Global Sourcing & Supplier Quality
Sunrise Medical’s Guidelines for Suppliers of Products & Services
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Dear Valued Present and/or Future Sunrise Supplier Partner:

Before you read this manual, I want to take the opportunity to emphasize a few important points with you as it regards Sunrise Medical, our values, and the way we look at supplier relationships. I also want to share with you, on a high level, what our expectations are regarding our supply and support partners.

At Sunrise Medical we believe in true and sustainable business relationships with our customers and our suppliers as a foundation for success. We are an open and fair partner to deal with in all business aspects. We continuously educate our associates in “Do the Right Thing”, our Sunrise Medical compliance program. Legal and social compliance is very important to us.

Many years ago we decided that our own core competencies, in general terms, will be design, product development, supply chain management, low vertical integration manufacturing/assembly, marketing and sales.

With this decision it is obvious that Sunrise Medical has chosen a different approach than most other competitors in our space. We are, and this is consciously, relying way more on our suppliers as “system responsible partners” than most other companies do. Our expectations are:

• The undivided and absolute commitment to QUALITY, be it quality in technological areas, in communication, in pricing and in all other relevant areas.
• Technical excellence paired with the commitment to tell us what is not possible or what we should not ask for, supported by good and sound technical solution proposals that are meeting our economic requirements.
• Excellent support from the start of a project to the end of the spare parts life cycle.
• Environmental responsibility is a requirement. We expect our vendors to develop and produce the products for us in the most ecological way, minimizing environmental impacts.
• Social responsibility is a core value at Sunrise Medical. We value our associates and take care of our people. We ask the same from all our vendors, no matter where products are being made. Social responsibility includes our zero tolerance policy as it regards child work, globally.

We realize our expectations are very high. While we know that nobody is perfect, we also know that the bar needs to be set high enough so that continuous improvement becomes an essential part of all work, both here at Sunrise Medical and also at our esteemed supplier partners.

This is what we want to strive for with you. We thank you for your support and commitment.

Sincerely yours,

[Signature]

Thomas Rossnagel
Objective

The purpose of this manual is to communicate Sunrise Medical’s expectations and requirements for quality standards to its suppliers including:

- Definition of Sunrise Medical’s requirements for on-time delivery, product compliance, quality systems, continuous improvement and regulatory requirements.
- Evaluation, assessment and approval for the selection of suppliers and service providers.
- On-going re-evaluation and monitoring of performance with the purpose of developing supplier relationships.

Suppliers may be classified as follows:

- Raw Material and/or Component Supplier (including Finished Goods)
- Outsourced Process Supplier
- Service Provider

The information in this manual supports Sunrise Medical’s Quality Management System. It will be distributed to all suppliers classified above and any other supplier whom Sunrise Medical deems necessary.

For key suppliers and service providers, and any other supplier/service the Sunrise Medical Supply Chain Teams deem necessary, a Letter of Acknowledgement shall be sent and Confirmation that the manual has been received, read, and understood shall be required.

Application

This manual applies to key suppliers of raw materials/components, outsourced processes and services that impact the quality of products manufactured by Sunrise Medical. For raw material/component and outsourced process suppliers, this manual applies in its entirety.

For service providers, some parts may not be applicable and specific requirements may be established at the discretion of Sunrise Medical’s Purchasing and Quality Management depending upon the service provided.

