Global Supplier Quality Manual

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About Us

Touching the lives of millions for more than 75 years.

Demonstrated performance. Tecumseh Products Company and Affiliates are renowned for bringing an extra dimension of product innovation, customer reliance, and product quality to the air conditioning and refrigeration industry. As a result of our innovative spirit and product performance, people rely on our products every day. We literally touch the lives of millions.

Early beginnings. We developed the first "hermetic" compressor for consumer refrigerators in 1937. As the name Tecumseh became synonymous with commercial refrigeration and central home air conditioning, we expanded our product line to include automotive air conditioning compressors in 1953. Our reputation for innovation was further enhanced in 1959 when we developed the first high-speed hermetically-sealed compressor for commercial applications.

A focused company. Although our product manufacturing focus remains constant, Tecumseh has substantially invested in research and development engineering laboratories in North America, Europe, South America and India. We've also partnered with R&D facilities at universities throughout the globe. These facilities are not just responsible for engineering product solutions, but our university partners also provide Life Science Research on how our products interface with mankind and the environment.

Tecumseh innovation. Today, we engineer a full-line of hermetically-sealed compressors for residential and specialty air conditioning, home refrigerators and freezers, and commercial refrigeration. But our expertise doesn't stop there; we also offer a complete line of indoor and outdoor condensing units, evaporator coils, heat pumps, complete refrigeration systems and authorized spare parts.

Global products. Our products can be quickly accessed from manufacturing facilities on four continents when needed on a worldwide basis. We can provide coordination among our global facilities and your plant locations anywhere, so product selection, specifications and delivery of product are assured.

Unwavering commitment. Tecumseh has responded to the challenges of the refrigeration and air conditioning marketplace for over seven decades, leading the way with improved products and service in support of the industry we serve. A company-wide dedication to quality control has already earned Tecumseh the highest quality rating from major refrigeration and air conditioning manufacturers. And the people we employ are honored to touch so many lives, in so many countries, every day.

Company Profile

Founded in 1934, Tecumseh Products Company, and Affiliates (NASDAQ:TECUA, TECUB) here after referred to collectively as TPC, are leading, independent global manufacturer of hermetically sealed compressors for residential and commercial refrigerators, freezer, water coolers, dehumidifiers, window air conditioning units, and residential and commercial central system air conditioners and heat pumps.

Our compressor products include a broad range of air conditioning and refrigeration compressors, as well as condensing units and complete refrigeration systems. They range from fractional horsepower models used in small refrigerators and dehumidifiers to large compressors used in unitary air conditioning applications.

The compressors we sell – to original equipment manufacturers ("OEMs") and aftermarket distributors – are used in four primary applications:

- Commercial refrigeration – including freezers, dehumidifiers, display cases, and vending machines
- Household refrigerators and freezers
- Commercial and residential unitary central air conditioning systems for high temperature, high humidity environments
- Room air conditioners for high temperature, high humidity environments

Our products are sold in countries worldwide, and TPC is committed to upholding the highest standards of ethical business practices across our global operations.

Foreword

TPC is committed to continually improving its products and services to maintain our position as a world leader in our industry. An important part of this commitment is the development of a supply base capable of meeting and exceeding the fulfillment of the TPC mission and the achievement of company objectives. Relationships with our suppliers are built on total quality principles and practices to achieve the best quality, performance, delivery, technology, service and total cost.

As such, all suppliers must abide by the policies set forth in the Global Supplier Quality Manual. TPC recognizes that our businesses are different and in many cases have unique supplier quality requirements which are market specific. TPC at their discretion may be more restrictive in implementation of the supplier policies and supporting procedures but in no case less restrictive.

TPC's goal is to be compliant to a current release of TS16949 technical specification. This aligns our quality system globally. TPC suppliers are requested to develop their Quality Management Systems using Automotive Technical Specification TS16949 as a reference.

We expect our suppliers to follow our lead in consistently providing defect free products and services, on time and at competitive prices. Suppliers should be continually improving all process and services subcontracted or supplied to TPC, in an effort to support TPC's quality policy.

Brands:

CELSEON

MASTERFLUX

L'UNITE HERMETIQUE

SILENSYS

1.0 Introduction

NOTE: Acceptance of a Tecumseh Products Company and Affiliated Companies (TPC) Purchase Order (PO) constitutes acknowledgement that the Supplier has read, understands, and will comply with the requirements, expectations, and guidelines of this Global Supplier Quality Manual (GSQM).

1.1 Quality Policy

Tecumseh Products Company policy is to design, produce, deliver, and improve products which are renowned for bringing an extra dimension of product innovation, customer reliance, and product quality to the air conditioning and refrigeration industry. As a result of our innovative spirit and product performance, people rely on our products every day. We literally touch the lives of millions.

1.2 Scope

Applies to all suppliers of materials, products equipment, MRO, or services to TPC;
Suppliers shall ensure that all sub - tier suppliers/ contractor support compliance to TPC specifications, drawings, and requirements throughout the supply chain

1.3 Purpose

This Global Supplier Quality Manual [SQM] is a uniform way for all Tecumseh Products Company and Affiliated Companies global procurement organizations to communicate the minimum general requirements, expectations, and guidelines for all new and existing suppliers of production and service parts, components, products, services, and materials to Tecumseh Products Company and Affiliates. – hereafter referred to as TPC.

The requirements within this manual are provided as a supplement to, and not as a replacement or altering of the Global Purchase Order Terms and Conditions within TPC supply and purchase documentation, agreements, engineering drawings and/or specifications. TPC Business Units at their discretion may be more restrictive in implementation of the supplier policies and supporting procedures but in no case less restrictive.

The manual establishes general policy; however, when needed, suppliers may obtain additional information from the Global Procurement or Quality contact(s).
If conflicting interpretations of the standards arise, the following order of precedence applies unless otherwise noted contractually:

- Supply and Purchase Agreement and/or Global Purchase Order Terms and Conditions
- Specification or Drawing
- TPC Business Unit Supplier Quality Requirements
- Global Supplier Quality Manual

TPC understands that our business sectors are different in nature and may have unique supplier quality requirements. However, the processes and tools depicted in this Supplier Quality Manual represent TPC expectations and requirements. The differences Suppliers may encounter across the TPC organization will generally be minimal and driven by customer, product, and/or market specific requirements.

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1.4 Expectations

Supplier is responsible for supplying all parts and products to specifications and in accordance with the Terms and Conditions. Supplier shall supply products to the revision levels of prints and specifications listed on the Purchase Order or Release. Supplier should understand and concur with all drawing and specification requirements. Supplier is responsible to ensure all measurement systems, production processes, and sub suppliers processes are in statistical control and capable of meeting all required drawings and specifications.

1.5 Goal

The intention is that suppliers together with TPC proactively work and embrace a continuous improvement mindset which results in zero defects. It is expected that TPC suppliers are building a quality culture by using the required disciplines based on the Automotive Technical Specification ISO/TS 16949.

1.6 Responsibilities

The Global Procurement and Quality Departments are responsible for the SQM implementation, and have authority to ensure all suppliers meet and fulfill requirements.

Suppliers are responsible for ensuring that products and/or services meet established TPC specifications and Quality Requirements, Audits and assume full responsibility for quality thereof. Approvals or Verifications by TPC of the supplier facilities, quality system, process controls, records, products and acceptance activities, etc., does not absolve the supplier of the responsibility to provide acceptable product, nor shall it preclude the subsequent rejection by the customer or of unacceptable product.

This Supplier Quality Manual contains general minimum requirements for all supplier types: raw and manufacturing material, component, OEM, and contract manufacturers of finished product, and service suppliers.

In reading the requirements in this Supplier Quality Manual, it is important to note the following terms:

- Should, may, expect – Action is strongly required.
- Must, will, shall – Action is required.

Additional terms and definitions are listed in Appendix

2.0 Quality Systems

TPC suppliers are requested to develop their Quality Management Systems using Automotive Technical Specification TS16949 as a reference, using the following recommendation

- Conformity with latest version ISO9001 demonstrated by a third party certification or through an equivalent second party audit process.
- Gradually develop a quality processes and the tools required by TS16949 including the following
    - Process flow charts
    - 8D problem solving
    - Design Failure Mode and Effect Analysis (D-FEMA)
    - Process Failure Mode and Effect Analysis (P-FEMA)
    - List of critical characteristics
    - Control plan
    - Error proof methods
    - Inspection / control instructions
    - Measuring System Analysis
    - Capability analysis for all critical characteristics
    - Statistical Process Control (when relevant)
    - Other Quality Management System additional requirements specified by TS 16949

TPC Supply Chain should be compliant to the requirements of the ISO 9001:2008 at a minimum. Nonconformance to this requirement **may** have an impact on future business.

The Supplier shall demonstrate capability of using all AIAG (Automotive Industry Action Group) Core Quality Tool Manuals – latest editions.
The reference AIAG Manuals are listed below:
APQP – Advanced Product Quality Planning
PPAP – Production Part Approval Process
FMEA – Failure Modes Effects Analysis
SPC – Statistical Process Control
MSA – Measurement Systems Analysis
The above Manuals can be obtained at www.aiag.org

2.1 General Requirements

The supplier expectations are dependent on the supplier type and category, as outlined in the table below:

Supplier Type	Supplier Category	Minimum Requirements	Preferred
Raw Material, Component, and Component Services	Both New and Existing	ISO 9001:2008 compliant	ISO9001/TS16949 Certified
OEM and Contract Manufacturing of Finished Products	Both New and Existing	ISO 9001:2008 complaint	ISO9001/TS16949 Certified

For existing Suppliers that are not certified to the specified ISO standard referenced above, it is preferred that those Suppliers have a plan in place to become certified and can demonstrate progress toward that plan. Suppliers that are ISO certified, must notify TPC Supply Chain in writing within five (5) business days if their Quality System certification is suspended, placed on probation, expired, receives any major non-conforming compliance from ISO notified bodies, or if the Supplier has been placed on any special status with their customers or registrars due to quality or delivery issues. New Quality System certification shall be provided where there are mergers, acquisitions, or affiliations associated with Suppliers. TPC and its customers reserve the right to verify conformance of Supplier's Quality System to ISO standard. Upon request, Suppliers shall forward evidence of their Quality System certification to TPC.

