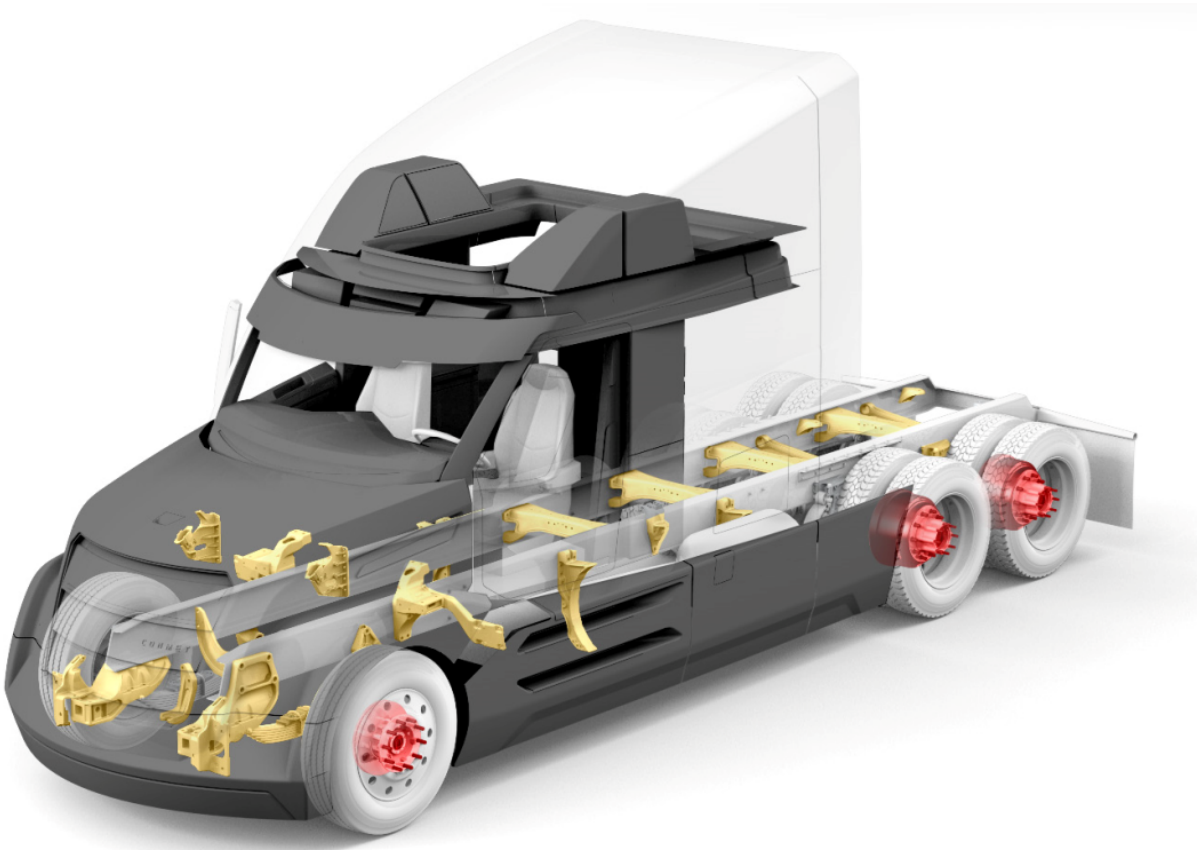
# Consolidated Metco, Inc.
# Supplier Quality Manual



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## Introduction

At Consolidated Metco (ConMet), we believe that continually improving our products and processes is a key to survival and success. Reducing variation and optimizing parameters results in long-term gains for our Suppliers, our customers and ConMet. Since the products supplied to us play a vital role in the ultimate quality of our products, we have established criteria to help ensure conformance to specifications, adequate manufacturing process control, and continual improvement of those processes.

## Purpose

This manual explains procedures intended to define, build, and sustain a mutually beneficial relationship with our Suppliers. We anticipate that the standardized requirements will improve the quality of products and services provided to Consolidated Metco, Inc. and our customers.

## About ConMet

Consolidated Metco (ConMet), a subsidiary of Amsted Industries, is a manufacturer of plastic components, lightweight aluminum, and iron components for the heavy-duty transportation industry. ConMet is headquartered in Vancouver, WA and has eleven manufacturing facilities throughout the United States, China, and Mexico.

ConMet's expertise in molding, assembly, casting, and advanced design technologies positions the company as the industry leader in the production of lightweight, high performance products. ConMet manufactures components using Permanent Mold and Low Pressure Aluminum Casting, Die Casting, and Structural Plastic Injection Molding. Products include aluminum and iron hubs, truck suspension components, brake rotors and drums, truck instrument panels, and more.