Responsibilities

It is the responsibility of the supplier to understand and ensure compliance with this manual where applicable. The processes and tools contained herein represent the core expectations and requirements of Sunrise Medical. The Sunrise Medical Supply Chain Team, which is comprised of members from the Quality and Purchasing departments, is responsible for maintaining this document and leading supplier quality and development initiatives within Sunrise Medical and the suppliers/service providers.
Our Mission:

**IMPROVING PEOPLE'S LIVES**

Our Vision:

*Sunrise Medical leads in the design, manufacturing and marketing of innovative, high-quality mobility products and services.*

Sunrise Medical is a world leader in the development, design, manufacture and distribution of manual wheelchairs, power wheelchairs, motorized scooters and both standard and customized seating and positioning systems. Sunrise Medical manufactures products in our own facilities in the United States, Mexico, Canada, Germany, United Kingdom, Spain, Poland, Australia and China. Our key products, marketed under the Quickie, Sopur, Zippie, Breezy, Coopers, Sterling and JAY proprietary brands, are sold through a network of homecare medical product dealers or distributors in over 130 countries. Sunrise Medical is headquartered in Malsch, Germany, with North American headquarters in Fresno, California, and employs 1,850 associates worldwide.

Our Quality Policy:

*Sunrise Medical is committed to improving people's lives by providing innovative, high-quality mobility products and services that exceed customer expectations. We are equally committed to respect the environment and to comply with all regulatory obligations. Technology, teamwork, and continuous improvement through customer-focused people and processes are the foundation for meeting these commitments.*

Sunrise Medical is dedicated to providing high quality products to fully satisfy the needs of our customers. Since our products are used in situations where failure or error could cause serious consequences, we strive to comply with all applicable regulations such as the Medical Device Directives (MDD) in the European Community, the Federal Food and Drug Administration (FDA) in the United States and Health Canada.

We work to understand our customers and their requirements and we base our decisions and actions regarding product quality on facts and information. It is expected that all our vendors/suppliers establish a quality system and ensure compliance. Adherence to Sunrise Medical specifications is required. Any proposed change to a material, process or product must be submitted to Sunrise Medical and approved in writing by Sunrise Medical authorized personnel prior to any change being initiated.

Sunrise Medical is committed to protecting the environment by striving to comply with all applicable environmental laws. By minimizing the environmental impact of our operations, and by operating our business in ways that will foster a sustainable use of natural resources, we will continue to protect the environment.
Ethical Suppliers Policy

Sunrise Medical believes in sourcing goods and services only from suppliers who operate in an ethical way and we expect that the people we work with share our commitment.

We expect our suppliers to conform, as a minimum, to the following standards of operation:

- All applicable and local environmental, health and safety regulations must be adhered to, and a safe and healthy workplace provided.
- Wages paid comply with national standards.
- There shall be no discrimination against any employee on any grounds.
- Child labor shall not be used and minimum age legislation shall be complied with in all areas where our suppliers operate.
- Employment must be freely chosen.
- Working hours comply with national laws and standards.
- No harsh or inhuman treatment is allowed.
- All relevant environmental legislation shall be complied with wherever our suppliers operate.
- All hazardous or toxic waste must be properly identified and disposed of by licensed and competent bodies.
- Suppliers will respect the confidentiality and anonymity of any research or prototype project undertaken on behalf of Sunrise Medical.
- Compliance with all anti-corruption and anti-bribery laws.
- Products supplied must not contain any hazardous substances or present a danger to the end-user.
Sourcing Practices

As a worldwide manufacturer of medical devices, we are required to comply with all applicable laws and regulations regardless of location. We abide by these laws and cooperate with governmental agencies concerning our operation.

Suppliers win Sunrise Medical business based on objective business reasons such as quality, service, cost, performance and the maintenance of adequate supply. All purchasing decisions are made solely in the company’s best interests. Sunrise Medical Purchasing departments maintain an open door and open mind to new vendors/suppliers who may offer an improved product, better service or more desirable price.

Sunrise Medical is committed to abiding by the national and local laws of the countries where we operate. We expect the same from our suppliers, and this is especially critical whenever a supplier is acting on behalf of Sunrise Medical. This includes, but is not limited to, customs, tax or exchange control laws and regulations. Import and export controls may restrict the countries, persons and entities with which we can trade. This may require that validated licenses be obtained from applicable government agencies before importing or exporting product. The adherence to these laws is a strict requirement for all Sunrise Medical associates as well as the companies with which we do business.