2.2 Product and Process Development

2.21 Advanced Product Quality Planning (APQP)

Supplier shall use some form of systematic planning for new products/process changes. The preferred method is described in the Advanced Product Quality Planning and Control Plan reference manual available from AIAG. Other methods may be used if they achieve the same results.

2.22 Quality Planning Tools

The following quality planning methods and documentation are required as a minimum for all production parts, materials and processes:

- Process Flow Chart
- Process Failure Mode and Effects Analysis (PFMEA)
- Control Plan
- Measurement System Analysis (MSA) for all equipment listed in the control plan.

2.3 Quality Management System

Suppliers shall establish, document, and implement an effective Quality Management System based upon compliance to all elements of ISO 9000 or TS16949. The Supplier's management will ensure that the Quality Requirements, including without limitation, in this Global Supplier Quality Manual, are thoroughly distributed, understood, and maintained, and that adequate levels of authority have been established to ensure the continuous improvement of the Quality System.

2.4 Documentation Required

The Quality Management System documentation must include:

- Documented statements of a quality policy and quality objectives
- Documented procedures as required by the Quality Management System
- Documents needed by the organization to ensure the effective planning, operation and control of its processes
- Records required by the Quality Management System

2.5 Control of Documents

Supplier must establish, maintain, and document procedures to control all Quality Management System documentation and all data generated under the Quality Management System. The Supplier must have current revisions of documents available at all appropriate locations. Supplier must have a documented procedure for the control and distribution of drawings and/or standards. Obsolete drawings must be destroyed or appropriately identified as such for limited distribution.

2.6 Quality System Assessment

- TPC shall be afforded the right to verify at the supplier's premises that product conforms to specified requirements. This right shall also be afforded to TPC's customers. Supplier shall not use such verifications evidence of effective control of quality. Verification by the customer shall not absolve supplier of the responsibility to provide acceptable product/service, nor shall it preclude subsequent rejection by the customer.
- Sub-supplier Assessment: The supplier is responsible to ensure that sub-suppliers are capable of fulfilling all relevant specified TPC requirements. TPC may also request to assess/audit sub-suppliers.
    - Sub-supplier Quality Plan: The supplier is responsible to ensure that sub-suppliers are planning and completing necessary quality assurance activities to ensure parts and product delivered fulfill the specified TPC requirements.

Certification Assessment

Supplier quality system assessments to ISO 9000 or TS16949 by accredited third party certification body/registrar are the only acceptable method. If the supplier is ISO 9001 or TS certified the supplier shall send a copy of their registration certificate to TPC Purchasing upon the issuance of a TPC purchase order and at each re-certification thereafter.

Classification of Characteristics

TPC classifies the characteristics on the print. Classification of characteristics is a method of assigning importance to each characteristic. When a TPC customer characteristic is shown on the drawing or referenced in the specification, Supplier is required to comply with the TPC customer's requirement. It is the supplier's responsibility to understand all requirements shown on the drawings or specifications. During the Production Part Approval Process (PPAP), Supplier and TPC mutually agree on Critical Characteristics. The supplier is required to perform and document measurement system analysis and capability studies for all Critical Characteristics. Supplier must also be able to demonstrate compliance to these characteristics.

Critical Characteristics

- Any Critical characteristics are describing product characteristics and process parameters which have a significant influence on the product performance due to customer specific requirements and product specification(s). Not fulfilling the key characteristics definition could cause extreme and serious failures that affect the safe and proper use of TPC product or could violate statutory and regulatory requirements. Critical characteristics are marked in TPC specifications

- For Critical Characteristics identification within the production processes the following criteria should be considered:
  - Product Performance
  - Product Reliability
  - Product Safety (FMEA severity ratings and other safety regulations)
  - Statutory compliance (FMEA severity ratings and other regulations)
  - Product durability. Life time tests (FMEA occurrence ratings and other surveys)
  - Other critical characteristics based on customer specific requirements

Symbol	The Characteristic Symbol Category Defined
	**Category I:** Any characteristic in which a nonconformance could result in an unreasonable risk of personal injury to one or more persons using, maintaining or depending on the product.
	**Category II**: Any characteristic in which a non conformance could render the product unusable, reduce its usefulness, reduce its life, cause the product to be rejected by the customer or fail to meet government regulations or industry standards.
	**Category III:** A Characteristic in which a nonconformance could cause internal failure (scrap, rework, added operations or reprocess) or cause significant downtime at subsequent operations.
No Symbol	**Category IV:** A characteristic in which a nonconformance could not affect the usability of the product, be noticed by the customer or user, cause any reduction reliability or life of the product, or result in any external or internal failure costs.

Supplier parts must meet all print and specification requirements. Classifications do not imply suppliers may supply any products containing nonconforming characteristics.

Statistical Process Control (SPC) Data

Supplier shall provide appropriate SPC data demonstrating statistical control of a capable process for each Category I, II, and III characteristics as required in the Production Part Approval Process (PPAP). For these characteristics, SPC data verifying a minimum 1.67 Cpk or 1.33 Ppk acceptance level shall be furnished at any time upon request. This submission may require validation of the measurement systems capability as well as demonstration of control of the process itself meaning the lack of special causes.

Process Certification

Supplier shall be responsible to ensure that production processes supplied to TPC are in compliance with all specifications shown on the drawing and / or purchase order. Process certification containing actual measured results with a minimum 1.67 Cpk or 1.33 Ppk acceptance level must be maintained at the processing location and be made available upon request.

Material Certification

Supplier is responsible to ensure that production materials supplied to TPC are in compliance with all material specifications as shown on the drawing or purchase order. When requested on our Purchase Order (P.O.) material certification must accompany the shipment of product when delivered, unless otherwise arranged.

Material certifications must have lot data attached specifically showing the specification requirements and results of the tested lots. Certifications must refer to manufactures name and address, part number, lot number, manufacture date results measured, signature and title of individual approving certificate, order number, and the name of the specification the product is being certified. Copies of lab accreditation are required if materials are being tested and certified by commercial laboratories.

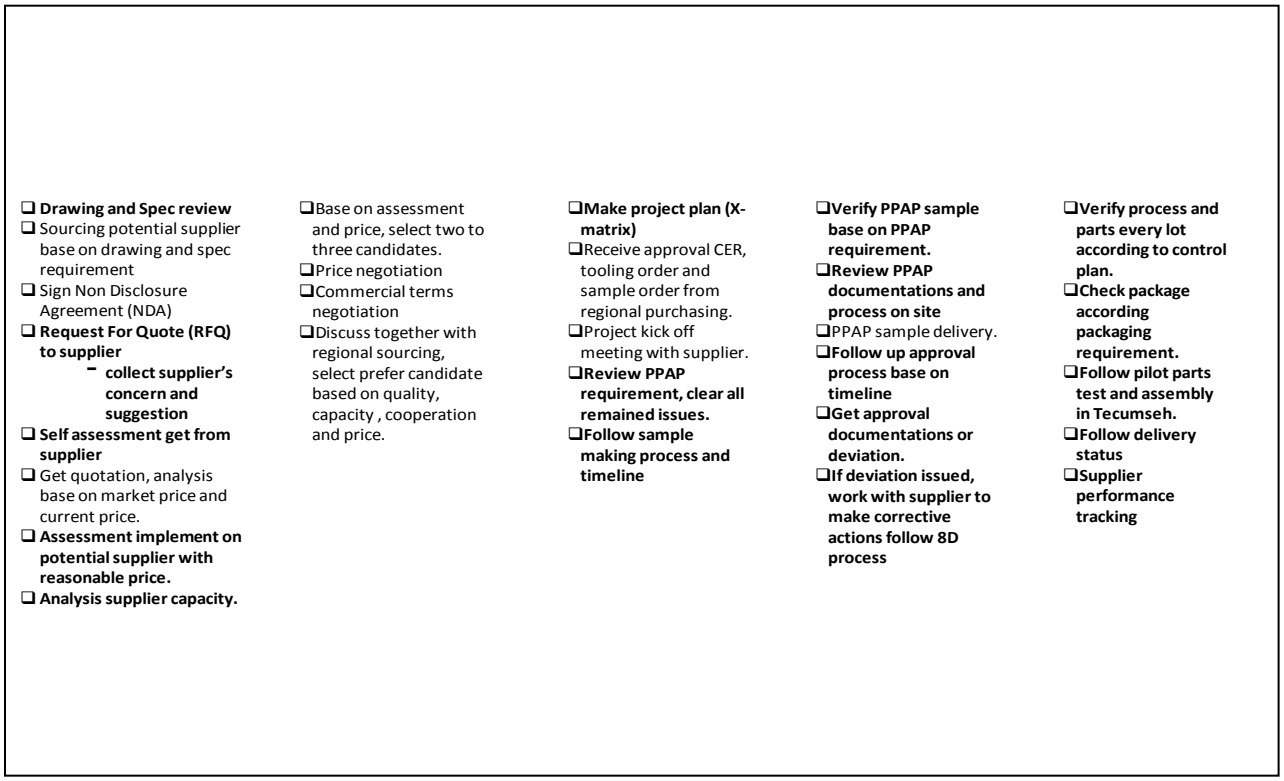
Suppliers must maintain material certification records for all products produced.

