

NORTHERN ENGRAVING



Supplier Requirements

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MESSAGE TO OUR SUPPLIERS

The purpose of this manual is to define policies, procedures and quality system requirements, and the expectations of Northern Engraving Corporation. The procedures in this manual are intended to be simple, direct and meant to provide guidance to all Suppliers. Additionally the procedures in this manual are designed to aid in the selection, development and continuous improvement of suppliers. Our objective is to establish a mutually beneficial long term partnership with our suppliers.

Northern Engraving Corporation is committed to supplying the highest quality products to its customers and expects the same from its supply base. The procedures in this manual are to ensure that purchased materials and products meet or exceed Northern Engraving's quality standards and help ensure that our products meet our customer's expectations.

"QUALITY" can be defined as doing something right the first time. "QUALITY" is achieved through the continual reduction of variation in products and services, this is needed to achieve the excellence that meets or exceeds customer expectations. "QUALITY" is a way of life. It is the driving force for achieving total customer satisfaction and profitability.

We thank you for your continued support, as well as your commitment to meet our "QUALITY" objectives.

Douglas Zibrowski
Northern Engraving Corporation
Purchasing Manager

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Terms and Conditions

(1) Acknowledgement: Acceptance. Acceptance of this order shall be receipt by the Buyer of Sellers signed acknowledgment or any part of the goods shipped pursuant to this order. Seller's acknowledgment shall confirm the shipping date agreed to by Buyer and Seller. If not previously agreed to, Seller should insert promised shipping date. Buyer recognizes that Seller may for convenience use its own acknowledgment form. It is therefore agreed that any printed terms and conditions on such a form which modify, conflict with, or contradict any provisions of this order shall be deemed waived. If the Seller intends not to waive any such printed terms and conditions the Sellers acknowledgment form shall bear on the face thereof, in letters at least one-half inch high, the words "This is a counter offer." Negotiations for mutually acceptable terms and conditions shall then be entered into.

(2) Shipment of Materials. If a shipment or any part of a shipment is not going to meet the agreed on delivery date to Northern Engraving, the Seller shall give Buyer five (5) days written notice of expected late delivery.

(3) Bill of Lading. Original bill of lading shall be sent with the shipment.

(4) Rights of Inspection and Seller's Warranty. Seller expressly warrants that all material and/or work covered by this order shall conform to the specifications, drawings, plans or other descriptions furnished or specified by Buyer, shall be fit and sufficient for the purpose intended, merchantable, of good quality material and workmanship, and free from defects, and agrees that the material and work will be subject to inspection and rejection by Buyer, whether or not any prior payments shall have been made there on by Buyer. If materials are rejected, Buyer shall by writing, so notify Seller, and Buyer, at its option and at the expense and risk of Seller may either return such rejected materials to Seller or hold them for such disposal as Seller shall indicate, without notice to any other person whatsoever, notwithstanding any assignment by Seller of the order (where permissible) or of any sums thereunder. Any Payments made on such rejected material shall be immediately refunded to Buyer.

(5) Cancellation. Failure to comply with the specifications, terms and conditions of this order or to deliver material in accordance with the Seller's promise shall be grounds for cancellation by Buyer without penalty.

(6) Insolvency of Seller: Cancellation. Buyer may cancel the contract resulting from the acceptance of this order in the event of the happening of the following or of any other comparable event: insolvency of Seller; filing of a voluntary petition in bankruptcy; the filing of an involuntary petition to have Seller declared bankrupt provided that it is not vacated within thirty (30) days from the date of filing; the appointment of a receiver or trustee for Seller provided such appointment is not vacated within thirty (30) days from the date of such appointment; the execution by Seller of an assignment for the benefit of creditors.

(7) Nonassignability. This order shall not be assigned, in whole or part, without Buyers written consent and shall be binding upon the successors and assigns of the parties hereto.

(8) No Charges, Duties, Customs or Assessments without Written Consent. No charge will be allowed for boxing, packing, cartage, insurance, or taxes unless authorized in writing by Buyer. Buyer shall not be liable for any duties, customs or assessments in connection with the purchase and/or delivery of goods, ordered hereunder, except as are expressly set forth on the face hereof.