It is sometimes customary for persons conducting business with one another to provide or accept meals or similar business courtesies. Business courtesies may be a tangible or intangible benefit. Sunrise Medical associates are able to accept items of a nominal value but we will not accept anything that might make it appear that our judgment has been compromised. The exchange of social amenities (i.e., business lunches, dinners or entertainment) between Sunrise Medical associates and third parties is acceptable when reasonably related to a clear business purpose within the bounds of good taste, within a normal business relationship, and when government contracts or offices are not involved. However, any entertainment, favor or gift that is repetitive and/or carries a perception of influence for the giver or the recipient is inappropriate. This restriction also applies to immediate family members.
Supplier Development System

Supplier Quality Manual

Main Processes
- New Supplier Evaluation & Approval
- New Parts Validation
- Part Certification (Dock to Stock)
- Incoming Inspection
- Supplier Measuring & Monitoring

Supporting Processes
- Non-Conforming Material Control
- Cost Recovery
- Corrective and Preventive Action

Continuous Improvement
Supplier Performance Results
Part I: Supplier Expectations

Suppliers and service providers are required to have an established quality management system that provides assurance of product/service quality and the ability to meet customer requirements. It is recommended that the quality system is compliant to a known standard, such as ISO 9001 or ISO 13485. Third party registration by an accredited registrar is highly preferred. The supplier is responsible for supplying Sunrise Medical with a copy of certification documentation and to keep certification copies updated.

Sunrise Medical works with suppliers and service providers who deliver the best quality, value and service at the most competitive cost. We expect innovation and dedication from suppliers to drive continuous improvement within their operations. Together, we will address all aspects of cost reduction, waste elimination and efficiency improvement to mutually enhance future competitiveness and success. Suppliers and service providers obtain Sunrise business based on objective business reasons such as quality, service, cost, performance and the maintenance of adequate supply.

In order to maintain an effective quality management system, Sunrise Medical endorses the following practices:

1. **Quality Representative:** Supplier should appoint a member of their management team to serve as a liaison with the Sunrise Medical Quality Team. This person should have at least 2 years of experience with quality management systems and preferably be fluent in the English language.

2. **Feedback and Communication:** All communication with Sunrise Medical should be in the English language unless otherwise directed by your Sunrise Medical representative. Sunrise Medical encourages proactive and effective lines of communication between both parties to discuss problems/complaints or other matters in order to resolve any problem in a timely manner.

3. **Control of Manufacturing Processes Changes:** Sunrise Medical is a proponent of the continuous improvement philosophy which encourages process changes that improve or enhance products and customer satisfaction. However, prior to any process modification being implemented, the supplier must complete all verifications and tests necessary to ensure that a new process continues to yield components that meet specification. The supplier must notify Sunrise Medical in writing and receive written approval from Sunrise Medical before any process or product changes can be implemented.

4. **Packaging Standards/Methods:** Suppliers must establish and follow packaging standards and methods that ensure material/product is adequately protected from damage, deterioration and contamination during transit. Every effort must be taken to ensure package integrity. Sunrise Medical is an environmentally responsible company and supports recyclability and re-use of packaging materials wherever possible.

5. **Certificates of Conformance (COC’s):** The supplier has the responsibility to ensure that purchased production material supplied to Sunrise Medical is in compliance with all material specifications shown on the most current drawing and/or purchase order and must provide a certificate of conformance when requested. This certificate should be in English, legible and reference the product description, Sunrise Medical’s part number, PO/sales order number, product lot/batch number, and date of manufacture as applicable. This certificate should be formally approved by the supplier’s Quality representative. It is the supplier’s responsibility to ensure that they have received all documentation and specifications required to supply a correct component or process.
6. **Measuring and Test Equipment Controls:** Adequate measuring and testing equipment for process control must be implemented. The supplier must establish, document, implement and maintain a procedure to verify the acceptability and calibration of all gauges, tool masters, fixtures and measurement/testing systems at specified intervals to ensure the integrity of the devices where applicable. Measuring and testing equipment controls may be requested and/or reviewed by Sunrise Medical at any time. Controls should also be in place to address the maintenance of process equipment to ensure product conformity.