3.0 Supplier Evaluation and Selection

3.1 Supplier Selection and Approval Process

Supplier selection and approval process is a procurement process in which the quality department is involved. Potential suppliers are evaluated by both procurement and quality based on multiple criteria.

3.2 Sourcing Process



4.0 Production Part Approval Process

4.1 Purpose

The purpose of the Production Part Approval Process is to determine if all customer specification and requirements are properly understood and validated with documentation. The process equally must have the potential to produce product consistently meeting these requirements during an actual production run at the quoted production rate.

4.2 PPAP Requirements

The supplier shall comply with all requirements set forth in the latest release of the Production Part Approval Process (PPAP) reference manual available from AIAG. The AIAG website (www.aiag.org) may be accessed for ordering the reference manual, if needed.
Production part approval is granted for a part number, engineering change level, manufacturing location, material supplier(s) and production process environment. Changes to any of these require approval from the Tecumseh Products Company receiving facility prior to supplying production parts. Re-submission per PPAP may be required. The quality office of the TPC facility receiving the product or service or a Supplier Quality Engineer are the approving authorities for PPAP submissions.

4.3 When PPAP is required

The supplier should utilize a part approval process for their suppliers where applicable. Unless waived in writing, production part approval is always required prior to the first production shipment of product in the following situations.

1. A new part or product (i.e., a specific part, material, or process not previously supplied)
2. Correction of a discrepancy on a previously submitted part.
3. Product modified by an engineering change to design records, specifications, or materials.
4. Additionally, the supplier must notify TPC and submit for part approval prior to the first production shipment in the following situations unless the responsible part approval activity has specifically waived in writing this requirement for the subject part. If a formal submission is waived, all items of the PPAP file must be reviewed and updated by the supplier, as necessary to reflect the current process. The PPAP file must contain the name of the responsible part approval activity person granting the waiver and the date.

    a) Use of optional construction, material, or process than was used in the previously approved part.
    b) Production from new or modified tools (except perishable tools), dies, molds, patterns, etc., including additional or replacement tooling or equipment.
    c) Production following refurbishment or rearrangement of existing tooling or equipment
    d) Production following any change in process or methods of manufacture.
    e) Production from tooling and equipment transferred to a different plant location or from an additional plant location.
    f) Change of source for subcontracted parts, materials or services (e.g.: heat-treating, plating, etc.).
    g) Product re-released after the tooling has been inactive for volume production for twelve months or more.
    h) Following a customer request to suspend shipment due to a supplier quality problem.

IF THERE IS ANY QUESTION CONCERNING THE NEED FOR PRODUCTION PART APPROVAL, CONTACT THE Tecumseh Products Company PROCUREMENT REPRESENTATIVE OR DEPARTMENT.

4.4 PPAP Submission Level

The TPC receiving facility will identify the submission level that will be used with each supplier. TPC's choice of levels for a supplier will be determined by such factors as supplier compliance to ISO 9000 (2000) OR TS 16949 (2002) requirements, supplier quality recognition status, part criticality, experience with prior part submissions, and the supplier's expertise with the specific commodity. Default submission level is AIAG Level 3, unless otherwise communicated to the supplier by the receiving facility or facilities Quality Manager(s) and Supplier Quality Engineer.

4.5 PPAP Level and Document Submission Requirement

Submit the following documents to TPC's Receiving facility at the requested level:

Level 1 Warrant only
Level 2 Warrant, Parts, Drawings, Inspection Results, Laboratory and Performance Results
Level 3 Warrant, Parts, Drawings, Inspection Results, Laboratory and Performance Results, Product Capability Results, Process Flow Chart, PFMEA, Control Plan, and Measurement System Studies
Level 4 Per Level 3, but without parts
Level 5 Review at supplier location: Warrant, Parts, Drawings, Inspection Results, Laboratory and Performance Results, Process Capability Results, Process Flow Chart, PFMEA, Control Plan and Measurement System Studies.

4.6 Where to Submit PPAP

Unless otherwise notified, the supplier shall submit PPAP to the quality office of the TPC facility that will receive the product shipment.

4.7 TPC PPAP Approval

The supplier must receive TPC's approval prior to shipping production product. The Quality Assurance Manager at the TPC receiving facility or a Supplier Quality Engineer is the approving authority for PPAP submissions. Simply receiving a material release or a purchase order does not constitute PPAP approval nor does it imply authorization to ship product without PPAP approval

5.0 Measurement, Analysis and Improvement

5.1 General

Measurement, analysis and improvement are the processes of planning, defining, and using performance metrics for products delivered to TPC. These performance metrics determine the current level of performance, drive continuous improvement activities, and monitor performance levels. Statistical tools must be applied to measure the performance metrics on process and products, but also to measure supply chain performance. Supplier must define, plan and implement measurements where processes affect the quality of products or services that TPC receives.

5.2 Production and Process Control

Supplier will have systems in place to define and maintain the manufacturing process and associated controls so that all Products conform to their specifications, including, but not limited to:

- Approved and documented production processes, instructions, and methods that define and control the manner of production.
- Monitoring and control of process parameters and component characteristics during production.
- Compliance with specified reference standards or codes
- Approval of processes and process equipment
- Criteria for workmanship, which shall be expressed in documented standards or by means of identified and approved representative samples.
- Supplier will monitor and control the manufacturing process using industry standard tools, such as: in-process inspection; control plans; validation, and Statistical Process Control (SPC).

At a minimum, Critical Processes used for the manufacture of any critical characteristic shall be validated and require a control plan. This includes any process that be performed by sub-tier suppliers. Validation plans and reports should be reviewed and approved by TPC.

Supplier will identify and document key manufacturing process steps that affect product performance. TPC will aid supplier in such identification as it relates to component or product performance.

In the event that any of the manufacturing process steps are out of control or manufacturing yields decline considerably, Supplier will take appropriate corrective actions to rectify the situation, while documenting actions taken.

5.3 Audits

TPC may choose to audit the Supplier or sub-tier supplier Supplier's manufacturing and Quality Systems. To ensure compliance to Quality Requirements, it is expected that during these audits, TPC shall have reasonable access to observe and inspect Supplier's:

- Facility, manufacturing, and quality control processes
- Manufacturing and quality control records
- Quality Systems and all analytical and manufacturing documentation related to Product
- Supplier will conduct internal audits to ensure compliance with its Quality System and this Quality Manual. Upon request, the Supplier will provide audit results and conclusions to TPC.

5.4 Control of Non Conforming Product

Supplier will establish and maintain procedures to control Product that does not conform to TPC specifications. The procedures shall address the identification, documentation, evaluation, segregation, and disposition of the Nonconforming Product, including the need for an investigation, which shall be documented.

TPC reserves the right to make a claim on any products with deviation from agreed specifications.

5.4.1 Deviations found by TPC

In the case of deviations from agreed specification, TPC will in cooperation with the supplier make one of the following decisions:

1) The supplier will inspect and sort parts with uncertain status at TPC premises.
2) The complete batch/lot is returned to the supplier.
3) TPC will inspect and sort parts with uncertain status at the supplier's expense.
4) TPC will re-work products at the supplier's expense.
5) TPC will grant waiver (concession) for delivered parts.
6) All costs related to the import and export of products and parts with a confirmed deviation will be at the supplier's expense.

A permanent corrective action recommendation including "sorting" of a TPC part or product designated with a critical characteristic is unacceptable. In case of agreement with TPC quality responsible or the responsible TPC purchaser for a short term corrective action of "sorting" a critical characteristic TPC part or product, the sorting criteria must have control limits based on initial capability study or another more strict tolerance.

5.5 Containment, Corrective and Preventive Action

The supplier shall be responsible for leading, implementing, and sustaining Containment, Corrective and Preventive Action.

5.6 Nonconformance Report (NCR)

Where a Product is identified by TPC as Nonconforming Product, Supplier shall cooperate with TPC in working toward closure of the TPC NCR associated with the Product(s).
The TPC Quality representative will advise which problem solving methodology to use based off severity, impact, and magnitude of the issue:

- 8D Methodology
- 5 -Why Methodology

Until the Nonconformance Report is closed the supplier shall attach a declaration (label) of conformity on every pallet to certify that all delivered parts and products have been inspected, are without defect and meet all specified TPC requirements. Containment actions must include any parts in transport and supplier warehouses.

5.7 Containment

Supplier shall have control systems in place to prevent Nonconforming Product from being integrated with conforming Product. In the event these systems fail, Supplier shall immediately notify TPC by phone and email of escapes of nonconforming product, to allow TPC to investigate and take containment action. Supplier shall fully cooperate in any investigation of containment action.

5.8 Product Performance

Nonconforming Product may be returned to Supplier for investigation and analysis by TPC. Supplier and TPC shall agree on the necessary analysis to be performed by Supplier. Otherwise, Supplier shall follow their failure protocol in performing root cause analysis.

5.9 Production Defects

Production defects that exceed established process controls /action limits shall be investigated within Suppliers Quality Management System. Production defects shall be tabulated and analyzed for trends in order to identify need for further continuous improvements.

5.10 Disposition of Nonconforming Product

Supplier shall have procedures covering disposition of Nonconforming Product, including review and documentation of decisions. Supplier shall inform TPC the procedures for rework, retest, and re-evaluation of Nonconforming Product to ensure Product meets specifications.

5.11 Escalation Process for Nonconforming Material

all specifications and requirements and delivered within the defined delivery schedule. Repeated shipment of nonconforming material will invoke an escalation process designed to elevate management review and involvement to urgently identify and resolve the problem cause. Notwithstanding the foregoing, TPC Terms and Conditions permit TPC to reject any non-conforming goods, and TPC has the sole right to determine whether to implement or not implement the escalation process contained in this section 3.16.

