

Stratton Products Ltd

# Guidance Notes for the Supplier Review Document

For those who may be unfamiliar with some aspects of our supplier survey, we have prepared some notes as an 'aid' to understanding what some of the questions mean.

It is not our intention to advise or tell you how to operate your business, but the first three sections are either by regulation or customer-driven, thus we are obliged to pass these down the supply chain.

We do hope you find some parts of this document interesting/helpful to you.

Please Note: **It is incumbent on your organisation to proactively inform Stratton Products Ltd. of all changes that impact either; Product, Legal and/or Regulatory requirements.**

## Contents

Conflict Minerals Reporting (CRM) .....	2
REACH – Regulation .....	3
REACH - Packaging Requirements .....	3
RoHS .....	4
CE Marking .....	4
Corporate Social Responsibility (CSR) .....	4
Principles .....	4
CQI-9 Heat Treat System Assessment.....	5
CQI-11 Plating System Assessment.....	5

## Stratton Products Ltd. Compliance Management

## Conflict Minerals Reporting (CRM)

If you are unsure about this subject, I have included a few links that may help you:

- The U.S. Securities and Exchange Commission; [Dodd-Frank Act, Section 1502](#)
- The [EICC website](#) provides a 'lot' of information.
- [The Conflict-Free Sourcing Initiative website](#) This is less bureaucratic and is [the source of two useful pieces of information](#)
  - The [cfsi Conflict Minerals Reporting Template \(CMRT\) is available here](#)
- [YouTube instruction video](#) on how to complete the Conflict Minerals Reporting Template

In a nutshell:

- The need to identify if either "Tantalum, Tin, Tungsten & Gold" (3TG), you need to establish if these minerals are sourced from the 'Democratic Republic of Congo' (DRC) and if so, are they from legal sources.
- For a product that contains a (3TG) material, **then smelter information is required, irrespective of origin.**
- Currently: This is driven by US legislation that is mandatory for all sellers of products in the USA.
  - That US manufacturers assure that all their suppliers (worldwide) comply.
  - That 'sub-suppliers' also comply, (back, to the smelters).
  - To be managed by all respective suppliers in the supply chain.
- This is already detailed on the [UK Government website](#), currently only a recommendation
- It is envisaged this will become an EU Regulation in due course, so best be prepared.

FYI: The following page of this email is an edited copy (to protect the innocent) of a letter from one of our customers.

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To All Suppliers: (A copy of a redacted letter from one of our customers)

On August 22, 2012, the U.S. Securities and Exchange Commission ("SEC") adopted final rules to implement reporting and disclosure requirements related to "conflict minerals," as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require manufacturers who file certain reports with the SEC to disclose whether the products they manufacture or contract to manufacture contain "conflict minerals" that are "necessary to the functionality or production" of those products.

"Conflict minerals" refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed or sold. These requirements intend to further the humanitarian goal of ending violent conflict in the Democratic Republic of the Congo (DRC) and in surrounding countries, which has been partially financed by the exploitation and trade of conflict minerals.

As a "listed" company in America, each customer entity is required by law to verify and disclose the sources of these minerals to the SEC each year, regardless of whether or not parts are being supplied to America.

To ensure compliance with these requirements, each manufacturer in the supply chain must request information regarding the use of conflict minerals from their direct suppliers, who, in turn, must solicit that information from the next tier of suppliers

Therefore, [Our Customer] is imposing new reporting requirements on our supply chains, regardless of where the components and materials are purchased.

[Our Customer] has been working closely with the Automotive Industry Action Group ([AIAG](#)) and their OEM and tier-one colleagues to ensure consistency in the tools used to establish this process.