(9) Patents. Seller will indemnify, save harmless and defend Buyer from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees incident to any infringement or to any claimed infringement of any patent or patents in the manufacture and sale, or either thereof, of the supplies or services covered by this purchase, or in any way connected therewith or with the use thereof by Buyer; provided, however, that Buyer may be represented in any such suits, actions, or legal proceedings by attorneys of its own selection at its own expense.

(10) Fair Labor Standards Act. In accepting this order, Seller shall be deemed to represent that the goods to be furnished hereunder were or will be produced in compliance with all of the applicable requirements of section 6, 7 and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof and unless otherwise agreed in writing Seller shall insert a certificate on all invoices submitted in connection with this order stating that the goods covered by the invoice were produced in compliance with the above requirements. Seller further agrees to indemnify and hold harmless Buyer for all damages suffered by Buyer as a result of Seller's failure to comply with the Act and the standards issued thereunder and for the failure of the goods furnished under this order to so comply.

(11) Occupational Safety and Health Act of 1970. Seller agrees to comply with the provision of the Occupational Safety and Health Act of 1970 and the standards and regulations issued thereunder and warrant that all goods furnished under this order will conform to and will comply with said standards and regulations. Seller further agrees to indemnify and hold harmless Buyer from all damages suffered by Buyer as a result of Seller's failure to comply with the Act and the standards issued thereunder and for the failure of the goods furnished under this order to so comply.

(12) Nondiscrimination in Employment. This order and the contract resulting from Seller's acceptance hereof is subject to the provisions of Executive Order 11246, as amended, unless exempt thereunder by the Rules and Regulations of the Presidents Committee of Equal Employment Opportunity.

(13) Seller's Compliance With all Laws. Seller agrees to comply with all applicable federal, state and local laws, orders and regulations covering the goods shipped under this order.

(14) Governing Law. The interpretation or performance of the contract resulting from the Seller's acceptance hereof shall be governed by the laws of the State of Wisconsin.

(15) Order is Complete Agreement: No Modification Unless in Writing. This order, including the terms and conditions, intended by the parties as a final expression of their agreement and is intended also as a complete exclusive statement of the terms of the agreement and no other agreement in any way modifying this order, including any of the terms and conditions, will be binding upon Buyer unless authorized in writing by Buyer.

(16) The Buyer or the Buyer's customer reserves the right to verify purchased product at the Seller's premise. Verification would include inspection of any processes, equipment, or records, or anything else deemed pertinent to the conformance of the purchased product to specifications, as determined by the Buyer or Buyer's customer. The product will then be released as appropriate in the usual manner by the Buyer's Purchasing Department. Inspection by the Buyer or Buyer's customer does not relieve Seller of warranty and liability responsibilities. **(17) In acceptance of this order the seller agrees to provide the buyer with notice prior to changes to the seller's process or materials.** In addition, the seller agrees to provide the buyer sample material reflecting the change in sufficient quantity to allow the buyer to make sample submissions to their customer. The seller will not ship production material until the change is approved by the buyer.

ADMINISTRATION:

Administration and control of this manual and all related procedures rests with the Northern Engraving Corporation Purchasing Department in Sparta, Wisconsin. This manual is “distributed” only via the posting on the Northern Engraving Corp. website. Printed copies are uncontrolled documents. Suppliers are expected to remain up to date on Northern Engraving Corporation requirements by visiting our website at www.norcorp.com.

SUPPLIER CONFIDENTIALITY:

All information, written or not, will be considered confidential to Northern Engraving Corporation. Suppliers shall sign a Northern Engraving Corporation confidentiality agreement upon request.

GOVERNMENT REGULATORY COMPLIANCE:

Suppliers shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environment protection, toxic and hazardous materials, and free trade. Suppliers should recognize that the applicable government regulations might include those in the country of manufacture, as well the country of sale. Registration to ISO 14001 is encouraged.