5.12 Escalation Process

TPC escalation process for repeated receipt of nonconforming material is initiated through the NCR process. If Supplier fails to insulate TPC from repeated nonconforming product or services will be subject to the escalation process, up to and including re-sourcing.

5.13 Escalation Process Steps for Repeat Nonconformance

Step One: 1st Nonconformance
NCR is issued with a CAR.

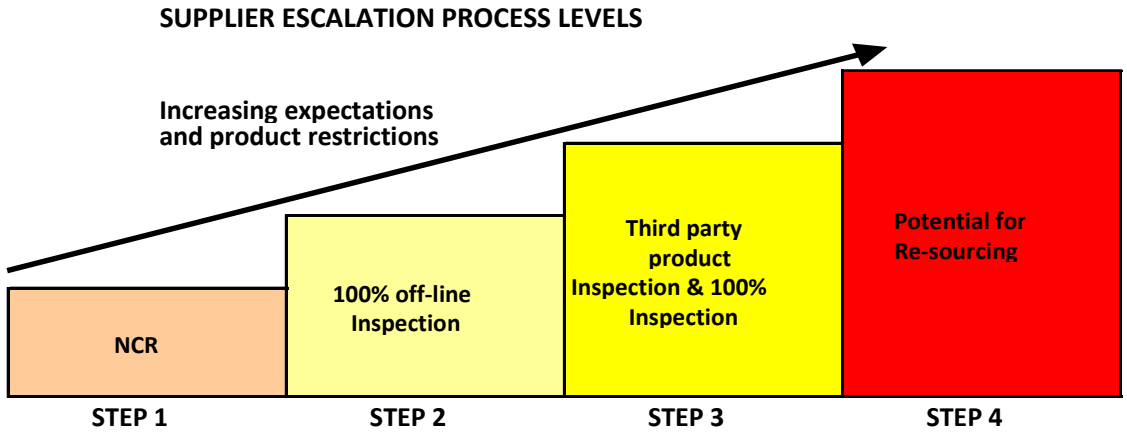
Step Two: 2nd Repeat Nonconformance: *Level One Containment*
Supplier implements 100% offline inspection. TPC Plant Quality will initiate Level One activities by emailing a Level One letter to the Supplier's Quality Manager. The letter will specify the non-compliance, required actions and exit criteria. Supplier will be required to fill out a Containment Confirmation reply and email back to the TPC initiator within 24 hours.

Step Three: 3rd Repeat Non-conformance: *Level Two Containment*
TPC considers Level Two Containment a serious breach in Supplier's quality management system. Level Two Containment may be imposed to mitigate the risk of receipt of further non-conforming material.

Supplier contracts 100% third party certification (Level Two Containment) in addition to Level One Containment. TPC will initiate Level 2 activities by phone call and confirm by emailing a Level 2 letter to Supplier's Quality Manager. The letter will specify the non-compliance, required actions and exit criteria. Supplier will be required to fill out a Containment Confirmation reply and email back to TPC initiator within 24 hours. Supplier will assume all cost for Level 2 Containment

Step Four: 4th Repeat Non-conformance: RE-SOURCE
If steps one through three in the escalation process are not sufficient to insulate TPC from receiving nonconforming material, TPC management may elect to re-source the job.

The Escalation process is shown graphically in the diagram below:



5.14 Non-Conforming Cost of Containment

TPC shall reserve the right to debit the supplier for all associated costs incurred as a direct result of nonconforming product or service manufactured, shipped, or received from supplier or sub supplier resulting in, but not limited to: TPC Production Interruptions, Customer Spills, End of Line failures, Warranty failures, Delays in PPAP Submission, or Engineering Sample rejections. These costs include, but not limited to: part replacement cost, complete compressor cost, incidental cost, service cost, rework/repair, sorting, containment, premium freight cost including air shipments, warranty recovery cost, overtime to avoid production interruptions, down time, disposition of scrap, tear downs (minor, major, or complete), outside lab testing, administrative costs, and customer charges. An example of the costs calculations are defined as shown below, but may vary by TPC location:

Monthly Recurrence

	1st Time	2nd Time	3rd Time	Onwards
Penalty	2 * A	4 * A	10 * A	Need discussion on continuation of business

Where "A" is the Rate / Unit

5.15 Sorting or Rework As a Separate Operation

The charge for this sort or rework per man-hour, but will be defined by the affected TPC.

5.16 Sorting Included With Packaging

The charge for this sort per lot, but will be defined by the affected TPC.

5.17 Sorting as Provided By a Third Party

The cost of such sorting will be at the supplier's expense.

5.18 Cost of Nonconforming Material

The total cost of nonconforming material sorted and scrapped from any particular lot will be charged to the supplier at the cost in the part up to that point

5.19 Excess Freight

The supplier will be held responsible for excess freight costs incurred because of supplier's lack of performance. This includes premium freight charges from the supplier facility to the receiving TPC facility as well as any premium freight charges passed on by TPC's customer.

5.20 Short Supplies

In case of short supplies (Qty delivered is less than invoiced quantity) debit notes will be raised as per below guidelines.

5.21 Customer Warranty Claims

TPC's customer warranty claims will be passed back to the responsible supplier.

5.22 Concessions (waiver) Request

If the supplier wishes to deliver products to TPC in spite of deviations from the specified TPC requirements the supplier must contact TPC using a Concession (or “waiver”) Requisition form to give notice regarding a specific part or product with regard to quantity, cause and corrective action. Before delivery the Concession Requisition form must be approved and signed by TPC. Labeling methods and criteria of the conceded product must be agreed on with TPC. TPC reserves the right to cancel an issued waiver at any time. Any cancellation by TPC will be in writing and delivered to the supplier.

5.23 Supplier Change Requests

If the supplier wishes to introduce changes of processes, design or material having impact on product quality (form, fit and function), a Supplier Change Request form must be submitted for approval to the TPC quality responsible person. Changes can be introduced when TPC has given approval and signed the Supplier Change Request form for implementing the change and communicated the requirements for requalification and Production Part Approval Process (Sample Certificate) documentation.

6.0 Materials Management Requirements

6.1 Planning Forecast Policy

Procurement shall provide forecast to Supplier. Forecast are subject to change per business plan, or market demands.

6.2 Packing Lists, Shipping Labels & Bar Code Label Instructions

Packing lists must contain: TPC's part number, manufacturer's part number, all lot numbers in the shipment with quantities per lot, P.O. number, number of cartons and quantity per carton and total quantity shipped, unless otherwise authorized in writing by TPC.

Shipping labels shall be formatted and located according to TPC's standard label. Labels must contain TPC 's part number, drawing revision level, part description, supplier number and location, manufacture date, number & quantities of lots, total quantity shipped, P.O. number and all requirements identified on the part drawing and specification.
TPC will accept bar code labeling in accordance with AIAG (Automotive Industry Action Group) shipping/Parts Identification Label Standard AIAG-B-3, unless otherwise authorized in writing by the local purchasing entity. See Appendix for 11.1 for Barcode Label standards.

6.3 Documents to be provided with Shipment

TPC shall advise Supplier of required shipping Documentation.

6.4 Label Requirements

Below are minimum label requirements. Additional label requirements from individual TPC business units may be required.

6.4.1 Metal Bar Stock Suppliers

The minimum information to be shown on labels for bar stock is Supplier's name, material type and grade and a supplier initiated unique traceability number that can be used to trace the material to its manufacturing process.

6.4.2 Manufactured Component Suppliers

The minimum information to be shown on labels for component parts is Supplier's name, purchased part number and Supplier's initiated unique traceability number that can be used to trace components to their manufacturing process and raw material used. Date Coding or Lot Coding can be used in lieu of traceability.

6.4.3 Production Process Suppliers (Heat Treat, Plating Grinding, etc.)

It is Supplier's responsibility for marking the Lot Process Traveler label (tracking label) on each container of parts that passes in-process inspection. Preferably, this marking will be the operator's initials and the date. This label, when initialed, signifies accepted product. It also identifies the last process completed. If the parts have to be put in trays after the process has been completed, it is the responsibility of Supplier to transfer the information from the lot Process Traveler to a label attached to each pallet of trays.

6.5 Lot Traceability
Supplier is responsible for maintaining lot traceability while the product is at the Supplier's location. Lots are not to be mixed together.

6.6 Packaging & Transportation
Unless packaging and/or mode of transportation are specified, it is Supplier's responsibility o determine the appropriate means to ensure product arrives on time and undamaged. TPC works off the premise that Supplier knows their product and process best and should have the expertise necessary to determine the most appropriate packaging and transportation at the time of quotation. Supplier must comply with all packaging and transportation terms contained in the Terms and Conditions.
Unless otherwise specified, corrosive un-plated/un-painted metal components will be delivered with a light rust preventative coating. The protective coating shall be applied per TPC Spec H122 or approved local specification.
Supplier is expected to ensure that product received at the TPC facility is undamaged, uncontaminated, corrosion free and suitable for use.

6.7 Corrosion Prevention
Parts susceptible to corrosion shall be packaged with corrosion inhibiting materials, such as VCI and/or desiccants. Parts designated for export markets are greater risk for corrosion due to longer transit times and extreme fluctuations in temperature and humidity.

6.8 ESD Protection
The use of ESD protective materials shall be used for any sensitive electronic parts.

6.9 FIFO Processing Requirement
Supplier is responsible for utilizing the FIFO (first in, first out) concept when processing TPC parts. This concept should be used for each part number processed. The lot traceability number is the number that each supplier shall use for following the FIFO concept.