## ConMet Sourcing Responsibility and Structure

The Sourcing Department has the responsibility for developing, implementing, and maintaining effective supplier controls with the goal of continuous improvement of the supply base and ensuring customer satisfaction. The Vice President of Supply Chain is the leader of the supply chain organization and is responsible for the global supply chain functions.

# Supplier Quality System Requirements

## Scope

This manual has been developed to communicate the operating principles, general expectations, requirements, and procedures of ConMet.

Acceptance of any and/or all purchase orders constitutes acceptance and commitment on behalf of the recipient to comply with this manual's content. This manual is provided as a supplement to, and does not replace or alter, any purchase agreement/ general purchase conditions (http://www.conmet.com/general/about/info-for-suppliers/) or requirements included in applicable engineering drawings, specifications and other contractual documents.

This manual describes the minimum requirements and expectations for which the supplier has responsibility. Further requirements may be applicable depending on ConMet end customer requirements. However, system improvements that exceed the requirements specified within this manual are always encouraged.

## Purpose

We expect that ConMet suppliers support our commitments as described by ConMet's Quality Policy.


In order to fulfill this objective, it is necessary that all functions within ConMet and their Suppliers operate with a "Zero Defect" strategy. We must all strive for a fundamental quality management system that provides for continuous improvement in the quality of products. Emphasis should be on defect prevention and the reduction of variation and waste in the supply chain.

## Application

The expectations and requirements described in this manual apply to all suppliers of direct materials. Suppliers must meet all applicable requirements specified herein. ConMet highly recommends the use of all standard AIAG core tools (APQP, PPAP, FMEA, MSA and SPC) and CQI special process requirements as the basis for all process and product quality assurance.

# Supplier Social Responsibility

**Social Responsibility**

ConMet selects business partners who comply with local law and internationally acceptable fair and safe labor practices. ConMet will cease all business activities with suppliers failing to comply with local law and/or internationally acceptable fair and safe labor practices.

# Confidentiality

**Requirement**

To abide with fair and ethical practices, ConMet considers discussions between suppliers and prospective suppliers as a private matter between two parties, is kept confidential, and expect our suppliers and potential suppliers to abide by the same principle. This requirement must be passed down to all sub-tier suppliers.

Interactions involving our customers and suppliers should only take place with ConMet authorized representation and only as it relates to ConMet business matters.

Use of "ConMet, Consolidated Metco" or the "Amsted" names or any parts of the Amsted organization is strictly forbidden in advertising, brochures or presentations without written authorization of Amsted law department.

# Supplier Support

**Cooperative Management Expectations**

ConMet expects our supplier's top management to share our commitment to meet or exceed our customer's quality expectations through continuous improvements. It is also expected that the entire supplier organization will give their full support to the relationship that exists between our companies and demonstrate flexibility in assisting ConMet in meeting all of our customer's requirements.

The Supplier is required to maintain a ConMet plant contact, who can be readily available to assist in solving problems when needed.

A member of the supplier's management must be assigned to notify ConMet of any changes to their management structure and operational viability in a timely basis. This notification must be in writing to the ConMet sourcing manager.

**Engineering / Technical Support**

ConMet is dedicated to the manufacture of the highest quality products. In order for this objective to be achieved, all suppliers should offer engineering and technical support to ConMet when said support is requested.

**Human Resource Management**

The supplier is responsible for ensuring that competent associates are available to satisfy ConMet and their customer requirements. The supplier must have a transition plan for all key associates and an effective cross-training program in place for production associates.

# Supplier Management System Requirements

**Quality Management System**

Our direct material suppliers shall demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA member, (International Accreditation Forum "IAF" Multilateral Recognition Arrangements "MLA") and where the accreditation body's main scope includes management system certification to ISO/IEC 17021. Suppliers are however encouraged to implement an IATF 16949 Automotive Quality Management System.

Non-certified suppliers dictated by the OEM's or current suppliers not currently certified are exempt from certification requirements.

**Certification Updating Requirements**

The suppliers are responsible for sending copies of their quality certification to the ConMet Supplier Quality Manager within 2 weeks of receipt. Note: Loss of certification for any reason requires immediate notification to the ConMet Corporate Supplier Quality Manager and Sourcing Manager.

**Quality Manual Requirements**

Suppliers Quality System shall be formally documented, implemented and maintained to ensure that supplier's products conform to the purchase orders, specifications, engineering or material specifications and/or contract requirements. The quality system shall be defined and documented in the supplier's own Quality Manual. This manual shall be made available to ConMet for review upon request.