END-OF-LIFE VEHICLE DIRECTIVE (ELV) DIRECTIVE 2000/53/EC AND INTERNATIONAL MATERIAL DATA SYSTEM (IMDS) REPORTING:

Suppliers shall ensure that all components and materials supplied to any Northern Engraving Corporation facility complies with the ELV and IMDS legal Requirements and customer requirements. As an automotive supplier, Northern Engraving Corporation requires its suppliers to report information on raw materials supplied to Northern Engraving Corp as well as materials incorporated into a Component that is supplied to Northern Engraving Corp .The International Material Data System (IMDS) has been developed by the vehicle Manufacturers to collect and manage this data for all automotive related products. As a supplier to Northern Engraving Corp., you are required to access this database and record all required information on raw materials and materials incorporated into components sold to Northern Engraving Corp.. Suppliers shall also supply a copy of the Certification of RoHS/IMDS Compliance reporting form to ensure compliance to the (ELV) Directive.

RESTRICTION OF THE USE OF CERTAIN HAZARDOUS SUBSTANCES IN ELECTRICAL AND ELECTRONICS EQUIPMENT THE EUROPEAN DIRECTIVE ON (RoHS) 2011/65/EU:

Suppliers in all regions shall ensure that all components and materials supplied to any Northern Engraving Corporation facility complies with legal and customer requirements. As a provider to Electrical and Electronics Equipment suppliers, Northern Engraving Corporation requires its suppliers to report on raw materials supplied to Northern Engraving Corporation as well as materials incorporated into Component that is supplied to Northern Engraving Corporation. As a supplier to Northern Engraving Corporation you are required to provide Northern Engraving Corporation with a "Certificate of RoHS and Reach Compliance" or statement of compliance on raw materials and materials incorporated into components sold to Northern Engraving Corporation. In addition to tot RoHS/REACH compliance we request that our customers are compliant to Conflict Material Directive.

SUPPLIER SELECTION, CRITERIA, AND APPROVAL:

Northern Engraving Corporation's goal for all suppliers of materials and services affecting production material is to demonstrate compliance to ISO/TS 16949. Suppliers shall also comply with Northern Engraving Corporation specific requirements defined this manual.

☐ Suppliers to Northern Engraving Corporation shall be third party certified to ISO 9001 or submit a plan to achieve registration. This is consistent with Northern Engraving Corporation's customer expectations. The scope of this requirement affects sorting, rework, component and raw material suppliers and outsourced process suppliers. Calibration services shall be registered to ISO/IEC 17025.

☐ Suppliers are urged to continue on to TS16949 third party registration.

Northern Engraving Corporation recommends for its suppliers to continue using the latest Automotive Industry Action Group Standards, listed below as guidelines for their system development. For these publications, visit

<http://www.aiag.org>.

☐ Advanced Product Quality Planning and Control Plan (APQP)

- Potential Failure Mode and Effects Analysis (FMEA)
- Measurement System Analysis (MSA)
- Production Part Approval Process (PPAP)
- Statistical Process Control (SPC)

GENERAL REQUIREMENTS:

1). Suppliers will be evaluated by one or more of the methods contained in this manual.

2). Supplier will be evaluated on the following:

- ☐ Price
- ☐ Quality - Including customer disruptions and field failures
- ☐ Delivery
- ☐ Service

NEW SUPPLIER SELECTION:

- 1). Northern Engraving Corporation will initiate the selection process by sending the “Supplier a Supplier Assessment Packet”.
- 2). The Purchasing Manager will evaluate the Assessment Packet to determine if a potential supplier is an appropriate candidate. The risk level of the product, material, service supplied will be a factor in determining the method used to approve and evaluate the new suppliers.
- 3). If acceptable the supplier will be entered into the “Approved Supplier List”.
- 4). The Supplier’s Quality System may be evaluated using one or more of the following methods:
 - ☐ Onsite Survey using TS 16949 Standard
 - ☐ Initial Supplier Assessment Packet
- 5). Once approved the supplier is expected to maintain an effective Quality System that meets or exceeds Northern Engraving Corporation requirements. Northern Engraving Corporation evaluates the suppliers Quality and Delivery performance quarterly. The rating calculation is based on 60% quality and 40% delivery. Performance ratings are calculated quarterly. Suppliers that are performing below Northern Engraving’s expectations will be notified of their rates and any required actions. Suppliers performing at an accepted level will not be notified unless requested in writing.
- 6). The suppliers deliveries are considered on time if they are no more than **8** days early or **4** days late.