6.9 100% On-Time Delivery
100% on-time delivery is required of all suppliers. TPC provides appropriate planning information and purchase commitments to enable suppliers to meet this expectation. Supplier delivery performance is monitored and is an element of the supplier rating.
Applicable documents, such as packing lists, material certifications of conformance, certificates of analysis, material safety data sheets, etc., must arrive with or prior to receipt of the shipment

6.10 Shipping Deviation Approval & Charge Allocation
Supplier shall get approval from TPC prior to shipping deviations.

6.11 Freight Charges and Routing
Supplier shall contact TPC Procurement representative for Freight Charges and Routing

6.12 Consignment Inventory
Supplier shall contact TPC Procurement representative regarding consignment inventory

7.0 Environmental and Regulatory Conformity

7.1 Environment Compliance

Supplier shall meet the requirements of country, federal, state and local governmental safety and environmental standards or laws regarding restricted, toxic, hazardous material, product, component, substances or service supplied to TPC. The list below includes some of the regulations; however, compliance is not limited to these. Additional information may be required such as certification to any of the following or chemical composition of products, components and/or substances. If you suspect that Products, components or substances supplied to TPC are not compliant, please contact the appropriate TPC buyer or supply chain representative immediately.

- Hazardous materials must be clearly marked and packaged appropriately.
- REACH (Registration Evaluation Authorization and Restriction of Chemicals) Regulation 1907/2006/EC
- RoHS (Restriction of Hazardous Substances) EU 2011/95/EC and China
- International Standards for Phytosanitary Measures, ISPM No. 15, Guidelines for Regulating Wood Packaging Materials (WPM) in International Trade.

Compliance Certificate for Restriction of Hazardous Substances (RoHs), per Directive 2011/95/EC, must be provided for new items, prior to delivery of samples or production materials. An authorized third party laboratory must provide the certificate. Supplier must provide further auditor certificates, upon TPC request.

Material Safety Data Sheets (MSDS) must be provided for new items prior to delivery of samples or production materials. An updated version of the MSDS will be forwarded to TPC whenever it is revised. If an MSDS sheet cannot be submitted, an Engineering Technical Data sheet must be submitted. Supplier shall have a form of documented compliance for this type of material on site, and make available upon request.

8.0 Trade Compliance

Trade compliance covers the entire regulatory framework by which goods enter to or leave from an specific country following the import/export laws and regulations. While trade compliance is a core activity for any Customs authority, it is well known that a great amount of the burden of compliance is placed upon importers responsibility. The importer is accountable for using reasonable care entering, classifying and establishing the value imported goods, also the importer is responsible for providing US Customs any information needed to allow Customs to appropriately assess duties, gather appropriated importing data, and determine any applicable legal requirements. **The lack of compliance of an importer of record exercising reasonable care may interruption his stream of revenues and his commercial trade exchange as well as, in some cases, may ends in the imposition of fines and penalties for acting without reasonable care.**

8.1 Rules of Origin

Rules of Origin are used to determine the country of origin of a product for purposes of international trade. There are two common types of rules of origin depending upon application, the preferential and non-preferential rules of origin. The rules of origin criteria vary from country to country. Vendors must apply the proper rules of origin to the goods that he is going to supply.

8.2 Classification

Country's Harmonized Tariff Schedule (**HTS**) is the primary resource for determining tariff classifications for goods imported to an specific country.
The Harmonized Tariff Schedule is based on the international Harmonized Commodity Coding and Classification System (Harmonized System), which has been established by the World Customs Organization. Virtually all countries base their tariff schedules on the Harmonized System, making it easier to conduct international trade. Vendors should provide the tariff codes following the classification criteria where the goods are being manufactured. It is necessary for the vendors to classify the goods properly in order to give to the buyers the proper tariff code for classification purposes.

8.3 Valuation

For most Customs Authorities around the world the value of all goods imported into an specific country will be the transaction value (The price actually paid or payable is the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods, and includes all payments made as a condition of sale of the imported goods by the buyer to the seller, or by the buyer to a third party to satisfy an obligation of the seller WCO Definition) for the goods. If the transaction value cannot be used, then certain secondary bases of value are considered in order of precedence. This is the proper order the transaction value of the imported goods, the transaction value of identical imported goods, the transaction value of similar imported goods, the deductive value, the computed value, or any other available method. The Vendor should follow the logic explained above. In most of the cases with non-related vendors this is not an issue.

8.4 Free or Preferential Trade Programs

Most countries grant special trade privileges that either eliminate or greatly reduce the duty on products produced in certain countries that are going to be imported into an specific country. These special free or preferential trade programs, recordkeeping, and eligibility requirements need to be verified case by case depending on the rules and conditions of each special free or preferential trade programs. Vendors should observe rigorously recordkeeping and eligibility requirements when engaged in these types of programs.

8.5 Security

If applicable, vendors must provide a detailed Vendor/Supplier Security Profile. Specifically, it is required that a complete profile of the plant or facility where the sourced parts are produced or manufactured. Is the vendor or supplier a Customs Trade Partnership Against Terrorism C-TPAT Certified entity? and/or does the vendor comply with AEO (European Union Security Processes)?

8.6 Country of Origin Certificate (COO) & NAFTA Certificate

If applicable, a Blanket Certificate of Origin must be required from the vendor for all the goods sourced once a year (Note, if these are purchased parts; the vendor must have a COO from their vendor) If applicable, a Blanket NAFTA (Mexico, Canada, USA origin goods) Certification must be required to the vendor for all the goods sourced once a year.

8.7 Markings

The vendor or the manufacturer must mark where the goods were manufactured on the packaging and product. The markings should be legible, and located in a conspicuous place. A mention of the country where the goods were manufactured must be shown on the commercial invoice.

8.8 Packing Slip

The vendor must provide a computer generated packing slip document that must have the following fields, and their corresponding information: Customer Reference Number or Order Number; Packer Date; Packer Number; Sold To; Consign To; Gross Weight; Net Weight; Dimensions; Seal Number, if applicable; Booking Number, if applicable; Quantity; Item or Part Number; Description; Marks; Vendor Acknowledgement Number; Customer legal name; Frontier of Discharge; Destination; Country of Origin.

8.9 Commercial Invoice

The vendor must provide a computer generated commercial invoice document that must have in writing the following fields, and their corresponding information: Customer Reference Number or Order Number; Consign To; Broker; Invoice Date; Invoice Number; Quantity; TPC Item Number; Description; Country of Origin; Harmonized Tariff Code; Price of each good or part in US Dollars; Marks; Vendor Acknowledgement Number; Customer legal name; Frontier of Discharge; Destination; Country of Origin; Statement of Wood packaging – if applicable; Statement of Destination Control.

8.10 Wood Packaging

Most countries regulations require wood product material (WPM) used in international trade to be treated to kill harmful insects that may be present. WPM must be marked with the International Plant Protection Convention (IPPC) logo, the two-letter International Organization for Standardization (ISO) code for the country that treated the WPM, the treatment facility number assigned by the national plant protection organization, and either HT for Heat treatment or MB for Methyl Bromide. The vendor must have available a Phytosanitary Certificate that will be provided to the buyer if it is required.

8.11 Assist

An "assist" is any item that the buyers of imported merchandise provides directly or indirectly, free of charge or at a reduced charge, for use in the production or sale merchandise to the United States. These items can be:-Materials, component parts, tooling, dies, molds;-Engineering, development, artwork, design work, plans, and sketches sent outside the US. A fair market value of the Assist should be estimated together with the shipping charges and provided to the Trade Compliance department.

8.12 Importer Self Assessment Filing

United States Customs and Border Protection (CBP) has announced a new rule, known as the **Importer Security Filing** (ISF) or more commonly called **10+2**; which requires cargo information, for security purposes, to be transmitted to the agency at least 24 hours before goods are loaded onto an ocean vessel for shipment into the U.S. 10+2 is pursuant to section 203 of the SAFE Port Act, and requires importers to provide 10 data elements to CBP, as well as 2 more data elements from the carrier.
The new rule, published on November 26, 2008, went into effect on January 26, 2009. CBP is taking a phased-in approach in terms of implementation and enforcement. During the first 12 months, importers will be warned of infractions instead of being fined, with the hope that the importers will establish a filing system. All ISF filings are required to be submitted electronically via the Automated Broker Interface (ABI) or the Automated Manifest System (AMS). After the phase-in period, on January 26, 2010, 10+2 will officially be effective and importers will be required to comply. If compliance is not met, they can face fines up to $5,000 for each violation.
The following 10 data elements are required from the importer:

1) Manufacturer (or supplier) name and address
2) Seller (or owner) name and address
3) Buyer (or owner) name and address
4) Ship-to name and address
5) Container stuffing location
6) Consolidator (stuffer) name and address
7) Importer of record number/foreign trade zone applicant identification number
8) Consignee number(s)
9) Country of origin
10) Commodity US Harmonized Tariff Code number

From the carrier, 2 data elements are required:

1) Vessel stow plan
2) Container status messages

Each vendor should provide all the data available on his side in order to complete in the proper time frame the Importer Security Filing.