# Supplier Risk Mitigation

**Supplier Risk Mitigation**

The supplier shall:

**Contingency Plan Requirement**

- identify and evaluate internal and external risks to all manufacturing processes, infrastructure and equipment essential to maintain production output and to ensure that ConMet's requirements are met;
- prepare contingency plans for continuity of supply in the event of any of the following: fluctuation in business (up or down), key equipment failures, interruption from externally provided products, processes, and services; natural disasters; fire; utility interruptions; labor shortages; or infrastructure disruptions;
- include, as a supplement to the contingency plans, a notification process to the customer and other interested parties for the extent and duration of any situation impacting customer operations;
- periodically test the contingency plans for effectiveness (e.g., simulations, as appropriate);
- conduct contingency plan reviews (at a minimum annually) using a multidisciplinary team including top management, and update as required;
- Document the contingency plans and retain documented information describing any revision(s), including the person(s) who authorized the change(s).

The contingency plans shall include provisions to validate that the manufactured product continues to meet ConMet and or OEM specifications after the re-start of production following an emergency in which production was stopped and if the regular shutdown processes were not followed.

Any change to the supplier's business that can affect their ability to supply product to meet

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| Labor Contract Notification Requirement | ConMet requirements must be communicated to the ConMet Sourcing Manager in a timely basis.<br><br>Supplier must notify ConMet Corporate Sourcing Manager of labor contract expiration dates six months prior to the expiration. Supplier must have a documented risk mitigation plan in the event of labor disruption/ logistic disruptions. |

## Laboratory Requirements

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| Internal Laboratory Requirements | Where applicable, the internal laboratory must have a defined scope that includes its capability to perform the required inspection, test, or calibration services. This laboratory scope shall be included in the quality management system documentation. The laboratory shall specify and implement, as a minimum, requirements for:<br>• Adequacy of the laboratory procedures<br>• Competency of laboratory personnel<br>• Testing procedures of products<br><br>The laboratory shall have the capability to perform these services correctly, traceable to the relevant process standard (such as ASTM, EN, etc.); when no national or international standard(s) is available, the organization shall define and implement a methodology to verify measurement system capability.<br><br>The laboratory must understand and comply with any OEM/customer specific laboratory requirements. |
| External Laboratory Requirements | The external laboratory shall be accredited to ISO/IEC 17025 or national equivalent and include the relevant inspection, test, or calibration service in the scope of the accreditation (certificate); the certificate of calibration or test report shall include the mark of a national accreditation body, or show documented evidence that the external laboratory is acceptable to the customer.<br><br>Where required by the OEM/ customers, the supplier shall use directed laboratories for required testing. |

## Supplier Qualification Process

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| Supplier Assessment and Selection | ConMet's supply base shall consist of organizations supportive of our business needs. ConMet utilizes controlled methods through which suppliers are evaluated, selected, developed and monitored.<br><br>New supplier may be required to complete 101-1044-F006 Potential Supplier Questionnaire, and be evaluated based upon the potential risk assessment performed by ConMet.<br><br>ConMet Sourcing team will review the 101-1044-F006 Potential Supplier Questionnaire and other factors associated with the supplier and determine if the supplier is an acceptable fit with ConMet. Approved suppliers will be assigned a ConMet Supplier ID number and placed on the approved supplier list. |
| Verification Rights | ConMet reserves the right to verify the products and manufacturing processes at the supplier's premises and their supply chain. This can be done using different classifications of audits. This requirement is not limited to the supplier selection process and may be implemented at any time during the relationship ConMet and the supplier are involved. |

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| Capacity Analysis | Capacity Assessments help ConMet to understand its suppliers' processes and secure capacity. It identifies bottleneck processes at supplier operations that could impact ConMet's supply and allows them to be addressed so that customer demands can be met. Capacity Assessments can apply to all direct material suppliers to all ConMet locations. ConMet is entitled to perform a Capacity Audit on a supplier's premises in order to determine whether the supplier has installed sufficient capacity to meet ConMet's demand. The supplier must provide all necessary data for capacity calculations.<br><br>The supplier must:<br>• Perform a capacity self-assessment when requested to do so by ConMet<br>• Provide ConMet with reliable data to enable a capacity check<br>• Define and complete an action plan to close any performance gaps identified by the capacity assessment.<br><br>Capacity Assessments allow suppliers to improve their understanding of ConMet's demands and their own capabilities to meet them. If performance gaps are identified and closed, on time delivery and customer satisfaction are protected. |

## ConMet Supplier Product

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| Control of ConMet Supplier Product | If ConMet provides product for incorporation into the Supplier's product or related activities the Supplier shall establish and maintain documented procedures for the control, verification, storage and maintenance of ConMet product. Any such product that is lost, damaged, or is otherwise unsuitable for use shall be recorded and reported to ConMet Purchasing in a timely manner. |
| Returnable Packaging | The supplier shall establish and maintain documented procedures for the control, verification, storage and maintenance of ConMet or OEM owned returnable packaging. |

# Supplier Change Management

**Safety and or Regulatory Request**

ConMet will not give approval to a deviation related to safety and or regulatory requirements.

