SUPPLIER

The mission of the HCH Group Purchasing Organization is to be “The Preferred Supplier Partner”!

- Enable our suppliers to share in our growth
- We are a demanding but fair customer
- We require the best in class service in quality, cost and delivery
- Our suppliers should be open to ideas, innovations and people

Basic Purchasing Principles

Legal Compliance	To ensure proper procurement activity, we respect the spirits of applicable business laws and regulations. At the same time, we are also committed to abiding by such laws and regulations
Open Door	Under the open-door policy of providing all applicants with competition opportunities, we aim to do our best in business with you, regardless of whether you are located at home or abroad.
Purchasing Orders and Quality Agreements	The quality system shall assure that orders and quality agreements are only sent to approved suppliers/process routes and approved products (excl. samples, prototypes and PPAP)
Quality Assurance function and Purchasing	HCH shall define quality targets for each critical commodity supplied and work jointly with the respective suppliers to facilitate the achievement of such targets and the progressive advancement towards the prevention and elimination of defects. Perfection in everything is now expected, and each HCH factory should consider rewarding those suppliers that achieve their targets (set by HCH) and perform at a consistent 'defect free' level.
Equity and Fairness	Based upon the principle of fair competition, we assure you of equitable treatment in the selection of suppliers, while making a comprehensive assessment of your quality, price competitiveness, delivery assurance, after-sales services, reliability and technological edges.
Green Procurement	To deploy business operations aimed at preserving the environment, we actively commit ourselves to the procurement of materials that gives full consideration to the global environment.
Confidentiality	Any trade and technical secrets known to us during the course of purchasing operations shall be kept confidential, and shall not be disclosed to any third parties without suppliers' permission.

Supplier Acceptance Form (SAF)

We ask that the appropriate Leaders within your organization review the manual and take the appropriate actions to become fully compliant.

By signing and returning this page to the appropriate HCH commodity manager, I hereby acknowledge receipt of HCH’s Supplier Quality Manual, on behalf of my company.
Company Representative & Title:
Company Name:
Company Address:
City, State, Zip
Country:
Phone:
Signature Authorized Supplier
Date:

● Supplier Scorecard

This is a process to develop relationships through a supplier evaluation process that promotes communication and continuous improvement throughout the entire product cycle. Involvement, commitment, trust, cooperation, and teamwork are the underlying principles that will guide our quest for achieving customer satisfaction. A routine reviews of the Supplier's Scorecard is a tool used by suppliers and HCH to aid in the communication process.

Pot. Pts	Category	Sub-Categories	Result	Note
40	Quality	Monthly & YTD PPM (20pts)		
		Quality SCARs Issued (20pts)		
20	Delivery	Delivery SCARs Issued (20pts)		
20	Productivity	Proactive vs Non-responsive(20pts)		
20	Customer Service	Service (20pts)		

Note: Please be aware of other sector specific scorecard expectations. Contact your sector quality or sourcing representative for details.

● G Y R Status

The “GYR Status” Report			
Risk	Financial Stability	G= No risk Y= Monitoring financial concerns R= In financial stress	
Supply Agreement	Contract	G= In place Y= In negotiation R= Not in place; not being negotiated	
	Non-Disclosure Agreement	G= In place Y= In negotiation R= Not in place; not being negotiated	
	Bailment	G= In place or Not Applicable Y= In negotiation R= Not in place; not being negotiated	
	Standard Pay Terms	G= Yes R= No	

Green – “G” ratings given indicates that the element is complete and meets all expectations

Yellow – “To be considered”, a risk assessment and a recovery plan must be in place for the element. “Y” ratings indicate a need for Programme management attention.

Red – “R” signifies the Programme is at risk and needs immediate management attention. To reflect improvements of a RED element’s status after the PND, progress to GREEN will be shown by a second entry in brackets.

Supplier Quality

The competitiveness and position of HCH in the world market is decisively determined by the quality of its products. Faultless quality and reliability of the products and services purchased from suppliers have a corresponding influence on the highly technical production facilities and on the quality of finite products. HCH poses high standards to quality in this part. In order to provide more qualified products to our consumers, we look for suppliers whose materials having less quality problems. In order to enhance bearing quality, HCH makes principles as following:

Principle 1: HCH suppliers should understand current and future HCH needs, meet HCH requirements, and strive to exceed HCH expectations.

Principle 2: HCH suppliers should have a clear leadership organization. This organization should establish unity of purpose, direction, and the internal environment, in which people can become fully involved in achieving the organization's objectives.

Principle 3: Involvement of people in the leadership organization. People at all levels are the essence of the organization that established and their full involvement enables their abilities to be used for the organization's benefit.

Principle 4: HCH suppliers’ leadership organization should have a systematic approach to management. Identifying, understanding, and managing of interrelated processes for a given objective can contribute to the effectiveness and efficiency.