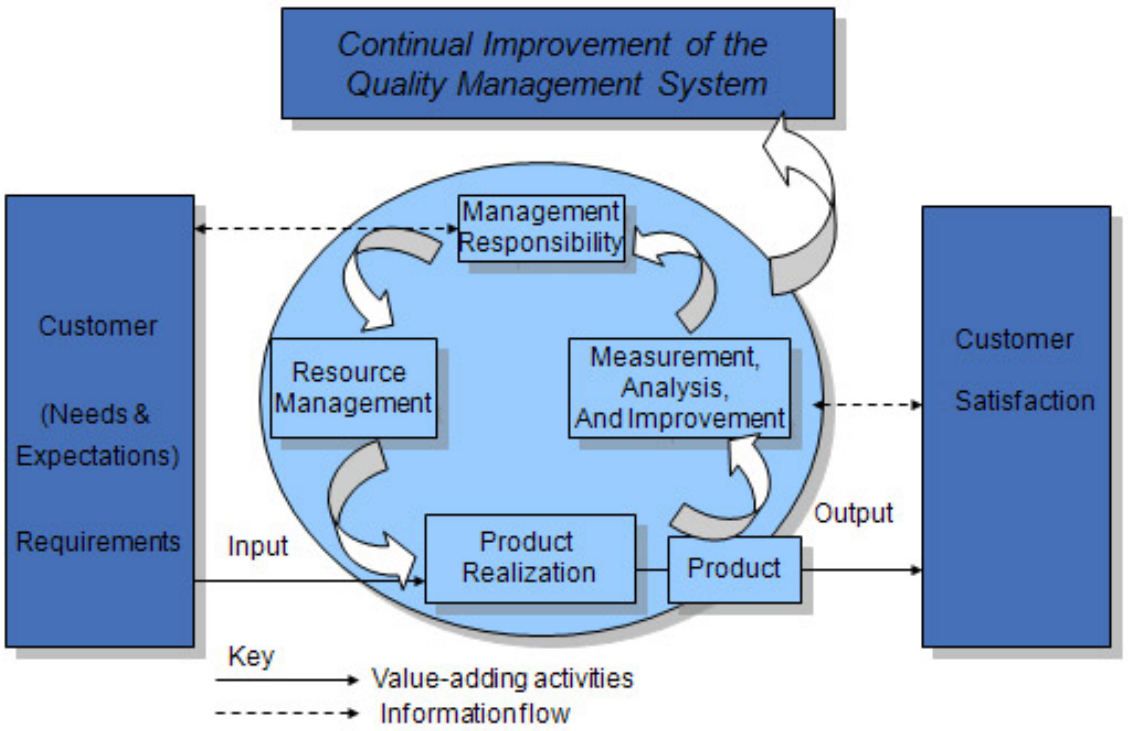
9.0 Resource Management

Supplier will provide the resources necessary to implement and maintain an effective Quality Management System and to continually improve its effectiveness. Employees of te Supplier must be qualified for the job they perform through education, training, and or work experience, and be knowledgeable of appropriate quality tools, defect awareness, and processes that affect the quality of products and services provided to TPC. Suppliers shall maintain evidence of required and completed training. Furthermore, employee must be provided equipment, facilities, training, and work environment conductive to producing high quality products that consistently meet the Product specifications of TPC.

The following requirements shall apply to the Suppliers work environment:

1) Documents outlining the necessary cleanliness and clothing of personnel if contact between such personnel and the Product or work environment could adversely affect the quality of the Product
2) If work environment conditions can adversely affect product quality, Supplier shall document requirements for the work environment and procedures to monitor these work environment conditions.

9.1 Process Based Quality Management System Model



10.0 Tooling, Gages, and Equipment

TPC owned/supplied equipment and tooling including gauges, test equipment and tooling supplied by TPC for use in production or maintenance or made by the Supplier and paid for by TPC.

10.1 Control of Tooling, Gauges, and Equipment

Supplier shall:

- Use TPC supplied gauges, special test equipment, and special tooling on TPC purchase orders only and for only those purchase orders for which the items were supplied.
- Identify all tools and test equipment, unless size or use prohibits, with an identification tag(s) ensuring legibility and permanency, which states the ownership designation as “Property of Tecumseh Products Company” upon receipt or fabrication.
- Obtain written approval from TPC prior to making modifications or changes to gauges, test equipment or tooling.
- Maintain, protect and preserve tooling, test equipment, and gauges. Tooling and gauging shall be maintained for 3 years after the TPC purchase order is complete unless TPC directs otherwise.
- Contact the TPC Procurement Representative before the transfer of gauges, test equipment or tooling among supplier facilities (address location) or to other suppliers.
- Supplied gauges, test equipment or tooling that become excess to the needs of the purchase order shall be reported to TPC.
- Obtain written approval from TPC before disposal or destruction of TPC supplied gauges, test equipment, or tooling.
- Report all cases of loss, damage, or destruction of TPC property in possession or control or property located at Supplier’s second-tier suppliers to the TPC Procurement representative within 72 hours as such facts become known.
- Maintain a record (Tool List) of all TPC supplied gauges, test equipment or tooling. The list shall be traceable back to the TPC tooling Purchase Order and Part Number(s) (If Applicable).

10.2 Management of Production Tooling, Gauging, and Equipment

- TPC owned gauges must be covered by Supplier’s gauge calibration system.
- All Gauging and measurement systems must meet the minimum R&R criteria as set forth in AIAG MSA manuals and shall not exceed 30% R&R based on process capability.
- Percentage (%) Tolerance shall not be used for assessment.
- Supplier must submit an annual report detailing TPC owned tooling and gauging/equipment is inspected, condition noted, and location identified. Any changes to the tool, gauge, or equipment condition need to have a vendor Corrective Action submitted.
- Supplier is responsible for maintenance and upkeep on all TPC supplied tooling, gauging, and equipment.

11.0 Supplier Rating System

11.1 Supplier Rating

The supplier rating is based on quality, delivery, cost reduction, and responsiveness to customer concerns. The supplier rating (SR) is calculated as 70% of the Quality Rating (QR) plus 30% of the Delivery Rating (DR) less CAR demerits. The formula for determining the Supplier Rating is shown as follows:

SR = 0.7 x QR + 0.3 x DR – CAR demerits

11.2 Quality Rating

Quality Rating = 50 x (.02 –qty rejected/total qty received) x 100

No points awarded if rejection rate is above 2% (20,000 PPM)

100 points max.

10.3 Delivery Rating

Delivery Rating = quantity received on time/total quantity received x 100.

100 points max.

10.4 CAR Demerits

The Supplier Rating will be reduced by subtracting Corrective Action Response (CAR) demerits per the following table. Demerits are carried over each month until an acceptable Corrective Action is received. These demerits will apply for each outstanding late Corrective Action Response

	Demerits
Late<=10 days	1
<= 20 days	3
<= 30 days	5
<= 45 days	7
<= 60 days	9
Over 60 days	10

A Corrective Action may be rejected if it does not appear that it effectively addresses the root cause, permanent action, valid verification methods, or positive preventive action.

10.5 Supplier Ranking Based on Supplier Rating:

Overall Supplier Ranking, where as each supplier's overall Time Period Total (TPT) SR, is compared against each other supplier's TPT SR, for a defined time period of 1-month, up to 12-month history. The Supplier Ranking Number is a number from 1 to the total number of suppliers in the Time Period, ranking each supplier based upon their collective TPT SR value, and reported out as either Top 10 Worst Suppliers, or Top 10 Best Suppliers.

12.0 Conflict Minerals

12.1 Conflict Minerals

As a publically traded company based in the U.S., Tecumseh Products Company and Affiliates known hereafter as TPC is required to comply with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the U.S. Securities and Exchange Commission ("SEC") rules and regulations. TPC must perform due diligence on, and make disclosures concerning, its use of conflict minerals originating in the Democratic Republic of the Congo and adjoining countries.

All TPC suppliers are required to respond to information requests from TPC regarding the uses and sources of conflict minerals (tin, tungsten, tantalum and gold) in their products including information about minerals that are recycled or scrap.

In order to respond to TPC's information requests, suppliers will need to make similar inquiries of their suppliers as a means to investigate the source of materials in their products, and to provide TPC the requested information based upon the results of such inquiries.

TPC may be required, and may require its suppliers, to perform due diligence on the source and chain of custody of its conflict minerals in accordance with the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas." In addition, suppliers may be required to make certain representations / certifications with respect to the use of conflict minerals.

13.0 Appendix

13.1 Bar Code Label Instructions

Tecumseh Products Company will accept bar code labeling in accordance with AIAG (Automotive Industry Action Group) Shipping/Parts Identification Label Standard AIAG-B-3.

DEFINITIONS:

Part Label: A label used to identify the contents of an individual shipping pack. Each container, whether expandable or returnable, requires a minimum of two Part Labels.

Master Label: A label used to identify and summarize the total contents of the same part number in a multiple pack. A multiple pack (Pallet, Trailer, etc.) is a pack containing more than one individual shipping container of the same part number or different part numbers.

Mixed Load Identifier: A Label used to identify mixed part numbers in a multiple pack or pallet.

LABEL CHARACTERISTICS:

LABEL	HEIGHT	WIDTH
Part	4.0 " (102 mm)	" (152 mm)
Master	6.0 " (152 mm)	8.0 " (203 mm)
Mixed Load	4.0 " (102 mm)	6.0 " (152 mm)

Quality: Labels are to be wrinkle free and durable to ensure readability at destination. A sample label must be tested to ensure accuracy of readability, print contrast and all other specifications prior to use.

Symbology: Bar codes must be 3 of 9 (Code39) type and conform to the AIAG Standard.

Material: Labels can be pressure sensitive or dry gummed type. Adherence to the package must be ensured.

Label Protection: Labels must be protected against moisture, weathering, and abrasion. Laminates, sprays, window envelopes and clear plastic pouches are examples of possible protection methods. In selecting a protection method, care must be taken to ensure that labels meet reflectivity and contrast requirements and can be scanned with contact and non- contact devices.

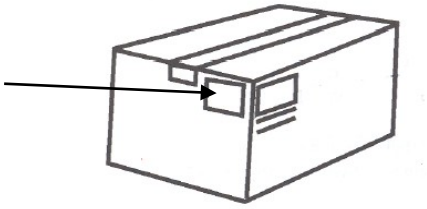
PART LABEL AND LOCATION:

Part labels are required on adjacent corners of each shipping container as illustrated. The label must be parallel to the container base.

If parts are shipped in returnable containers that cannot be labeled, tags are to be used. The serial numbers of the two labels on a container must be the same. There is only one unique serial number per container.