**Supplier Deviation Process**

Recognizing that managing change is of critical importance, Suppliers are expected to take a proactive approach to issues of non-conforming product or any changes to design, performance, materials, or processes. Suppliers should never ship such product before obtaining written ConMet approval through one of the methods outlined below. In cases where a Supplier has implemented an unauthorized change and ConMet and/or its Customers have been negatively impacted, the Supplier will be responsible for compensating ConMet for all associated costs.

**Temporary Changes**

Prior to shipping products that are out of specification or products that are produced with a temporary process change not reflected in the Supplier's current Process Control Plan, the supplier must obtain ConMet approval.

Suppliers must complete and submit a Supplier Product/ Process Change Request 101-1044-F018 to the appropriate ConMet sourcing manager. Note: for deviation to product design requirements the ConMet Corporate Engineers will be responsible for review and approval.

The Supplier must obtain written permission prior to shipping product that is out of specification and carry out the following:

- Submit Supplier Product/ Process Change Request 101-1044-F018
- Track the expiration date and applicable quantity of product
- Identify and ship product within the scope of the approved request
- Obtain authorization for additional shipments beyond the agreed limit.

**Permanent Change Request**

When seeking permission to make a permanent change to the design, performance, or processing of product supplied to ConMet, Suppliers must request approval as described below prior to implementation.

Suppliers seeking permanent changes to product design, performance, or processing must complete and submit a Supplier Product/ Process Change Request 101-1044-F018 to the ConMet Buyer.

The form must include all relevant information from which ConMet can make an informed decision.

ConMet may approve, reject or apply conditions of approval to the PPCR (e.g., level 3 PPAP required after change is implemented). The disposition is determined by the nature of the change and impact on manufacturing and Customer requirements.

Approval of the PPCR does not authorize the Supplier to ship—it is only the authorization to proceed with coordination of PPAP submission.

Suppliers must NOT:

- Implement changes before receiving PPAP approval
- Ship until satisfying all AIAG Production Part Approval Process requirements
- Ship prior to the implementation date established with the ConMet Materials Group.

# Tool and Gauging Management

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| Tooling Quotation | The items in this section must be considered as part of a tooling quotation to ConMet unless otherwise specified by ConMet.<br>Tooling quotation must include expense breakdown, including fixtures, dies, gauging and other costs as well as tooling design (i.e., number of cavities, material, etc.). |
| Tool Capacity | Capacity of the tool must be clearly defined on the quotation, and calculated on a 5-day 3-shift basis unless otherwise directed by ConMet.<br>Tool life must be clearly defined on the quotation. |
| Replacement | Tool/ cavity replacement must be clearly defined on the quotation. This should be provided as a per part cost or as a cavity replacement cost.<br>The quotation must specify lead-time breakdowns including design, build, testing and PPAP submission & approval. |
| Tooling Maintenance | The Supplier is responsible for maintaining, repairing, refurbishing, & replacing tooling in production condition at no cost to ConMet and ConMet will retain all title and ownership rights for said repaired, refurbished, or replaced tooling for the defined lifetime of the tool, unless otherwise agreed to in writing by ConMet.<br>The Supplier is responsible for disposing of the tooling at no cost when directed in writing by ConMet.<br><br>The Supplier will keep detailed maintenance records for the tooling. The Supplier will make these records available to ConMet on request.<br>The Supplier will monitor the tool life and performance to ensure that repair, replacement and maintenance, whether or not the responsibility of the Supplier, are identified and corrected prior to the time that part quality or production capacity are affected. This will include regular dimensional reviews on specific part characteristics. Supplier agrees to make this data available to ConMet on request.<br>The Supplier will on a regular basis monitor tool life and advise the ConMet Supplier Representative well in advance when tooling replacement is necessary.<br>The Supplier will ensure that sufficient quantities of components will be in Supplier's inventory and available to support ConMet production prior to and during the time period that the tooling is being refurbished or replaced. |
| Tool Design | When tooling is designed by the Supplier, ConMet must be provided with electronic and hard copies of the design and all related drawings and specifications. Supplier, upon request from ConMet, will provide reproducible tooling prints for any existing tools.<br>All designs must be based on the metric system unless otherwise agreed to in writing by ConMet. |
| Tooling Run-off | The Supplier must document tooling run-off quantities in the quotation. |