Principle 5: HCH suppliers should make continual improvement. Continual improvement is a permanent objective of our suppliers.

Principle 6: HCH supplier should have a factual approach for decision making. Effective decisions and actions are based on the logical and intuitive analysis of data and information.

Principle 7: Mutually beneficial supplier relationships between our supplier and HCH.

Written Supplier Assessment (WSA)

WSA is pre assessment process and applies to all potential new suppliers. The WSA is the suppliers self volunteered information relating to business information and quality systems. A WSA is required before a supplier can be added to the supplier master in HCH.

Assessment Item	Observations and Notes	Supplier Response
Process map (list special processes)		
Life Testing & Reliability Capabilities		
Previous External ISO Audit results		
List cost reduction ideas for IR product		
Contingency plans		
Can the supplier leverage IR's buy		
List type of software / IT capabilities used during the design process		
Determine a list of customers the supplier services for the given region of the world.		
Determine typical supplier lead times to provide the services and products for the given region of the world.		
Determine supplier's financial status		
Determine supplier's logistics capability		

On Site Assessment (OSA)

The OSA, along with commercial and technical assessment, is part of HCH's supplier approval process and should be applied in the following situations- Before any business is awarded to a new supplier to HCH- Whenever there is a significant change in an approved supplier's operations, such as plant relocation or change of ownership. Periodically, as determined by HCH, in order to ensure continuation of supplier's quality management systems. Also, OSA may be completed for a currently approved supplier as a prerequisite for other Part Qualification activities, especially where the design or manufacturing process of the new components is significantly different with earlier approved components. HCH is used to evaluate a supplier's quality systems and is an integral part of the HCH supplier approval process.

Partial Credit	Full Credit	Assessment Item	Observations and Notes	Supplier Response
		1. Is the supplier ISO or TS registered?		
		2. Is there a published Quality Policy and is it to all personnel (e.g., Quality Manual)?		
		3. Is there an organization chart with responsibilities assigned?		
		4. Are the quality control systems adequately documented? Work Instructions; Standard Operating Procedures; Quality Objectives; External Documents		
		5. Do systems and processes focus on defect prevention in all areas?		
		6. Has training been provided for each job function or operation according to requirements?		
		7. Is there a documented internal audit process		
		8. Are systems and audit results periodically reviewed by management?		
		9. Is there a Corrective Action system and does it have means to track		
		10. Do systems and audit deficiency corrective actions have a due date		
		11. Is there a Preventative Action system and does it have a mean to track.		
		12. Is there a process established for the control of records and system documentation? Policy for control of quality records; Retention policy or matrix; Revision control process for quality documents; Customer documents identified and their distribution controlled.		
		13. Are the environmental conditions in the laboratory and work areas adequate for the work performed?		
		14. Are control charts effectively used throughout production areas?		
		15. Is there evidence of control charts leading to actions?		
		16. Are inspection and process instructions adequate,controlled and available to respective personnel?		
		17. Are workmanship standards available in the form of controlled written standards, visual exhibits (color chips) and / or samples?		
		18. Is there a process for identifying and managing finished goods inventory in a FIFO manner?		
		19. Is there a maintenance plan for all equipment and tooling?		
		20. Does the organization have a system for identification, traceability, preservation and handling of product throughout all phases of production?		
		21. Is non-conforming material sufficiently identified and segregated at all stages of the process?		
		22. Are adequate records maintained? Do records show that re-worked parts / materials are re-inspected? If remanufacture / reprocessed material is used, is there adequate identification and checking to specifications?		
		23. Are root cause and corrective action identified to prevent recurrence of reported failures and quality problems?		
		24. Are gages and test / inspection equipment, including customer owned gages and equipment adequately maintained, calibrated and stored?		
		25. Are controls in place to assure actions are taken in the event of calibration failure?		
		26. Does the organization provide adequate training for personnel using gages?		
		27. Does the organization ensure statistical studies(Gage R&R) are conducted to analyze the variationpresent in the results of each type of measuring and test equipment system?		
		28. Are process capability studies performed including Failure Mode Effects Analysis (FMEA's)?		
		29. Are in-process defects charted and analyzed to detect problem areas and defect trends? Is in-process and final verification performance data collected, analyzed & charted against year-over-year improvement targets?		
		30. Does the manufacturing process improvement continually focus upon control and reduction of variation in product characteristics and manufacturing process parameters?		
		31. Does the organization have a defined process for problem solving leading to root cause identification and elimination? Examples of problem solving processes.		
		32. Are there programs that internally target productivity and continual improvement?		
		33. Is there a formal system for review and validation of design input requirements?		
		34. Is design output documented in terms of requirements, calculations, and analysis?		
		35. Is there a formal procedure for controlling design changes including review and approval responsibilities?		