



Statement of Requirements

Supplier	
For all programs being launched in:	
Date	



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1. Statement of Requirements Summary

- 1.1 The Statement of Requirements (SOR) and referenced HFI documents, describe the processes, tasks, and deliverables required of the Tier Two Supplier (further referenced as “Supplier”) to provide parts and tooling for the program.
- 1.2 This SOR, and supporting documentation, will apply throughout the design, development, validation, pre-production, series production, and service life of the program. During the quotation process, the SOR will be modified to support the updated requirements of the program.
- 1.3 Supplier identified exceptions to this SOR or technical requirements that cannot be achieved should be clearly documented and submitted back to HFI. No modifications to the SOR can be made without prior consent of the Purchasing Manager.

2. Scope

- 2.1 Provide HFI with world class, high quality, cost competitive production materials for the quoted program. Provide design, engineering, quality, and manufacturing input and support throughout the life of the program. As active members of this team, it is expected that we work together to openly, honestly, and professionally discuss and resolve all concerns and issues in pursuit of the cost, quality, manufacturing, and delivery goals.
- 2.2 Upon execution by HFI and Supplier, the Statement of Work shall also **be considered award of sourcing intent**, provided Supplier meets all requirements as outlined in the supplier requirements manual, and remains competitive in regards to: target pricing, design, engineering, manufacturing, delivery, quality and technology throughout the life of the program.

3. Program Management, Design & Engineering Support

3.1 Resource Plan

- 3.1.1 The Supplier shall provide a resource plan that describes how the requirements of the program will be achieved. The resource plan will list all personnel allocated to the program as well as the single point of contact for the program.

3.2 Program Timeline

- 3.2.1 Supplier shall prepare a program timeline that includes all APQP expectations, and identifies program deliverables. Program timeline must conform to all program milestones provided to the supplier by HFI. Supplier will be expected to review the program timeline monthly, or upon request by HFI personnel. The supplier will be required to provide documentation that includes (but is not limited to) the following:

- A. Bill of materials
- B. Bill of tooling



- C. Program timelines
- D. Financial status summary
- E. Production tooling status summary
- F. Pricing history status
- G. PFMEA
- H. Prototype build plans

The resource plan and program timeline shall be submitted to HFI Purchasing within 5 working days of the receipt of this SOR.

3.2.2 Design Support

3.2.2.1 Proactively assist in design, engineering, development, and manufacturing teams in support of HFI goals as established by the HFI product development team.

3.2.3 Engineering Support

3.2.3.1 Supplier shall identify and maintain a single-point technical liaison with HFI.

3.2.3.2 The Supplier will provide appropriate engineering support to cover build events, meetings and design reviews.

3.2.3.3 The Supplier will support and travel to all HFI meetings when required.

3.2.3.4 The Supplier will provide PFMEA/PV documents to HFI .

3.2.3.5 The Supplier will support VA/VE activities.

3.2.3.6 The Supplier will maintain a program engineering change management system.

3.2.3.7 Supplier will create X, Y, Z CMM inspection points and labels for tool inspection and part layout for parts as required.

3.2.4 Commercial Support

3.2.4.1 The Supplier is required to achieve 100% compliance with HFI's pre-production, production and service schedule requirements.

3.2.4.2 The Supplier shall be able to support production and service schedule increases up to overall capacity limits of straight time plus overtime hours.

3.2.4.3 The supplier must be in position to work and be able to ship to schedule when the HFI facility is working including holidays and/or weekends.

3.2.4.4 The supplier will manage all key milestones and program deliverables based upon information provided by HFI.

3.2.4.5 Supplier will maintain open issues list describing actions and resolutions, as well as responsible person and timing.

3.2.4.6 Supplier will notify HFI Purchasing, Program Launch Manager, and Engineering in writing, of potential issues that could affect cost or delay timing, including any required engineering or process changes.

3.2.4.7 Supplier shall release HFI from any obligations of costs incurred by Supplier if Supplier cannot meet the program requirements and resourcing as required. If resourcing is required, the supplier will surrender all tooling/fixtures immediately upon request.

3.2.4.8 Economics to be held firm for the life of the program. No provisions will be made for price adjustments due to labor or material fluctuations.