SINGLE CARTONS

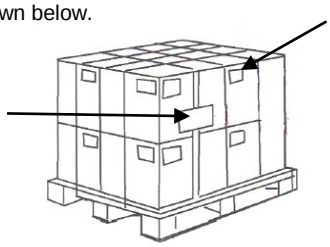
Part Labels are to be located on two adjacent sides. A warp around label is acceptable.



CARTONS ON A PALLET

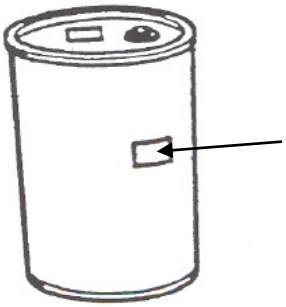
Part Labels are required on each carton as shown below.

Master label and Mixed load ID is required on each pallet and **must** be placed on the most visible area of each pack.



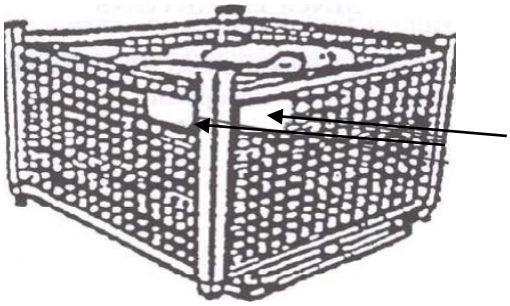
DRUMS OR BARRELS

Part Labels are required on two sides, or a side and top of the container.



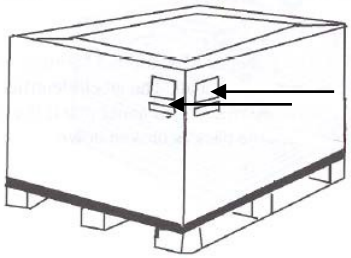
HIGH BOYS, TRUCKS, WIRE BASKETS, ETC.

Part Labels are to be attached to adjacent sides of container or two loose top pieces



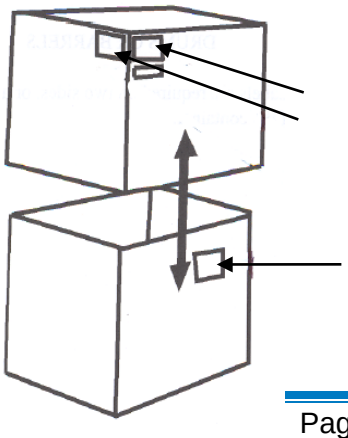
PALLET BOX/GAYLORD

Labels are to be attached to adjacent side of containers.



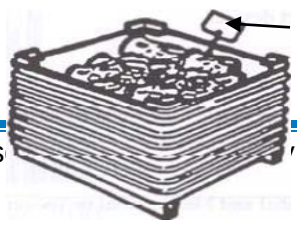
TELESCOPIC CONTAINERS

Part Labels are to be attached to adjacent sides of container. One part Label must be attached to the bottom half of the container.

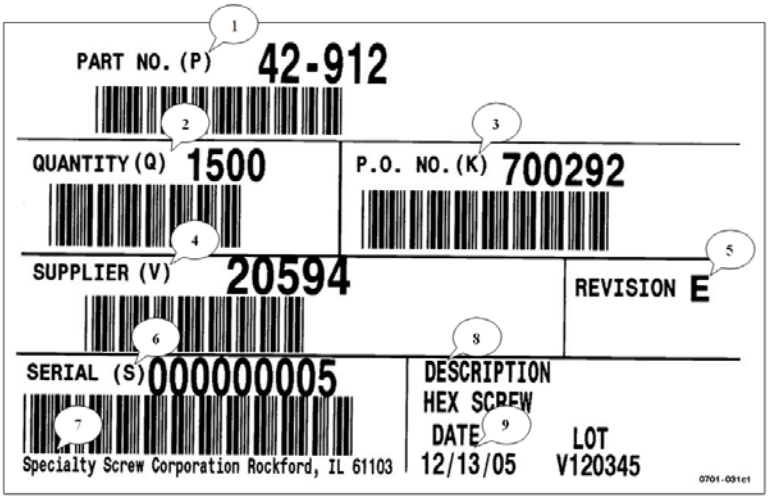


METAL BIN OR TUB

Tag one visible piece near top, or use a label holder.



PART SAMPLE LABEL



Data Identifier Code
The first position, after the start code of the bar code symbol must be used to identify the information to follow. This character is not to be included in the human readable line, but must be shown in human readable characters under the title for the appropriate data area. Identification Manufacturer (AIM) and listed in US National Identifier Standard ANSI/FACT-1.

Part Number (P)
This is the part number as assigned by Tecumseh Products Company. The human readable characters and bar code symbols must be a minimum of 0.5 in. (13mm). The maximum character allowance for part field is 15 + 1 character for the data identifier “P”.

Quantity (Q)
The unit of measure is number of pieces. If the unit of measure is not pieces, (e.g. gallons, pounds, etc.), it must be noted in human readable characters to the right of the human readable quantity. The unit of measure is NOT to be included in the bar code.
Human readable characters and bar code symbols must be a minimum if 0.5 in. (13 mm) high.
The maximum characters allowance for the quantity number field is 8 + 1 characters for the data identifier “Q”.

Purchase Order number (K)
This is the purchase order number assigned by Tecumseh Products Company. Supplier must use only current purchase order numbers.
The human readable characters must be a minimum of 0.3 in. (8mm) high. The bar code symbol must be a minimum of 0.5 in. (13mm) high.
The maximum character allowance for the purchase order field is 6 characters + 1 character for the data identifier “K”.

Supplier number (V)
This is the vendor no. (Supplier code) assigned by Tecumseh Products Company. The maximum characters allowance for the supplier number is 5 characters + 1 character for the data identifier “V”.

Revision level
This is the drawing revision assigned by Tecumseh Products Company, which is usually a letter, in human readable characters only. It cannot be left blank.
The human readable characters must be a minimum of 0.2 in. (5mm) high.

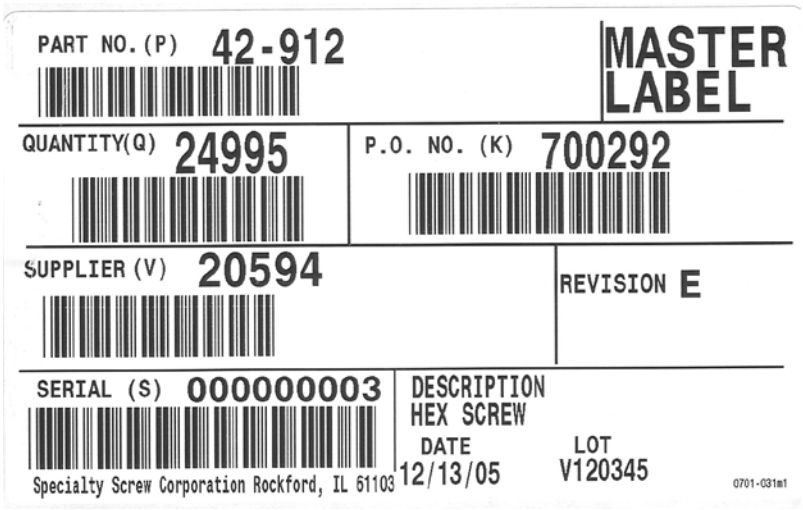
Serial Number (S)
The serial number is a unique number for both the Part and master Label assigned by the supplier for each shipping container (e.g. carton, pallet, box, etc.) having identification labels. Serial numbers cannot be duplicated with the calendar year for the same supplier number. The human readable characters must be a minimum of 0.2 in. (5mm) high. The bar code symbol must be a minimum of 0.5 in. (13mm) high. The maximum character allowance for the serial number field is 9 characters + 1 character for the data identifier “S”.

Supplier Location
Supplier name, country of origin, city, state (or province) and postal code must be shown in the lower left hand corner of the bar code label. Character size is 0.1 in. (2.5 mm) high.

Description
This is the product description specified on the part print in human readable characters only. Minimum character size is 0.2 in. (5mm) high.

Manufacture Date and Lot Number
The manufacture date and manufacture lot of final production or assembly of all the parts in the container in human readable characters only. Minimum character size is 0.2 in (5mm) high.

PART MASTER LABEL SAMPLE



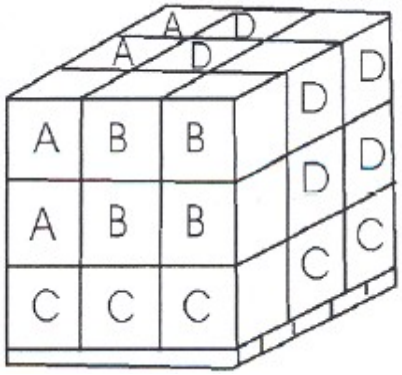
The Master Label Contents must conform to the same specifications as the Part label content specified in Section II-B above.

All pallets containing multiple containers or cartons of the same or different part numbers require a Master Label for each part number. The only exception would be one container on a pallet such as a Gaylord.

The heading MASTER LABEL must be printed in bold 1.0 in. (25mm) high letters. Recommended label size is 6.0 in (152mm) high by 8.0 in (203mm) wide. (An optional label size of 4.0 in high by 6.0 in wide can be used if all required information is contained in the label and is identified by the words MASTER LABEL).
The Data Identifier for the serial number of a Master Label is “M”.
“S” Unique Tracking Serial Number – Master Label, like items.
The maximum character allowance for the serial number field is 9 characters for the data identifier “S”.
The serial number is a unique number for both the Part and Master Label assigned by the supplier for each shipping container (e.g. carton, pallet, box, etc.) having identification labels. Serial numbers cannot be duplicated within the calendar year for the same supplier number. The human readable characters must be a minimum of 0.2 in. (5mm) high. The bar code symbol must be a minimum of 0.5 in. (13mm) high.
Placement of Master Label will be determined by the type of shipment see diagram.
The Master Label quantity must be the total quantity for each part number on a pallet.
Mixed Load Labels are required, in addition to Part Labels and Master Labels, when there is more than one part number on the same multiple pack. This label is shown below with bold 1.0 in. (25mm) high letters.