7. **Rework Procedure:** A documented procedure should be implemented to control rework when rework is required as an interim measure. The supplier is required to develop written rework process and inspection/test instructions; all reworked materials must be re-inspected in accordance with the Sunrise Medical requirements (drawings). Sunrise Medical must be notified of reworked material and written approval is required prior to shipment of product.

8. **Lot Traceability:** May be requested for some components as applicable. When such traceability is required, Sunrise Medical will notify the supplier of this requirement as part of the sourcing process. The supplier is required to establish a lot traceability system that tracks components from raw material through inspection and test operations, including rework, up to delivery to Sunrise Medical.

9. **Drawing and Change Control:** The supplier must ensure that the appropriate and most current engineering drawings/specifications are available at the manufacturing, test or inspection location. All shipment of product must be to the correct revision designated by Sunrise Medical.

10. **Rejection and Return Handling:** Sunrise Medical expects a commitment to excellent customer service from all suppliers and service providers. When a supplier/service provider is notified about any product/service rejection, the expectation is to receive confirmation within 24 hours. Disposition or Return Material Authorization (RMA) number and freight account number will be required. Credit memo may be required upon return of the material.

11. **Corrective and Preventive Actions:** The supplier must implement a process for corrective and preventive action as part of the quality management system to identify and address root cause(s) of any issue(s) reported by Sunrise Medical. The designated Supplier Quality representative or Quality Assurance representative is the contact person for corrective and preventive action follow up. Timeline to respond upon notification is as follows:

   - **For Business Critical Issues:** Containment action within 48 hours; root cause, corrective and verification actions within six (6) working days.
   - **For All Other Issues:** Containment action within three (3) working days; root cause, corrective and verification actions within ten (10) working days.

Sunrise Medical will evaluate the proposed corrective actions for suitability and effectiveness. Failure to respond to requests as required will result in escalation to the appropriate Sunrise Medical senior manager.

12. **Cost Recovery:** Sunrise Medical suppliers and service providers must be aware that when a product or service issue results in a financial impact to Sunrise Medical, a cost recovery will be initiated. Such loss can occur when supplier nonconformance, quality, delivery, and/or service deficiencies cause inspection, sorting, rework, manufacturing line shutdown or shipping delays. Sunrise Medical may seek to recover any such costs; this will be communicated through the Sunrise Medical Purchasing representative.
13. **Environmental Commitment and Management:** Sunrise Medical is committed to maintaining and respecting the environment as well as meeting government environmental regulations. In order to support these commitments, Sunrise Medical has implemented an Environmental Management System (EMS). While we recognize that formal EMS programs may be impractical in terms of cost and resource requirements for some businesses, we expect all suppliers to implement and maintain appropriately scaled internal environmental processes that:

- Ensure compliance with local and international environmental regulations (ex. RoHS compliance).
- Minimize waste and maximize recyclability of production and shipping materials.
- Reduce transportation and distribution costs.
- Protect and reduce reliance on natural resources.

14. **United States C-TPAT (Customs Trade Partnership Against Terrorism) Requirements:** C-TPAT is the United States government - private sector partnership that emerged from the terrorist attacks on the United States on September 11, 2001. The guiding principles of the program are the following:

- C-TPAT is a voluntary U.S. Customs Border Patrol (CBP) Program encompassing documented supply chain security criteria, best practices and implementation procedures.
- The purpose is to secure the supply chain which includes preventing terrorism and the introduction of terrorist activities and weapons.
- The CBP affords Sunrise Medical reduced inspections at the port of arrival, expedited processing at the border and “front of line” inspections and penalty mitigation.

