Manual.

SUPPLIER:	
SUPPLIER'S NUMBER:	

SUPPLIER REPRESENTATIVE:

NAME:
JOB:
SIGN:
DATE:

5. CHANGE CONTROL

Review Date	Description	Affected Sections
(11) 09.05.22	General review. Document is adapted to the current format of QMS documents.	Whole document
(12) 26.07.22	General review of the document. Change of format. Change of logo. Jobs correction.	Whole document

6. AUTORIZATIONS

Made	Reviewed	Authorized
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QMS Engineer Jr	Quality Process Chief	Quality Manager
26.07.22	26.07.22	26.07.22