- 3.2.4.9** All supplier engineering proposals, cost reduction ideas, and new technologies are to be submitted through HFI Purchasing and Engineering. HFI will review proposals and submit them to the OEM or HFI's customer on behalf of the supplier. No direct submissions are to be made to the OEM or HFI customer. If HFI is not included in VAVE communications with our customer all trials to qualify the VAVE through HFI will incur a premium cost.
- 3.2.4.10** The Supplier will be required to work within the Customer target pricing when available or aid HFI in justifying additional cost to the Customer. All engineering changes are to be reviewed to ensure that cost and timing requirements are maintained.
- 3.2.4.11** All changes to piece cost and tooling will be subject to an audit by HFI at any time. Failure to provide adequate audit information will result in no payment.
- 3.2.4.12** Cost reduction expectation.

3.2.5 Quality Support

- 3.2.5.1** Supplier will provide in-plant technical support as needed, until all quality targets are achieved or as determined by HFI personnel.
- 3.2.5.2** Supplier is required to comply with the Production Part Approval Process as documented in HFI's Supplier Quality Manual (SQM). Supplier must have at a minimum interim PPAP approval prior to shipping mass production product to HFI.
- 3.2.5.3** Supplier must obtain HFI approval prior to implementing engineering changes. Engineering changes include: change in process, manufacturing location, design, supplier, material, production method/testing, machine, fixture/tooling, die/mold, or transportation method/packing. A Change Request Form (CRF) must be submitted 30 days prior to a change taking place in mass production. See HFI's SQM for further details regarding the CRF and PPAP process.
- 3.2.5.4** Supplier is responsible for responding to Supplier Corrective Action Requests (SCAR) by the due date. Supplier is required to provide documented short term containment action plan to HFI within 24 hours of problem notification. HFI's delinquent SCAR policy will be executed when supplier fails to respond to SCAR per HFI's SQM.
- 3.2.5.5** Supplier is responsible for complying with HFI's SQM.

4. Replacement / Service Parts

4.1 Retention Period

The retention period for service parts is no less than 10 years. Supplier will be required to maintain and produce production representative parts for service up to 10 years after production ceases. In the case of safety related components, government/agency retention requirements will apply.

4.2 Service Parts Pricing

Supplier shall hold HFI service part prices firm for three years after production build-out. During the three-year period the production exit price will remain in effect plus costs actually incurred by Supplier for special packaging. After the three-year period, Supplier must fully document any request for price adjustments due to producing fewer parts. Suppliers will document all requests for price adjustments to HFI's reasonable satisfaction.



5. Ordering

- 5.1 During the course of the design, development and manufacturing process, HFI will issue purchase orders and material release schedules by fax or EDI transmission.
- 5.2 Release authorization levels received at HFI from our customer are passed straight through to our supply base.
- 5.3 Specific authorizations must be discussed and approved in writing by the specific HFI Materials department.
- 5.4 All Suppliers are required to maintain an appropriate amount of all supplied finished product at their facility to avoid any potential shortages due to release fluctuations and/or rejected material(s).
- 5.5 Spot buy pricing and spot buy turn around time must be defined at time of quotation.
- 5.6 Minimum order quantity expectations must be defined at time of quotation.

6. Quotations

6.1 Cost Breakdown

Supplier must provide complete cost breakdowns for all parts quoted. Cost breakdown format is provided in the quote package. Incomplete quotations may not be considered. The following cost items should not be included in the piece price, but itemized on the cost breakdown form as per quote:

- A. Ex-work Piece Price
- B. Freight (Specified as requested by HFI)
- C. Expendable Packaging
- D. Returnable Packaging

6.2 Tooling Quote

Supplier is required to provide a tooling quotation for parts identified in the quote package. The following tooling must be quoted with lead times and submitted on the breakdown forms as needed per RFQ:

- A. Tooling
- B. Gages
- C. Fixtures
- D. Secondary
- E. Assembly
- F. Any other equipment required to produce the quoted component or assembly.
- G. Supplier mistakes in the quotation process become the responsibility of the supplier; no economic adjustment will be made.

7. Warranty

- 7.1 HFI requires that suppliers assure the quality and reliability of their respective parts, tools, and materials.
- 7.2 Supplier is subject to warranty charge backs if warranty claims are a result of supplier failure.



8. HFI Supplier Quality Manual (SQM)

The SQM addresses the following:

- A. Quality Systems
- B. Product Quality
- C. Customer Requirements
- D. New Model Development Process
- E. The SQM Online: www.hfi-inc.com/suppliers.html

9. Retention of Engineering and Manufacturing Information

All engineering and manufacturing information, including, but not limited to the following shall be retained by the Supplier for 1 year after end of program.