As a certified member in C-TPAT, Sunrise Medical recommends that suppliers and service providers involved with importing goods into the United States follow C-TPAT minimum criteria. Sunrise Medical may also request that specific requirements in accordance with C-TPAT be followed by some suppliers. In order to ensure to the best of our ability that our suppliers and service providers are in compliance with C-TPAT minimum security criteria, Sunrise Medical may conduct audits via e-mail, phone, or on-site to determine compliance.

15. **Business Changes and Continuity:** Any significant changes in business such as: company name or business name, change in ownership, acquisitions, divestitures, pending litigation, or any activity that may change the financial or operational viability of the supplier’s organization must be communicated to Sunrise Medical. The supplier should have business continuity plans in place to deal with disruptions in product supply due to a variety of events. Examples include, but are not limited to, fires, chemical spills, natural disasters, terrorist threats, medical emergencies, pandemic, Human Resources (i.e. labor strikes), Trade & Regulatory Non-Compliance (i.e. Customs requirements), and computer or communication systems breakdowns. Plans should be included for Information Technology (IT) Disaster Recovery, and IT Security for “Supplier” telecommunications, data, systems and infrastructure, including plans in place to check the preparedness of their other suppliers to deal with upstream supply disruptions.

Sunrise Medical requires suppliers to take basic steps that will facilitate quick reaction in the event of disruptions (i.e., facility shutdowns, etc.). Continuity plans should be in place with full implementation and testing and available for Sunrise Medical to review upon request.
16. Logistics and Materials Management: Suppliers/service providers must have the infrastructure for effective replenishment to meet Sunrise Medical needs. The initiation of ordering additional goods and/or services is triggered by one or more of the following methods:

- **Purchase Order (faxed, e-mail):** Schedules, Self Releasing and other versions of P.O. Management.
- **Vendor Managed Inventory (VMI):** Min / Max level met.
- **Kanban:** Electronic, cards or bin system.

Sunrise Medical's production system is based on "Pull" principles. Shortest possible replenishment times are vital to this philosophy. When a supplier cannot meet Sunrise Medical's replenishment time requirements, it is the supplier's responsibility to keep appropriate inventory for quick replenishment.

The supplier/service provider accepts and acknowledges financial responsibility for Sunrise Medical property including, but not limited to, tooling, fixtures, test equipment, molds, drawings and documentation, raw materials, etc.

17. Continuous Improvement: Sunrise Medical is committed to a cooperative working relationship with our suppliers/service providers. Sunrise Medical encourages the development and implementation of quality improvement activities for our suppliers and their respective supply chains. Driving continuous improvement will allow us to attain the mutual goals of cost reduction, improved quality and delivery, increased capacity, reduced lead times and improved productivity. Sunrise Medical may select suppliers/service providers for additional development who present the best opportunity for improvement and who present the greatest potential impact to the organization based upon:

- Quality
- Strategic growth
- Critical parts (higher risk for product)
- Risk to revenue
- Key product
- Performance issues
- Efficiency improvement
- Environmental
- Commitment to ethics and legal compliance

18. Confidentiality and Non-Disclosure: Sunrise Medical requires that the supplier/service provider acknowledges that all aspects of the business relationship between Sunrise Medical and supplier/service provider are confidential. This includes but is not limited to: communications, design, pricing, product performance, materials, volumes, quality statistics, end-user data and any other information that may be considered intellectual property or competitive data. Sunrise Medical may ask the supplier to sign a formal agreement; this allows any exceptions or reciprocation from the supplier to be agreed upon with Sunrise Medical and documented.

