

Work and Inspection Instruction

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Title: Allied Motion Portugal Specific requirements for non automotive components suppliers

Organization Process: PS 14 – Purchasing and Procurement

Document

1. OBJECTIVE

The target of this procedure is to establish Allied Motion Portugal specific requirements for non automotive components suppliers on the phases of prototype, production and continuous improvement.

2. SCOPE

This procedure is applied for all new suppliers of non automotive components.

3. DEFINITIONS

NCN – Non Conformance Note

ISIR – Initial Sample Inspection Report

4. RESPONSABILITIES

The supplier is responsible to fulfill what is established on this document. The supplier undertakes that his QM System commits to the zero defect strategy.

Allied Motion contact for the supplier is the Development Engineer for the prototypes and the Quality Engineer for serial production and continuous improvement.

It is the Development Engineer responsibility to send to the new supplier a copy of this document.

It is the Quality Engineer responsibility to maintain the supplier updated by sending him the updated versions of this document

5. PROCEDURE

The procedure is divided on three phases:

- 1 – Prototype
- 2 – Serial production
- 3 – Continuous Improvement

5.1. PROTOTYPE

5.1.1. Initial Sample Inspection Report (ISIR)

The supplier shall submit a ISIR using the form “*MOD 14.61 - Initial Sample Inspection Report*”.

After the analysis of the ISIR documentation, Allied Motion will send the result of the analysis of the report where it will be cleared identify the status of approval of each document and if actions are need.

5.1.2. Confidentiality

The supplier is obliged to maintain confidentiality of all information given by Allied Motion.

If necessary, Allied Motion will raise a Confidentiality Agreement which will be given to the supplier to sign off.

5.1.3. IMDS

The supplier may be requested to enter the data of the production material to be supplied to Allied Motion (IMDS ID 187171) by no later than the ISIR submission into the **International Material Data System** (mdsystem.com) Any data shall be kept up to date by the Supplier.

5.1.4. Environmental Survey

The supplier shall fill and submit the form “**Mod 14.24 – Suppliers Environmental Survey**” to Allied Motion.

5.1.5. Regulatory Information

All materials used in part manufacture must satisfy current government and safety constraints on restricted, toxic and hazardous materials; as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.

Allied Motion Portugal requires that all parts and materials supplied to us will comply with the substance restrictions of the RoHS and REACH Directives, and that the supplier identify to us any exemptions that apply to those parts or materials using the format “*MOD 14.60 - REACH and ROHS CONFORMITY DECLARATION*”.

5.1.6. Quality Management System

The SUPPLIER shall maintain a certified QM-System according to

- ISO 9001 last edition as a minimum requirement
- Certification according to IATF 16949 last edition is highly recommended
- Certification according to ISO 14001 last edition is highly recommended.

Certified SUPPLIER shall notify ALLIED within 10 working days in case their Certificate of Registration has been suspended or has expired.

The SUPPLIER shall forward a copy of its new certificate(s) to ALLIED

In case the SUPPLIER violates the respective afore-stated norms, ALLIED is entitled to inform the respective certification body of such violation.

5.2. – SERIAL PRODUCTION

5.2.1. Authorization to ship

The supplier is only authorized to ship to Allied Motion after approval of the ISIR and after receiving the Purchase Order.

5.2.2. Non Conformities

- Product Non Conformity – the supplier is informed of this situation through the “Supplier *Quality Rejection/Alert Report*” – The supplier has to initiate on the first 24 hours the containment actions, which needs to be defined with Allied Motion and to cover the stock at Allied Motion, in transit and inside the supplier facility.

The Rejection Report is used when parts have a defect that affects fit, function and performance. If the defect allows parts to be used under concession, an Alert Report will be used.

If the supplier is the one to detect nonconformance product that has been ship to Allied Motion, the supplier needs to alert Allied Motion and to give product traceability to allow the recall; stock must be replaced.

5.2.3. Answer to non conformities

- Product Non Conformity
The answer to the Alert/Rejection Report for Product Non conformity needs to be made using an Action Plan. This document needs to be submitted to Allied Motion:
 - **In 24 hours for the containment actions**
 - **In 20 working days for corrective and preventive actions.**

The supplier must follow up the action plan until it is closed, having to be able to show that actions were efficient to solve the problem.

5.2.4.NCN

When Allied Motion detects non conform product or there is a logistic non conformity, an NCN will be generated. The document will contain all costs incurred with transportation, inspection and disposal (scrap) of defective components, that will be supported by the supplier. After receiving the NCN, the supplier has 10 working days to sign it and send it back to Allied Motion.

5.2.5.Product Identification

Product delivered shall be packed according to what has been approved during the Pre-Launch phase and needs to be identified with a Label, which in the minimum has to contain Allied Motion part number, engineering level, supplier code, quantity and supplier batch number to allow traceability of the components.

5.2.6.Changes made by Supplier that require ISIR submission

ISIR may be requested for a variety of reasons including but not limited to the following:

- New part introduction
- Existing part change/revision
- Tool, equipment or process modifications/changes
- Source relocation, including sub-tier suppliers
- Material change, including sub-tier suppliers (take in account the requirements of 5.1.5)

5.2.7.Record Control

The supplier shall keep the following documents during the time below define:

- Process control records, inspections and test records, corrective action records, traceability records and maintenance records – 3 years

5.2.8.Allied Motion owned tools

Tools that are Allied Motion propriety shall be identify with Allied Motion identification method, which will be given to the supplier after the last payment of the tool. The supplier shall assure the correct tool preservation and shall send to Allied Motion the tool drawings and shall keep them updated.

5.2.9.Conflict Minerals

On August 22, 2012, the U.S. Securities and Exchange Commission (“SEC”) adopted final rules to implement reporting and disclosure requirements related to “conflict minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require manufacturers who file certain reports with the SEC to disclose whether the products they manufacture or contract to manufacture contain “conflict minerals necessary to the functionality or production” of those products that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country.

The term “conflict minerals” is defined as gold, tantalum, tin, tungsten, and any other mineral or its derivatives determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country.

To ensure compliance with these requirements for reporting manufacturers who are direct or indirect customers, Allied Motion will request information regarding the use of conflict minerals from its suppliers, who, in turn, must solicit that information from the next tier of suppliers, continuing on down the supply chain.

Annually, Allied Motion will request the Supplier to submit their Conflict Minerals declaration using the Electronic Industry Citizenship Coalition and Global eSustainability Initiative Conflict Minerals Reporting Template available at www.conflictfreesmelter.org.

5.3. – CONTINUOUS IMPROVEMENT

Allied Motion will measure performance for:

- Quality Performance
 - PPM/ number of incidents: it is expected from the supplier a 50% improvement of the result from the previous year
- Logistic Performance
 - The delivery performance: measured by the number of shipments that:
 - Are in delay or advance more than 2->5 days,
 - The quantity delivered is more or less 10% than the one mention on the PO,
 - The shipment presents some damage (for DAP/DDP) deliveries

The annual performance will be communicated to the supplier, upon request, at the end of the year.

Signed for and on behalf of

Allied Motion Portugal, Lda.

Date:

By: _____

By: _____

Signed for and on behalf of

Name of Supplier

Date:

By: _____

By: _____

6 ANNEX

- MOD 14.17 Non Conformance Note
- MOD 14.24 Suppliers Environmental Survey
- MOD 14.61 Initial Sample Inspection Report
- MOD 14.60 - REACH and ROHS CONFORMITY DECLARATION