- A. Build and test authorization documents
- B. Reports
- C. Drawings/specifications
- D. Data
- E. PPAP
- F. Other supporting data

10. Tools

10.1 Preventive Maintenance

Supplier is responsible for performing preventive maintenance. Supplier is responsible for developing a tool PM schedule and maintaining records that are available at the request of HFI.

10.2 Agreement of Bailment

Supplier is responsible for signing HFI's Agreement of Bailment (see Appendix A) if tooling is owned by HFI or HFI's customer.

11. Packaging

11.1 Packaging Sketch Form

11.1.1 Supplier is responsible for submitting a Packaging Sketch Form to HFI Purchasing at time of quotation for approval.

11.1.2 HFI manufacturing facility must approve supplier packaging and any packaging changes.

11.2 Returnable Packaging

If returnable packaging is to be used then:



- 11.2.1** Supplier is responsible for developing a plan for returnable packaging and dunnage maintenance.
- 11.2.2** Supplier is responsible for the replacement of damaged or expired returnable packaging. This also applies for any lost returnable packaging and dunnage.
- 11.2.3** HFI manufacturing facility must approve supplier packaging and any packaging changes (see HFI Packaging Sketch Form).

12. Quality

12.1 General Requirements

Specific critical product specifications are to be detailed on a Quality Standard and submitted to HFI for approval prior to mass production start.

The following are the general requirements:

12.1.1 Plastics

#	Description	Requirement
1	No BSR or objectionable noise (0db)	---
2	Material must be provided with the resin name and grade	---
3	Warp	Supplier to send limit sample parts to determine what is acceptable 1 month prior to PPAP due date.
4	Flash	Supplier to send limit sample parts to determine what is acceptable 1 month prior to PPAP due date.
5	All materials must be certified and certifications included in the PPAP; all verification testing is the responsibility of the supplier not limited to the following.	<ul style="list-style-type: none"> - FMVSS 302 AND CMVSS 302 Flammability - SAE J1344 – Marking of Plastics - SAE J1545 – Instrumental Color Difference Measurement - ASTM D-523 Standard Test - Measurement for Specular Gloss - No BSR or Objectionable noise (0db) - Material must be provided with the resin name and grade



12.1.2 Fabric

#	Description	Requirement
1	Master swatches	Supplier to provide unless provided by OEM
2	Fabric construction sheet	Submit with PPAP
3	Roll direction / nap sheet	Submit with PPAP
4	Material width sheet	Submit with PPAP
5	Defect tagging method	To be submitted for approval
6	Unmarked defects identified by HFI after processing	Supplier is responsible for the cost of the part and labor
7	Supplier responsible for material testing	As defined by OEM

12.1.3 Vinyl

#	Description	Requirement
1	Vinyl construction sheet	Supplier responsible for providing
2	Defect tagging method	To be submitted for approval
3	Unmarked defects identified by HFI after processing	Supplier is responsible for the cost of the part and labor
4	Supplier responsible for material testing	As defined by OEM

12.1.4 Lamination

#	Description	Requirement
1	Original material quality	Supplier is responsible for original material quality
2	Top fabric specifications	Supplier is responsible for top fabrics specs as defined by OEM. In the case of consigned material, HFI expects Supplier to contain and not process defective material. Defective material should be immediately reported to HFI.
3	Defect tagging method	To be submitted for approval. Any identified defects on original material must maintain identification after lamination process. Original lot information must be transferred with laminated material.
4	Unmarked defects	If unmarked defect is identified by



		HFI after processing, Supplier is responsible for the cost of the part and labor.
5	Working loss	Must be defined at time of quote
6	Inventory reports for material on consignment	Supplier expected to supply monthly
7	Consigned material	Consignee supplier must be responsible to identify and/or to reject raw material defects and to notify HFI otherwise HFI will reject this material and charge back the cost.

12.1.5 Leather

#	Description	Requirement
1	PPM specification	As defined by OEM specific
2	Unmarked defects	If unmarked defect is identified by HFI after processing, Supplier is responsible for the cost of the part and labor.
3	Natural marking and boundary samples	Supplier is responsible for providing HFI quality with natural marking and boundary samples. Criteria and responsibilities need to be defined in order to know which defects will be acceptable in flat state and which ones after the unit assembly (wrap up process)
4	Defects	Supplier is responsible for identifying defects as requested by HFI.