SUPPLIER RATING CATEGORIES:

Preferred Supplier: **(95 – 100)** rating indicates that the supplier is doing an excellent job and is highly recommended for new business.

Approved Supplier: **(80-94)** rating indicates a satisfactory supplier who is encouraged to improve in some areas to be moved up to Preferred. Recommended for new business.

Probationary Supplier: **(69-79)** rating indicates much work must be done to improve. Corrective Action report must be completed with actions for improvement. New business is not recommended.

Unacceptable Supplier: **(68 and below)** rating indicates immediate action must be taken. A corrective action report must be completed. An on sight survey may be conducted. It is not recommended that new business be placed unless there are extenuating circumstances.

New Probationary: rating indicates a new supplier. The next quarterly report will rate the supplier based on performance.

Disapproved: A Management decision to no longer purchase from the supplier.

ADVANCED PRODUCT QUALITY PLANNING (APQP):

Suppliers to Northern Engraving Corporation are responsible for managing their new product introduction process. For standard catalog purchased components and bulk items such as resin, chemicals, inks, and aluminum that do not go through the PPAP process, APQP may be waived.

This includes but is not limited to the following:

- ☐ Component Design Review
- ☐ Open Issues Documented and Communicated
- ☐ Process Flow Diagrams, PFMEA, and Control Plans
- ☐ Equipment, Tooling and Gage Plan Review
- ☐ Product Verification, Dimensional and Testing
- ☐ Level III PPAP - with 12 sample parts
- ☐ Label Requirements - Box label for NEC approval shall be included in PPAP package. Label shall include Part Number, Revision Label, Lot Number, Date and P.O. Number & Part Description
- ☐ APQP

DEFINITIONS:

Process Flow Diagram:

- Shall define the entire process flow starting with Receiving Inspection and finishing, including packaging and shipping.
- Shall identify operations identified by Special Characteristics

Process Potential Failure Modes & Effects Analysis (PFMEA):

Unless otherwise specified, suppliers shall use the AIAG manual as the basis for creating this document.

The PFMEA shall follow flow established in the Process Flow Diagram.

Failure modes shall include special characteristics in addition to the process and tooling based items.

Have a process in place to report on the highest RPN numbers. This system should include documentation of recommended actions and verification of completion.

The PFMEA is a continuous improvement tool.

Control Plans:

The Control Plan shall reflect the same steps and flow established by the Process Flow Diagram and PFMEA.

The Control Plan shall include all special characteristics and revalidation.

PURCHASED PART APPROVAL PROCESS:

The PPAP process is an integral part of the Northern Engraving Corporation Quality System Requirements. Suppliers should follow the AIAG PPAP Manual. Suppliers may use their forms only if they are equivalent to the AIAG forms. In addition the supplier is responsible for all sub-tier PPAP submissions and approvals.

For all new components, suppliers shall submit with the validation package a copy of the Certification of RoHS/Reach IMDS Compliance reporting. This form verifies the approved submission of the End-of- Life Vehicle component content for the automotive related products in the IMDS system. Northern Engraving Corporation will not approve a PPAP package without this document.

Northern Engraving Corporation will determine and communicate the Level of PPAP submission required for all component parts along with any special requirements if applicable to the supplier.

When applicable, suppliers shall include in the PPAP submission the Engineering Specification testing and results. An approved/accredited laboratory shall conduct the tests.

Northern Engraving Corporation's approval is required prior to shipments intended for production. Parts received prior to approval may be rejected and returned to the supplier.

Master Samples – The supplier is to submit 2 PPAP master samples (per cavity/die) with the PPAP submission. For standard catalog purchased components and bulk items such as resin, chemicals, inks, and aluminum that do not go through the PPAP process, they are considered approved components.