In preparation: [Our Customer] expects its suppliers to undertake the following actions, which are similar to those of other automotive and cross-industry manufacturing companies:

1. Investigate the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1502 on Conflict Minerals and the implications of this on their supply chain.
2. Establish a responsible person in each supplier organisation who will be responsible for the coordination of this activity and liaison with [Our Customer]
3. All suppliers must return a consolidated Electronic Industry Citizenship Coalition and Global e-Sustainability Initiative (cfsi) Conflict Minerals Reporting Template, including all smelter information for all of the designated minerals (<http://www.conflictreesourcing.org>)
4. Report the required company-level data and, if known, the smelter data, for all uses of the designated minerals and derivatives in the cfsi Conflict Minerals Reporting Template, for any materials, components or products supplied to [Our Customer].
5. Document all steps that are taken to collect and report conflict minerals information and preserve that documentation.

Many European suppliers provide products for [Our Customer] OEM sites across Europe Suppliers are expected to provide data for ALL materials [Our Customer] is coordinating the Conflict Mineral data acquisition for all its suppliers.

Collecting and reporting information related to conflict minerals is expected to take months, so your preparation for this survey requirement is critical, please be proactive and understand the impact on your organisation.

## REACH – Regulation

### REGULATION (EC) No 1907/2006 of the European Parliament, and of the Council of 18 December 2006 Concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH),

REACH is a European Regulation concerning chemicals and their safe use. It is not a "REACH directive" but a Regulation, which means it applies directly to all 28 Member States of the European Union and also in Iceland, Liechtenstein and Norway as member countries of the European Economic Area. Unlike laws such as RoHS, REACH does not require transposition into national law.

The legislative text of REACH contains 15 Titles covering the different issues and responsibilities under the Regulation, such as Registration, Information in the Supply Chain, and Restriction. Each Title is divided into Chapters, with each Chapter sub-divided into Articles. As part of the legal text, there are also 17 Annexes. The Articles of REACH tell us what we must do, and the Annexes explain how to do it.

You can find further information regarding UE REACH at:

- [UK Health and Safety Executive \(HSE\)](http://www.hse.gov.uk/reach/), <http://www.hse.gov.uk/reach/>
- [European Commission](http://ec.europa.eu/environment/chemicals/reach/reach_en.htm), [http://ec.europa.eu/environment/chemicals/reach/reach\\_en.htm](http://ec.europa.eu/environment/chemicals/reach/reach_en.htm)
- [European Chemical Agency \(ECHA\)](http://echa.europa.eu/home) <http://echa.europa.eu/home>
  - [ECHA Guidance](#)
- [REACH Ready](http://www.reachready.co.uk/), <http://www.reachready.co.uk/>
- The full list of substances can be found here [Registered substances - ECHA \(Europa.eu\)](http://www.echa.europa.eu/en/registered-substances)

## REACH - Packaging Requirements

REACH is **not about packaging, but about substances**. Therefore, it is important to understand how this regulation of substances impacts the packaging.

The word 'packaging' appears in the REACH Regulation many times, mainly in the context of "classification, packaging and labelling of dangerous substances". However, this guidance document does not dwell on the packaging of dangerous substances because, in practice, REACH does not introduce any changes in this area.

There are about 5 areas where packaging (in the general sense) and REACH overlap. These are provisions on articles, food contact materials, polymers, waste, and substances occurring in nature. The provisions on articles are particularly important to note.

Please note that the impact of REACH is much greater if you import or, even more significantly, if you manufacture packaging materials in the EU. You may have obligations either as an importer of substances or as a so-called 'downstream user'.

As an importer or manufacturer of materials (meaning substances, as opposed to articles) you might be subject to registration requirements. Downstream users' obligations include the duty to transfer information along the supply chain.

REACH affects the entire packaging supply chain from suppliers of pulp and paper, plastics, metals, glass, coatings and printing inks, and adhesives, etc., to converters and packer-fillers.

### Definition of Packaging Material

Materials that are used to protect the value or condition of an article/product when it is delivered, stocked, transported, or used.