12.1.6 Adhesive

#	Description	Requirement
1	Shelf life expiration date	Must be identified on the label
2	MSDS	Supplier is responsible for providing MSDS. (See HFI Supplier Quality Manual for requirements).
3	Product integrity during shipping	Supplier responsible for maintaining product integrity during shipping from supplier site to HFI



12.1.6 Frames and Metals

#	Description	Requirement
1	Mistake proof tooling	All critical dimensions must be controlled through mistake proof processes
2	Preventive Maintenance	Supplier is responsible for developing a tool PM schedule and maintaining records that are available at the request of HFI.
3	Fixtures	In process checks must use fixtures for all critical dimensions Fixtures must be approved by HFI

12.2 Appearance Approval Process

Supplier is responsible for leading appearance approval process, including the supply of any parts and approval documents.

12.3 Quality Standard

Supplier is responsible for developing and submitting a quality standard to HFI. The quality standard will contain key critical characteristics determined in conjunction with HFI and if necessary, the OEM. **This document must be submitted prior to mass production start.**

12.4 IMDS (International Material Data System)

Supplier is responsible for entering all material information into IMDS database



13. SOR Acceptance

HFI and the Supplier after agreeing to any and all changes to the SOR must sign the document thus acknowledging their acceptance of this document as the guideline for the specified program. Once both parties have signed this SOR no changes will be allowed unless agreed to in writing by both parties.

Acknowledged:

	SUPPLIER	HFI
NAME		
TITLE		
SIGNATURE		
DATE		



14. Appendix A: Agreement of Bailment

HFI LLC and _____ (the “Supplier”) hereby agree that:

- 14.1 HFI LLC and its business units will from time to time, deliver to the Supplier or direct the Supplier to build various equipment, tools, tooling, dies, jigs, molds, material and other personal property (the “Property”) for the Supplier’s use in completing specific work for HFI LLC and its customer purchase orders and/or supply agreements with the Supplier.
- 14.2 The Property includes, but is not limited to, the equipment, tools, tooling, dies, jigs, molds, material or other personal property attached as “GENERAL TOOLING RECORD” hereto, which is hereby incorporated by reference any software programs such as CAD data, programmed cutting specifications, etc., either paid for by HFI LLC or given to Supplier.
- 14.3 The Property is to be used exclusively for HFI LLC’s product unless previously agreed upon between HFI LLC and the Supplier in writing.
- 14.4 The Property shall not be transferred to a third party unless written permission from HFI LLC is provided. The Supplier shall be responsible for any damage to the Property caused by a third party to whom the Property is transferred.
- 14.5 Unless otherwise designated in writing by HFI LLC, none of the Property is or will be owned by the Supplier. Any and all of the Property are and will be owned solely by HFI LLC or its customers. The Supplier disclaims any right, title or interest in any of the Property. Furthermore, no person claiming by, through or under the Supplier has or will have any right, title or interest in the Property.
- 14.6 The Property will be returned to HFI LLC in the same condition as when taken, reasonable wear and tear accepted, upon HFI LLC’s demand that the Property be returned or upon the completion of the Supplier’s work for which the Property was delivered to the Supplier, whichever occurs first. The Supplier shall be solely responsible for any damage or loss to the Property as a result of neglect or improper operation.
- 14.7 HFI LLC has the right to perform an inspection at any time. The Supplier shall provide records of preventative maintenance or shall perform additional preventative maintenance upon written request by HFI LLC.
- 14.8 The Supplier agrees that repair or replacement costs due to damage to the Property for which the Supplier is responsible shall be debited from the Supplier’s invoices to HFI LLC.
- 14.9 A bailment has been created and exists. HFI LLC and the Supplier specifically intend and agree that possession and custody of the Property is and will be delivered to and accepted by the Supplier for a specific purpose and that title to the Property is not and will not be vested in the Supplier. Title to the Property is and will be solely vested with HFI LLC or its customers. The Supplier hereby agrees that it will take no actions that might encumber the use or transfer of the Property.
- 14.10 HFI LLC and its affiliates shall not be responsible for work injury or damage to the Supplier’s process equipment caused by the Property.
- 14.11 This agreement shall be governed by the laws of the State of Ohio.
- 14.12 This Acknowledgement and Agreement is not limited in duration and covers any and all existing and future Property that may be delivered to the Supplier. **This agreement MUST BE SIGNED by an officer of the supplier company.**

Signed and agreed upon by:

	SUPPLIER	HFI
NAME		
TITLE		
SIGNATURE		
DATE		



Rev. #	Effective Date	Description of Change	Location of Change
02	5/26/09	<p>Added Corporate Purchasing and Corporate Quality Manager</p> <p>Changed “Color/Grain/Gloss - as defined by OEM specific specification,” to “Color/Grain/Gloss - as defined by OEM specification or drawing”</p> <p>Changed, “Warp – as defined by OEM specific specification,” to “Warp – Supplier to send limit sample parts to determine what is acceptable 1 month prior to PPAP due date.”</p> <p>Changed, “Flash – as defined by OEM specific specification,” to “Flash – Supplier to send limit sample parts to determine what is acceptable 1 month prior to PPAP due date. Must not be detrimental to HFI process or final product. A limit sample is to be submitted by the supplier.”</p> <p>Changed, “Supplier is responsible for developing a tool PM schedule and maintaining records that are available at the request of HFI,” to Supplier is responsible for performing preventive maintenance. Supplier is responsible for developing a tool PM schedule and maintaining records that are available at the request of HFI.</p> <p>Added, Supplier is responsible for submitting a packaging sketch form to HFI Purchasing at time of quotation for approval.”</p> <p>Removed, “Supplier is responsible for necessary fixtures and gages other than those specifically called out as supplied by HFI.”</p> <p>Changed, “Supplier is responsible for entering all material information into IMDS database if required,” to “Supplier is responsible for entering all material information into IMDS database”</p> <p>Changed, “Bow Bias - as defined by OEM specific specification,” to “Bow Bias - as defined by OEM specific specification. If no OEM specification is defined then use ASTM D3882-99.”</p> <p>Changed, “Material Width – as defined by HFI,” to “Material Width – As agreed to by HFI and Supplier based upon accepted supplier quote.”</p> <p>Changed, “Nap direction – must be identified on supplier quote,” to “Nap direction – must be declared and approved by HFI engineering.”</p> <p>Changed, “Roll direction – as defined by OEM specific specification,” to, “Roll direction – as defined on drawing or approved by HFI engineering.”</p> <p>Changed, “Shade Ranges – as defined by OEM specific specification,” to, “Shade Ranges – as defined by OEM specific specification. It is assumed that any incoming product is approved for use. HFI does not inspect for shade.”</p> <p>Changed, “Supplier is responsible for including a fabric construction sheet and roll direction card in the PPAP submission,” to, “Supplier is responsible for including a fabric construction sheet and roll direction / nap and material width card in the PPAP submission.”</p> <p>Changed, “Defect tagging method – as defined by HFI,” to, “Defect tagging method – to be submitted to HFI for approval.”</p> <p>Changed, “Supplier is responsible for developing a plan for returnable packaging and dunnage maintenance.</p> <ul style="list-style-type: none"> ○ Supplier is responsible for the replacement of damaged or expired returnable packaging. This also applies for any lost returnable packaging and dunnage. ○ HFI must approve supplier packaging and any packaging changes (see HFI Packaging Sketch Form), to: <p>“Supplier is responsible for developing packaging method. Core size must be declared.</p>	<p>Program Key Contacts</p> <p>General Engineering Assumptions – Injection Mold</p> <p>General Engineering Assumptions – Fabric</p>



		<p>performing preventive maintenance. Supplier is responsible for developing a tool PM schedule and maintaining records that are available at the request of HFI.”</p> <p>Added, “Supplier must certify that the product meets what is defined by the drawing.”</p> <p>Changed, “Supplier is responsible for entering all material information into IMDS database if required,” to, “Supplier is responsible for entering all material information into IMDS database.”</p> <p>Added, “. If HFI is not included in VAVE communications with our customer all trials to qualify the VAVE through HFI will incur a premium cost.”</p> <p>Changed, “HFI requires that suppliers assure the quality and reliability of their respective parts, tools, and materials. Supplier is subject to warranty chargebacks if warranty claims are a result of supplier failure,” to, “HFI requires that suppliers assure the quality and reliability of their respective parts, tools, and materials. Supplier is subject to warranty charge backs if warranty claims are a result of supplier failure.”</p> <p>Changed, “See HFI’s Supplier Quality Manual,” to, “See HFI’s Supplier Quality Manual found online at http://www.hfi-inc.com/suppliers.html”</p>	<p>Commercial Support</p> <p>Warranties</p> <p>Quality Systems, Product Quality, & Customer Requirements</p>
Rev 3	12/29/09	<ol style="list-style-type: none"> 1. Updated title page 2. Added index numbering to every line or paragraph for easier refernce 3. Eliminated more specific “General Engineering Specs” and moved them to the Quality Standards for each commodity 4. Touched up the signature boxes for the SOR and Agreement of Bailment 	<p>Page 1</p> <p>Entire document</p> <p>Section 12.1</p> <p>Section 13 and 14</p>