19. Insurance: Sunrise Medical requires that the supplier/service provider demonstrate that adequate insurance coverage is in place in order to be able to handle claims that may arise due to events caused by the supplier/service provider. Proof of insurance is required, and the level of insurance coverage may be required to be adjusted if not deemed adequate by Sunrise Medical.
Part II: Supplier Assessment, Evaluation and Qualification

The supplier selection process consists of the following:

- Profile Setup
- Audit/Evaluation
- Qualification

Suppliers must be capable of meeting the quality, delivery, cost and continuous improvement objectives that are defined during the process. This includes the following activities:

1. **Initial Supplier Profile and Data Gathering:** Supplier Name, Type of business, Contact, Address. At a minimum, suppliers must meet:
   
   - Supplier/Service Provider Expectations
   - Sunrise Medical Terms and Conditions
   - Confidentiality Agreements (if applicable)

2. **Supplier Screening and Data Analysis:** For raw material/component and outsourced process suppliers, Sunrise Medical will perform a screening process based on the following considerations:
   
   - Quality & delivery performance history
   - Availability of capital to produce product under evaluation
   - Financial strength for future growth and investment
   - Understanding compliance with industry sector requirements
   - Competitive product prices
   - Language barriers

For service providers, the screening process is based on the following considerations:

- Certification(s)
- Permit(s)
- Quality & delivery performance history
- Understanding compliance with industry sector requirements
- Competitive product prices
- Language barriers
3. Supplier Audit or Self Assessment: Once the initial screening process is completed and a company is identified as a potential supplier, an assessment of their quality management system will be performed in accordance with Sunrise Medical procedures. This screening process may take the form of an Audit or a Self-Assessment.

A Sunrise Medical Quality representative will review the completed audit/assessment to determine if the company is approved as a supplier. Approval is based on a numeric scoring system in which each element of the supplier's quality management system accumulates points. Suppliers are approved/not approved based on the percentage of total possible points earned:

<table>
<thead>
<tr>
<th>Score</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% and above</td>
<td>Preferred</td>
</tr>
<tr>
<td>70% to 79%</td>
<td>Approved</td>
</tr>
<tr>
<td>60% to 69% (Corrective Action Required)</td>
<td>Conditionally Approved</td>
</tr>
<tr>
<td>below 60%</td>
<td>Not Approved</td>
</tr>
</tbody>
</table>

Approval by one Sunrise Medical business unit may be sufficient endorsement for another facility to use that supplier without re-qualification. This decision is the responsibility of the applicable Sunrise Medical business group.

In most cases the potential supplier shall receive a report of results within 15 business days of the assessment.

When system deficiencies are identified, a response time will be provided for the supplier to define corresponding corrective actions. Failure to provide a suitable response in a timely manner may be cause for disapproval from further consideration. Sunrise Medical may discontinue the qualification process at any time.

For service providers, a designated team from the Sunrise Medical facility that the supplier will service determines if the supplier is approved and whether that supplier is considered a critical or non-critical supplier.
Part III: First Article Process

The part validation process must be performed when any of the following conditions occur:

- New supplier
- New part
- Supplier change
- Supplier process change
- New or refurbished tool
- Print revision change

The first step in this process calls for new or current raw material/component or outsourced process suppliers, in association with Sunrise Medical representatives, to conduct a joint review of drawing(s) and specification(s) submitted with the supplier quotation.

Once specification and drawings are confirmed and approved, the supplier evaluates the product drawing characteristics for clarity and understanding. It is the supplier’s responsibility to ensure that all requirements are clearly understood before submitting prototypes and/or first article parts.

The second step calls for samples, from normal/planned production processes, to be submitted to Sunrise Medical Quality, Engineering and/or specified personnel. The compliance of all dimensions, characteristics and/or requirements with drawings, purchase orders and engineering specifications must be verified by the supplier before submitting to a Sunrise Medical location for first article. Any deviation from any of Sunrise Medical’s requirements must be approved, in writing, from an authorized Sunrise Medical representative for the first article to be accepted. Inability to submit a compliant first article may be grounds for disqualification from further sourcing consideration.

If production parts will be produced from more than one cavity, mold, tool, die or pattern, a complete dimensional evaluation is required on one part from each cavity, mold, etc. Records of verification results must be enclosed with the samples. It is the supplier’s responsibility to meet all applicable specifications. All samples must be produced using the normal/planned production process.