## Project Management/ APQP

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| Project Management/ Advance Product Quality Planning (APQP) | Each Supplier shall define an associate as a point of contact who shall be responsible for the organization and communication of ConMet project goals and objectives within their organization. Project management shall utilize the principles outlined in the latest AIAG Advance Product Quality Process (APQP) manual.<br>All suppliers are required to manage all projects (new or changed parts) according to the ConMet defined time schedule, and report on the activities as requested. Any change in the time schedule needs to be approved by ConMet.<br><br>Suppliers are fully responsible for the quality of their products including their suppliers. All suppliers are responsible for providing products that meet all ConMet requirements, specifications, and drawings as identified on the purchase order and that the products are free from defects. |
| Safe Launch | When required ConMet may require the supplier to implement a safe launch plan per 101-1044-P017 Supplier Safe Launch Plan procedure. |

## Sub-tier Management

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| Sub-tier Supplier Risk Assessments and Audits | Suppliers shall have a defined on-boarding process of their suppliers, including a cross-functional supplier approval process that is documented in the suppliers Quality Management System. This process must include a cross-functional and effective risk assessment of any new supplier.<br><br>The supplier must have on-going risk assessment of key suppliers and address negative trends and conditions as needed to ensure affect supply of product to ConMet and or the OEM's.<br><br>Supplier has to conduct regular Quality Management System audits of their key suppliers at defined frequency in order to improve & develop their suppliers & to meet the Quality objectives of the complete supply chain. |
| Supplier Sub-tier tooling management | Supplier shall manage ConMet or customer owned tooling utilized by their suppliers to ensure continued supply of conforming product. The supplier must ensure that a preventative maintenance program is in place is effective and monitored. |
| Pass-through Requirements | The supplier must pass down all customer specific requirements, including this manual to their suppliers and verify control and compliance to stated requirements throughout the product life. |
| Sub-tier Contingency plans | The Supplier will ensure their supply chain has prepared contingency plans to satisfy ConMet requirements in the event of an emergency such as utility interruptions, labor shortages, key equipment failure and field returns. |

# Supplier Product Part Approval Process (PPAP)

Product Part Approval Process (PPAP)

The PPAP with all requested documentation and samples according to the APQP/PPAP process shall be available or submitted on the agreed date. This documentation shall show that all requirements specified in our drawings and specifications are fulfilled.

Interim Approval

The supplier can apply for an Interim approval if the part or documentation cannot conform to all specified requirements. The supplier should apply for this as soon as they see that they cannot present a complete PPAP on the agreed date. The Interim approval request needs to specify what requirement the supplier cannot fulfill and an action plan showing how and when the part (e.g. 100% sorting before shipping to ConMet) or documentation will be according to specification. An interim approval is always restricted for a limited number of parts or time-period.

ConMet reserves the right to inspect these samples for conformance and will return a signed Warrant indicating whether it is approved to produce parts for production purposes. Shipping of production material is only allowed with an approved PSW (Part submission Warrant) or a signed Interim Approval by ConMet.

*Regulatory and Statutory Compliance*

*Statutory and regulatory requirements are to be identified and addressed during the contract review process, design, development process, and manufacturing design process to ensure compliance to stated requirements. These requirements must communicated throughout the product realization processes including sub-tier suppliers. No changes can be made post-PPAP without written permission from ConMet Supplier Quality Manager. Change process must include impact review the changes may have on Statutory and regulatory requirements. Top management will ensure that training is provided to all personnel involved in the product safety and manufacturing process*

Critical Characteristics

Designated critical characteristics shall be subject to continuous ongoing Statistical Process Control in accordance with the latest addition of the AIAG SPC Manual. The supplier must employ competent associates knowledgeable in measurement systems analysis and statistical methodologies.

Products are taken from pre-production at the manufacturing location(s) and analyzed statistically. Parts from each unique production process e.g. duplicate assembly line and/or work cell, each position of a multiple cavity die, mold or pattern, shall be measured and representative parts tested. If not defined in ConMet specifications, ConMet requirement on initial capability studies are Min 1.33 Ppk.

# Customs Compliance

Scope

Suppliers who import/export to any ConMet Facility and have "cross-border shipments" must comply with the ConMet Supplier Customs Compliance Standard
http://www.conmet.com/general/about/info-for-suppliers/

# MSDS/ IMDS

MSDS

The Supplier is responsible for complying with and satisfying all Federal, state, local and international requirements on all materials used in product manufacture. Where applicable, the supplier will furnish one copy of the MDSD (Material Safety Data Sheet) for hazardous materials

directly to ConMet.