SPECIAL CHARACTERISTICS, STATISTICAL STUDIES AND LAYOUT:

At a minimum, supplier shall implement process controls for Special Characteristics as designated on the drawings. They should be noted on the Control Plan.

Part Layouts shall be performed on all dimensional characteristics. Part layouts are to be included in the PPAP Package.

Statistical studies are required for all Special Characteristics and must be submitted with the PPAP package. The supplier is required to maintain statistical data records for Special Characteristics. Unless otherwise specified the supplier must calculate and report the **Process Capability as Ppk** for those Characteristics/Features. The **Ppk** must be **1.67** or above. Process capability can be conducted with both variable and attribute data. The minimum acceptable sample size for variable data is 30 pieces and for attribute it is 50 pieces, unless otherwise specified.

Ongoing Process Capability must be maintained, **Cpk 1.33** or higher. Containment must include 100% inspection, or some kind of error proofing must continue until such time that the process **Cpk** demonstrates capability greater than or equal to **1.33**.

SUPPLIER REQUEST FOR CHANGE OR DEVIATION:

Suppliers shall submit a written request for product or process changes to Northern Engraving Corporation prior to implementing the change. Suppliers shall request, in writing, a deviation or concession before shipping non-conforming material to Northern Engraving Corporation.

A plan to return to normal production and product identification is required and shall be submitted at the same time as the written request. Material shipped under an approved deviation shall be labeled as such.

NON-CONFORMING MATERIAL:

In cases when a supplier ships non-conforming material to a Northern Engraving Corporation location. The supplier will be sent a notification of the non-conformance, requesting disposition of material.

The supplier will also be subject to a \$200 administrative fee as well as a \$50.00 hr sort charge for any rejected/non-conforming product.

Suppliers are responsible for all costs and expenses created by any defect on the material supplied. This may include, but is not limited to re-work costs, shipping and handling, expedited material replacement and potential costs of our customer.

Northern Engraving Corporation may require the supplier to submit a corrective action plan for non-conforming material. Suppliers shall implement a containment action within 24 hours. Within 10 working days, unless otherwise specified: the suppliers shall submit a corrective action plan.

SPECIAL STATUS:

The supplier shall notify Northern Engraving Corp. of customer notifications relating to Quality or Delivery issues. This includes special containment (CS1 or CS2), being placed on probation or having Quality Certification revoked.

SHELF LIFE ITEMS/MATERIALS:

If an item/material has shelf life expiration, the supplier shall label **all individual containers** with the shelf life expiration date as well as include this information in the certificate of analysis. Suppliers shall keep Northern Engraving Corporation informed of any changes in shelf life dates. Northern Engraving Corp. purchase orders shall reflect suppliers recommended shelf life, and the supplier is to inform us if this is incorrect or has changed.

MATERIAL SPECIFICATIONS AND CERTIFICATIONS:

Material Specifications are developed during Program Management and communicated to the Supplier on the Purchase Order. PPAP packages shall include all Material Specification Testing.

Material Certifications are required with every shipment. Certifications should have the following:

- ☐ Compliance to any specification on stated on the purchase order
- ☐ Acceptable tolerances for all testing performed by the supplier
- ☐ Actual test data performed by the supplier

ANNUAL REVALIDATION:

Unless otherwise specified, a complete annual layout inspection and testing is required for all component parts.

CHRYSLER BASIC & CQI:

Suppliers shall conduct a CQI-12 audit if supplier provides a coated material to Northern Engraving. Instructions for this audit can be found at <http://www.aiag.org/scriptcontent/index.cfm>.

Suppliers of raw material and components shall also conduct a self-assessment during internal audits to ensure the Quality Management System is in compliance with the Objectives, Example Metrics, and Support Mechanisms as defined in Chrysler's "Elements of Manufacturing Basics"

CONTINGENCY PLAN:

Suppliers shall develop a contingency plan for potential catastrophes that could disrupt product flow to Northern Engraving Corporation, and advise Northern Engraving Corporation immediately in the event of an actual disruption.