It is preferred that suppliers procure materials and/or services (e.g., painting, plating, heat-treating) from suppliers that are pre-approved by the receiving Sunrise Medical facility or identified on Sunrise Medical specifications. If not identified or pre-approved, the supplier assumes full responsibility and liability for full compliance to Sunrise Medical specifications.

Parts already approved in any Sunrise Medical facility, that are also applicable for another Sunrise Medical facility, should be communicated to the requestor for acknowledgement and confirmation.
Part IV: Receiving Inspection Process

Sunrise Medical has implemented procedures for Incoming Acceptance activities to assure the conformance of any supplied material to Sunrise Medical facilities, prior to incorporation into final assembly products.

Some locations of Sunrise Medical have implemented a parts certification program with provisions for “Dock to Stock” which enables forwarding items directly to designated stock locations. This program consists of five (5) consecutive lots, inspected and found to be without any non-conformance (NC). Only suppliers that demonstrate good quality controls are eligible for this program. When supplying parts to a Sunrise Medical location, your Sunrise Medical Purchasing or Quality Representative will advise of the details of this program and whether or not the supplier qualifies.

1. Control of Non-Conforming Product: If a rejection occurs, a non-conforming material report will be initiated. The non-conforming report may take different formats depending upon the receiving Sunrise Medical location; however, the principle remains the same. Once the raw material/component or outsourced process supplier is notified, Sunrise Medical requires feedback within 24 hours.

Material Review Board (MRB) activities, materials management, and materials handling are performed according to Sunrise Medical procedures (refer to your Sunrise Medical Quality representative for the applicable procedure). For any re-occurring defect, a documented corrective action request or 8D report request may be issued to the supplier/service provider according to Sunrise Medical procedures.

Any changes to material or process must have prior written approval from Sunrise Medical.
Part V: Supplier Monitoring, Re-evaluation and Maintenance

Supplier on-going performance is measured in accordance with Sunrise Medical local procedures. Top spend and critical suppliers' performance results are periodically reviewed by Sunrise Medical Purchasing and Quality representatives. This review is based on numeric scoring of supplier performance in on-time delivery, incoming inspection results, in-process rejects and corrective action status/response metrics. Supplier approval status is maintained through the results of these reviews in accordance with the following criteria:

<table>
<thead>
<tr>
<th>Status</th>
<th>Rating Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>80% – 100%</td>
</tr>
<tr>
<td>Acceptable</td>
<td>70% - 79%</td>
</tr>
<tr>
<td>Conditional</td>
<td>60% - 69%</td>
</tr>
<tr>
<td>Unacceptable</td>
<td>0% - 59%</td>
</tr>
</tbody>
</table>

**Excellent:** A supplier has increased opportunity to bid on new business with Sunrise Medical and is preferred over other suppliers with lesser ranking.

**Acceptable:** A supplier is considered for new business, although they are less preferred than a supplier of the same/similar part who has achieved an "Excellent" status.

**Conditional:** A detailed review of the quality and delivery performance will be completed. An improvement plan may be required for the supplier based upon areas of opportunity identified and overall performance in key areas. The supplier may not be allowed to quote on new business.

**Unacceptable:** Suppliers/outsourced process providers whose performance is rated "Unacceptable" will be placed on probationary status and will not be allowed to quote on new business. A re-evaluation will be considered once a corrective action plan has been developed in order to improve the overall performance and correct identified deficiencies. Failure of a supplier/outsourced process provider to improve their performance in a timely manner may be considered as cause for discontinuation of purchases and removal from the Sunrise Medical Approved Supplier List.

The periodic monitoring, re-evaluation and maintenance process will be conducted according to applicable Sunrise Medical procedures.

For service providers, a Sunrise Medical authorized representative will review and evaluate previous results and data, and determine if the service provider is accepted for continued business dealings.