IMDS

ConMet participates in the International Material Data System (IMDS). Accordingly, suppliers should be prepared to create MDS sheets within IMDS for their materials and components for PPAPs.

The ConMet IMDS number is 104320. Note: when submitting the IMDS the supplier must use the ConMet part number.

## Annual PPAP Revalidation

Annual PPAP Revalidation Scope

If specified in the purchase orders, a complete annual layout inspection, including all sub-components, is required for all parts. All suppliers impacted by this requirement shall annually revalidate their respective production components, and be able to provide the results to ConMet as defined in the PO request.

Annual Revalidation Requirements

Suppliers shall document this requirement in the Production Control Plan for all parts with annual revaluation classification. At a minimum documentation shall include a PSW and valid material certification report(s) not more than 12 months old, a full dimensional report (each cavity. Minimum of 5 layouts), and a capability study for all print designated special characteristics.

Submittal

The supplier is required to manage the annual revalidation in a documented process to ensure submittal occur on or before the required dates noted in the PO. The supplier will submit all documents necessary for the Annual Revalidation submittal to ConMet Corporate Supplier Quality Manager or Sourcing Manager.

## Boundary Sample Management

Definition

Mass Production representative parts, which establish a sensory standard when the characteristic is difficult to define or communicate by any other method. They may be temporary or permanent, and must define the acceptable limits.

Boundary Sample Management

The use of a boundary sample is to establish inspection criteria for characteristics that are based primarily on subjective methods. The boundary sample is used to communicate the agreed upon acceptable limits to all personnel responsible for part quality at both the supplier, ConMet and or OEM's

Approval Process

Preliminary boundary samples should be discussed prior to tooling and process development to determine quality expectations and process capability.

Preliminary boundary samples should be verified through the production trial activity with final boundary sample approval prior to supplier PPAP submittal.

Boundary samples may also be created to define problems discovered in both production preparation and mass production stages. When submitting boundary samples for this purpose, the supplier must be prepared to discuss process capability and previously tried countermeasures.

Proposed boundary samples must be representative of the supplier's confirmed process

capability and be consistently achieved.

Boundary sample approval is based on internal and external OEM quality standards, consumer acceptance impact, part design characteristics, and supplier process capability. ConMet Program manager will define the minimum number of boundary samples that must be prepared and submitted to ConMet.

Lead-time Requirements

Supplier must provide sufficient lead-time for the boundary samples to be evaluated, and approved.

Storage and Maintenance of Boundary Samples

The supplier must maintain the master boundary samples in a location where it is not susceptible to damage, aging, etc. The working boundary samples should be located at the point of decision and must be protected from damage or degradation.

Controls

Supplier control plans must include the use of boundary samples as applicable. The supplier must ensure that the environment where the samples are used to evaluate product conformance is conducive to effective evaluation (lighting and cleanliness, etc.). Where ConMet and or the OEM have defined specifications related to the evaluation of the product, the supplier must ensure that those specifications are documented in the control plans and related procedures, work instructions and evaluation documents and is complied with at all times.

MSA

Associates using the samples for evaluation must be qualified through acceptable measure system evaluation (ref: AIAG- MSA manual)

Boundary Sample Management

The supplier must manage the samples in their calibration program to ensure control and that the integrity of the samples is maintained.

Temporary Boundary Samples

The supplier may request approval of a temporary boundary sample that deviates from the approved boundary sample for a specific lot or time-period. Temporary boundary sample requests are intended to be utilized for extraordinary circumstances where all other considerations have been exhausted. Approval for a temporary boundary sample must be achieved prior to subject parts being delivered to the ConMet.

Revisions or change requests to approved boundary samples must be handled the same as original submission.

## Continuous Quality Improvement (CQI) Requirements

General

Suppliers should be versed in the Continuous Quality Improvement (CQI) assessment and have competent associates to perform the assessments.
The goal of these assessments is to provide an environment of continual improvement, defect prevention and reduction of variation and waste in the supply chain.

ConMet reserves the right to complete its own on-site CQI assessments at the supplier or sub-tier locations.

Results of the assessments must become part of the supplier's management review process.

If required during the APQP process the suppliers shall comply with the requested AIAG

standards related to special processes, for example:

- CQI-9 Special Process: Heat Treat System Assessment
- CQI-11 Special Process: Plating System Assessment
- CQI-12 Special Process: Coating System Assessment
- CQI-23 Molding System Assessment
- CQI-27 Casting System Assessment

Outsourced Process

Suppliers, who outsource Heat Treatment, Plating, Coating, and Molding & Casting, shall ensure that their suppliers complete and submit their own CQI audit results on an annual basis. The audit results are to be sent to the ConMet Supplier Quality group upon completion.