 IBC's	 Totes	 Metal Drums
 Plastic Drums	 Metal Containers	 Plastic Containers
 Plastic Bags	 Pallets	 Crates
 Cartons	 Labels & Tapes	 Cushioning

Reference: [WWW.europen-packaging.eu](http://WWW.europen-packaging.eu)

## RoHS

The Restriction of the Use of Certain Hazardous Substances (RoHS) in Electrical and Electronic Equipment (EEE) Directive ([2011/65/EU](#)) was transposed into UK law on 2 January 2013, with the addition of Directive 2015/863 published in 2015 amending Annex II of Directive 2011/65/EU.

This legislation bans the placing on the EU market of new EEE containing more than the agreed levels of:

- Lead (Pb): < 1000ppm
- Mercury (Hg): < 1000ppm
- Cadmium (Cd): < 100ppm
- Hexavalent Chromium (Cr6+): < 1000ppm
- Polybrominated Biphenyls (PBBs): < 1000ppm
- Polybrominated Diphenyl Ethers (PBDEs): <1000ppm
- BIS(2-Ethylhexyl) (DEHP): <1000ppm
- Benzyl butyl phthalate (BBP): <1000ppm
- Dibutyl phthalate (DBP): <1000ppm
- Diisobutyl phthalate (DIBP): < 1000 ppm

Further information can be found @ <https://www.gov.uk/rohs-compliance-and-guidance>

## CE Marking

The letters 'CE' appear on many products that are traded on the single market in the [European Economic Area \(EEA\)](#).

CE marking is required for many products. It:

- shows that the manufacturer has checked that these products meet EU safety, health or environmental requirements
- is an indicator of a product's compliance with EU legislation
- allows the free movement of products within the European market

By placing the CE marking on a product a manufacturer is declaring, on his sole responsibility, conformity with all of the legal requirements to achieve CE marking. The manufacturer is thus ensuring validity for that product to be sold throughout the EEA.

Further information can be found @ <https://www.gov.uk/ce-marking>

## Corporate Social Responsibility (CSR)

Making sure that our supply chain operates ethically and responsibly, has become one of our highest priorities.

We expect our business partners to implement policies and procedures that ensure responsible behaviours in their own company and their supply chains

In line with Stratton Products Ltd's expectations, we would like you to ensure that your CSR Policy contains at least the following 8 important principles.

### Principles

- Prevention of Child Labour
- Prevention of forced, bonded or involuntary prison labour
- Working Hours
- Remuneration
- Safe and Healthy Working Environment
- Prevention of discrimination and harassment
- Ensuring freedom of association and collective bargaining
- Ethics and human rights

Please deploy it in your company and cascade it down to your Supply chain.

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## **CQI-9 Heat Treat System Assessment**

This is an excerpt from the [CQI Website](#)

### **Significance and Application of CQI-9 Heat Treatment System Assessment**

The North American automotive association AIAG (Automotive Industry Action Group) is the publisher of the CQI standards (Continuous Quality Improvement). CQI-9 Heat Treatment System Assessment is a self-assessment of the heat treatment system and must be carried out at least once a year.

This standard is an appendix to ISO TS 16949 (IATF 16949) under „customer-specific requirements“ and is valid for all automotive suppliers globally that have entered into a contractual agreement regarding purchasing, supply and quality throughout the supply chain.

As a long-standing member of the AIAG, TopQM-Systems already specialized early on in the introduction, development and qualification of employees, as well as auditor training according to the rules of the AIAG for CQI-9 heat treatment processes in the European and global automotive supplier markets.

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## **CQI-11 Plating System Assessment**

This is an excerpt from the [CQI Website](#)

### **Significance and Application of CQI-11 Plating System Assessment**

The North American automotive association AIAG (Automotive Industry Action Group) is the publisher of the CQI standards (Continuous Quality Improvement). CQI-11 Plating System Assessment is a self-assessment of the plating system regarding galvanic plating and must be carried out at least once a year.

This standard is an appendix to ISO TS 16949 (IATF 16949) under „customer-specific requirements“ and is valid for all automotive suppliers globally that have entered into a contractual agreement regarding purchasing, supply and quality throughout the supply chain.