Special situations occur when there is a mixed load:
Example # 1: Mixed load with multiple packs of multiple part number. This configuration calls for one Mixed Load Label and Master Labels for every part number in the load, even if there is only one container.

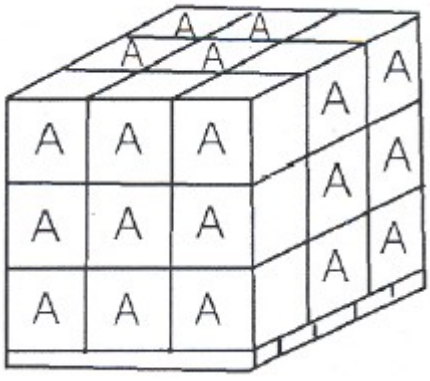
Requires:
(1) Mixed Load Label
(54) Two Part Labels on each container
(4) One Master Label for each part number



Note: When packing mixed loads, like part numbers should be kept together as much as possible, with the lowest quantity part numbers packed on top, unless the size or weight of the parts indicates otherwise. This will facilitate unloading

Example # 2: A load with the same part number does not require a Mixed Load Label.

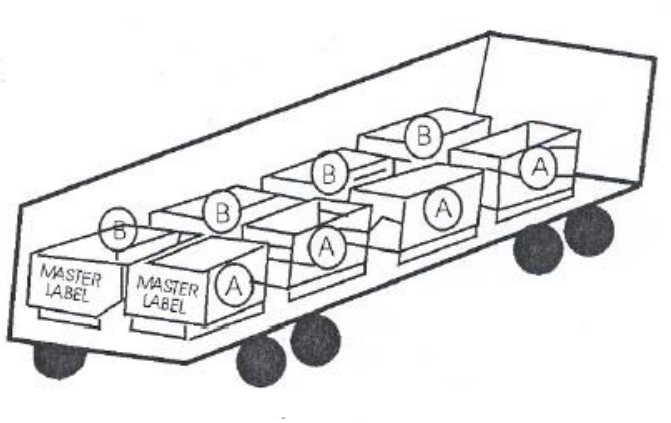
Requires:
(54) Two Part Labels on each container
(1) Master Label



Example # 3: Mixed loads with multiple baskets or high boys on a tractor-trailer or truck. This configuration calls for one Mixed Load Label and Master Labels for each part number in the load, even if there is only one basket for certain a part. Master Labels should be placed nearest to the last loaded basket of that part number.

Requires:
(1) Mixed Load Label
(16) Two Part Labels on each container
(2) One Master Label for each part number

Note: When packing mixed loads, like part numbers should be kept together as much as possible, with the lowest quantity part numbers packed on top, unless the size or weight of the parts indicates otherwise. This will facilitate unloading



13.2 C=0 Sampling Plan (Table No. 1)

TABLE 1
REVISION B

C=0 SAMPLING PLAN

CATEGORY CHAR.						I		II			III		IV			
ASSOCIATED AQLS	0.010	0.015	0.025	0.040	0.065	0.10	0.15	0.25	0.40	0.65	1.0	1.5	2.5	4.0	6.5	10.0
LOT SIZE SAMPLE SIZE																
2 TO 8	*	*	*	*	*	*	*	*	*	*	*	*	5	3	2	2
9 TO 15	*	*	*	*	*	*	*	*	*	*	13	8	5	3	2	2
16 TO 25	*	*	*	*	*	*	*	*	*	20	13	8	5	3	3	2
26 TO 50	*	*	*	*	*	*	*	*	32	20	13	8	5	5	5	3
51 TO 90	*	*	*	*	*	*	80	50	32	20	13	8	7	6	5	4
91 TO 150	*	*	*	*	*	125	80	50	32	20	13	12	11	7	6	5
151 TO 280	*	*	*	*	200	125	80	50	32	20	20	19	13	10	7	6
281 TO 500	*	*	*	315	200	125	80	50	48	47	29	21	16	11	9	7
501 TO 1200	*	800	500	315	200	125	80	75	73	47	34	27	19	15	11	8
1201 TO 3200	1250	800	500	315	200	125	120	116	73	53	42	35	23	18	13	9
3201 TO 10,000	1250	800	500	315	200	192	189	116	86	68	50	38	29	22	15	9
10,000 TO 35, 000	1250	800	500	315	300	294	189	135	108	77	60	46	35	29	15	9
35, 000 TO 150,000	1250	800	500	490	476	294	218	170	123	96	74	56	40	29	15	9
150, 000 TO 500,000	1250	800	750	715	476	345	270	200	156	119	90	64	40	29	15	9
500,000 TO OVER	1250	1220	1112	715	556	435	303	244	189	143	102	64	40	29	15	9

* INDICATES ENTIRE LOT MUST BE INSPECTED NOTE: THE ACCEPTANCE NUMBER IN ALL CASES IS ZERO.

EXPLANATION

1). IN THE LEFT HAND COLUMN, FIND THE SIZE OF THE LOT WHICH IS TO BE INSPECTED.

2). FIND THE COLUMN FOR THE APPROPRIATE CATEGORY CHARACTERISTICS (SHOWN IN THE TOP ROW).

3). THE SIZE OF THE SAMPLE TO BE INSPECTED IS FOUND AT THE INTERSECTION OF THE LOT SIZE ROW AND THE CATEGORY CHARACTERISTIC COLUMN.

4). IF AN "*" IS FOUND, THE ENTIRE LOT MUST BE INSPECTED.

5). RANDOMLY SELECT THE SAMPLE AND INSPECT THEM FOR EACH CHARACTERISTIC.

6). IF ANY NONCONFORMANCE IS FOUND IN THE SAMPLE, REJECT THE ENTIRE LOT.

7). SAMPLE PLAN FOR MULTIPLE PACK SHIPMENTS

Number of Containers	Sample Size
2 - 4	2
5 - 9	3
10 - 16	4
17 - 25	5
26 - 36	6
37 - 49	7
50 - More	8

Level 2 Controlled Shipment

Tecumseh Products Company

5683 Hines Drive
Ann Arbor , MI 48108
Phone: 734·585·9500

DATE

QUALITY MANAGER
SUPPLIER'S NAME
SUPPLIER'S ADDRESS
SUPPLIER'S CITY, STATE, COUNTRY
SUPPLIER'S EMAIL ADDRESS

Subject: Entry into Controlled Shipping – **Level 2**

Dear SUPPLIER QUALITY MANAGER,

Tecumseh Products Company has determined that current controls by your organization are not sufficient to insulate Tecumseh from the receipt of nonconforming material produced by your facility. This letter is formal notification that your facility has been placed on Controlled Shipping – Level 2 as described in the Supplier Quality Manual for the following part(s).

Part Description: **TPC PART NUMBER AND DESCRIPTION**

Non-conformance(s): **NON-CONFORMANCE NOTED**
NMR NUMBER AND DATE

Supplier must adhere to Level 2 Containment. Return email "Controlled Shipping Confirmation Reply" as noted on page two of this letter required within 24 hours to Tecumseh Products Company Plant Quality Manager.

The supplier may be removed from controlled shipping after twenty (20) production days or at an alternate time period approved by TPC Supplier Quality. The supplier may petition in writing to be removed from Controlled Shipping, only after implementation and verification of irreversible corrective action.

The supplier may cease containment operations after authorization is received from Tecumseh Products Company.

If you have any questions, contact (NAME, PHONE NUMBER AND EMAIL ADDRESS OF PLANT QUALITY MANAGER).

TPC Distribution:
Supply Chain Manager,
TPC Plant Manager,
TPC Group Supplier Quality Assurance Manager.

Sincerely,
Plant Quality Manager

To: PLANT QUALITY MANAGER TPC PLANT

Email: EMAIL ADDRESS OF TPC PLANT MANAGER

From:

We acknowledge receipt of your Controlled Shipping letter, advising us that our facility has been placed on Controlled Shipping Level 2.

SELECT ONE BOX

☐ We understand the Controlled Shipping requirements.

☐ We do not fully understand the Controlled Shipping requirements. Please contact: TPC Supplier Quality.

Following is a description of how conforming parts and shipments will be identified to indicate that they have been qualified as conforming to requirements. Include TPC Part Number and specific non-compliance (s).

_____

_____

_____

The containment activity will be performed at the following location:

_____

_____

The person responsible for the containment activity by Supplier:

Name/email address: _____

Telephone: _____ Date _____

Change Log

Document Number	Revision Level	Release Date	By	TPC Location	Approval Manager
GSQM	Draft	March 4, 2013	Mark Worthy	Ann Arbor, MI	Keith Deitle
GSQM	Final		Mark Worthy	Ann Arbor, MI	

Revision History

Revision Level	Change(s)	By	Approval Manager
Draft	Author, Rewrite Supplier Quality Manual to apply Globally to TPC	Mark Worthy, Global Supplier Quality Manager	
Final	Update GSQM with feedback from TPC Plant Managers	Mark A. Worthy, Global Supplier Quality Mgr.	

Note 1: Revisions to this document such as spelling, grammer, or numbering may be made without changes to the revision, providing it does not change the effect of the wording.
Note 2: All changes will be identified in bold italic font, for that revision only. When a later revision is issued, the previous changes will be changed back to the standard Calibri font.
Note 3: All applicable TPC engineering standards still apply