CQI-9 Heat Treat Assessment

The following are a list of CQI's that the supplier may be required to audit:
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.

CQI-11 Plating System Assessment

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.

CQI-12 Coating System Assessment

CQI-12 Coating System Assessment is a self-assessment regarding surface coating and must be carried out at least once per year.

CQI-23 Molding System Assessment

CQI-23 Molding System Assessment is a self-assessment regarding plastics molding processes and has to be conducted at least once per year.

CQI-27 Casting System Assessment

CQI-27 Casting System Assessment is a self-assessment supports the development of a robust casting process that eliminates common root causes of casting defects and has to be conducted at least once per year.

# Lot Traceability

Supplier Lot Traceability

All suppliers shall have an effective lot definition and traceability procedure based on risk analysis and compliance to ConMet specific specifications related to the product they are supplying. Suppliers shall ensure that their lot traceability system maintains its integrity through their entire supply chain, including not only raw material, but also purchased components/products, sub contracted operations if any.

Marking

The marking solution used on the part should support product investigation during the parts life (In principle, suppliers should indicate the lot number on actual parts).

Scope

Delivered product should be trace back to:

- the finished part
- the subcomponents/blanks
- the raw material
- the history of the processes applied to the product
- Rework operation
- Product and process special characteristics, test records (according to the control plan)
- influential process parameters
- Suppliers in the supply chain

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| Records | The period of storage information is done according to legal requirements. The minimum request is 15 years from date of manufacturing. |
| Pass down Requirement | Lot traceability must be passed down the complete supply chain. |

## Counterfeit/Used Parts

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| Counterfeit/Used Parts | The Supplier shall establish, implement and maintain documented procedures, which shall detect and/or preclude the use of counterfeit/used parts. |

## Statistical Process Control

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| Measurement Systems Analysis | Measurement systems Analysis (MSA) must be conducted on all measuring equipment reference in the control plan. The MSA's must comply with the requirements noted in the most recent AIAG Measurement Systems Analysis manual. |
| On-going Control | For critical or significant characteristics where the process can be adjusted during the production run, SPC may be used to control the process output.<br><br>In the event of noncompliance with the capability requirements, the supplier is required to perform 100% sorting and/or to implement a mechanical Poke-Yoke on the corresponding characteristics until the agreed action plan is completed and the capability results fully comply with the requirements. These actions (100% sorting or addition of mechanical Poke-Yoke) will have to be fully documented in the Control Plan and the process FMEA.<br><br>Capability Studies and Statistical Process Control shall be performed in accordance with the rules defined in the latest edition of the AIAG MSA and SPC manuals |
| Quality Records | Process records shall be maintained and be available for ConMet upon request. All records shall be retained for a minimum period of 3 years or for an agreed period. |

## Packaging and Labeling

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| Packaging | Suppliers must follow the requirements defined in 101-9999-P010 North American Packaging Standard |
| Labeling | Suppliers must follow the requirements defined in 101-9999-P010 North American Packaging Standard, OEM requirements and any other labels communicated by ConMet to the supplier (PPAP, Clean points, Deviation, etc.) |

# Supplier Rejection Process

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| Notification | ConMet will notify the supplier of a nonconformance using either 101-1044-F013 Supplier Concern Notification or email communication to the supplier representative. |
| Containment Requirements of the supplier | An initial response concerning Containment Measures is required within one working day after nonconformance discovery by ConMet suppliers and or ConMet's customers (OEM). The Supplier must contain all materials at ConMet, OEM facilities, off-site warehouses, and any material in transit. Upon request, the Supplier shall provide immediate containment at the ConMet facilities to ensure no stoppage of production. The Supplier is responsible to provide a detailed report of containment and disposition activity upon request. The Supplier must provide Returned Goods Authorization (RGA) when requested. |
| Containment Level 1 | Containment Level 1: Is a ConMet requirement that a supplier put in place a redundant inspection process at the supplying location. To sort for a specific and specified nonconformance and insulate the OEM or ConMet from the receipt of nonconforming parts/material. The redundant inspection is in addition to normal controls, is executed by the supplier's employees, and must be in addition to the normal production process controls. Exit from level 1 requires ConMet plant Quality Manager or designee approval. All product and or containers are to be identified as CL1. |
| Containment Level 2 | If the Containment Level 1 criteria is not executed properly and the ConMet Facility continues to receive nonconforming material, the Supplier will be placed on Containment Level 2.<br><br>Containment Level 2: A ConMet requirement that includes the same processes as Containment Level 1, with an added inspection process by a third party representing ConMet's interests specific to the containment activity. The third party is selected by the supplier, approved by ConMet, and paid for by the Supplier. Exit from level 2 requires ConMet plant Quality Manager or designee approval. All product and or containers are to be identified as CL2. |
| Return Parts | If the supplier requests the parts to be returned they must arrange transportation to their location. If in the event the nonconformance was not the responsibility of the supplier, they may issue a request for recovery of cost. |
| Supplier Corrective Action Process | The supplier must complete the necessary corrective action steps and submit a corrective action report to the ConMet contact that initiated the Supplier Concern Notification and Corporate Supplier Quality associate that sent the request. |
| Closure | The plant Quality Manager or designee and or the Corporate Supplier Quality representative will review the submittal and determine if the corrective action is effective in addressing the nonconformance. |

# Cost Recovery

Scope

Suppliers are responsible for the quality, on-time delivery, and reliability of the product they supply. Product must meet the drawings, specifications and or customer specific requirements of ConMet and/or our customers.

The Supplier accepts financial responsibility for the consequences of non-conforming product and/or services including, but not limited to, costs incurred for containment, sorting, premium freight, rework, repair costs of ConMet value add processing, and replacement of defective material, resulting overtime, and productivity loss incurred by ConMet or by ConMet's Customers.

Following is the schedule for charge back costs associated with non- conforming product sent to a ConMet site:

- Administration fee of $150 for each SCR issued.
- Sorting by 3rd Party Sorting Company is the responsibility of the supplier. ConMet may elect to initiate a contract with the 3rd party Sorting company, but it is required that the supplier contact the sorting company and take responsibility for the sorting cost. Sorting companies must be ISO-9001 certified and qualified by ConMet. The supplier shall share the results of the sorting activities with ConMet.
- In-house sorting by ConMet personnel (if required to avoid down production line—Supplier will be responsible for actual costs incurred. ($90 per hour)
- Production Line Down Charge—Supplier will be responsible for actual costs incurred at ConMet and or our customer.
- Miscellaneous fees (rework, material handling, required Customer visit time and travel costs, expedites, tooling/machine damage, testing, etc.) Supplier will be responsible for actual costs incurred.

# Warranty

Warranty Expectations

The Supplier shall review all warranty claims on their parts. When a part in a product fails during the warranty period, there is a cost associated with repairing or replacing the product. If the part that fails is purchased and deemed the responsibility of the supplier, ConMet will look to the Supplier for reimbursement of 100% of the customer fee.

Warranty Expectations

ConMet's expectation will be for the Supplier to collaborate with ConMet to determine the root cause of the failure as well provide reimbursement for the warranty cost when applicable. See ConMet Terms and Conditions for further defined requirements.

# Supplier Performance Monitoring

Requirements

The purpose of Supplier Performance is to identify the Supplier's conformance to ConMet standards. Parts and services furnished to ConMet are required to meet and maintain zero defects and 100% on-time delivery.

Quality

The Supplier Performance will be continuously monitored and reported at a defined frequency from ConMet Corporate Supply Chain. This data will be used for sourcing decisions. If the Supplier's performance does not meet the expectations of ConMet, the Supplier could be placed in a supplier development program, placed on new business hold or removed from the supply base.

Quality PPM (more commonly known as DPM (defects per million) is calculated using the number of failures for a specific group of parts divided by the total number of those specific parts sold multiplied by 1,000,000. This is a method of stating the performance of a process in terms of actual nonconforming material.

OEM Quality Tags

PPM data is used by ConMet Sourcing to assess the performance of the Supply Chain relevant to Quality. ConMet requires its Suppliers to participate in and provide necessary improvements to reduce PPM levels in alignment with the ConMet 10 PPM Goal.

Delivery

PPM performance is only one measure of the supplier performance. Another closely related measure of performance is when a supplier nonconformance affects ConMet's customers. For each occurrence the customer will write a quality tag against ConMet. The incidences will be recorded on the supplier reports.

Supplier-Associated Warranty

The Supplier is required to meet 100% on-time delivery, including quantity and timing requirements by the ConMet facility. The delivery performance percentage of on-time delivery.

Premium Freight

In the event that a supplier responsible nonconforming product is in the field, and becomes a warranty claim. Warranty performance will be recorded on the supplier's report card. The goal is to have no cost associated with field failures.

Incidences of premium freight assigned to the supplier will be reported on the supplier's report card and charged back to the supplier. The goal is to have no incidences of premium freight.