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SUPPLIER MANUAL

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1.0 Introduction

CS Manufacturing provides quality products and services that meet our customers' requirements. CS Manufacturing recognizes the critical role our suppliers will play to ensure quality products to our customers. To make sure this goal is met, a manual has been established to outline our minimal requirements to our suppliers. All items in this manual are to be followed.

1.1 Purpose of Supplier Quality Requirements

The purpose of the supplier quality manual is to clearly outline CS Manufacturing's requirements to our suppliers. The manual will address the minimal requirements our suppliers are expected to meet.

1.2 Scope

The scope of this manual applies to all suppliers that provide material and/or services to CS Manufacturing.

2.0 Quoting

When a request for quote (RFQ) has been made to a supplier the following items are required:

- An itemized quote for the part/process.
- A team feasibility commitment form.
- Timing for part delivery and normal production lead time.

*This information is to be submitted to the appropriate CS Manufacturing Department.

3.0 Advanced Product Quality Planning (APQP)

Product quality begins prior to first shots of production. To ensure a quality product and/or service is provided, an Advanced Product Quality Plan must be followed. It is the supplier's responsibility to ensure that all critical quality characteristics, control items, validation requirements, check fixtures, packaging and other quality related items have been agreed upon with CS Manufacturing. This process is to be documented and monitored by the supplier using the APQP tracking tools listed below.

3.1 APQP Tools

CS Manufacturing requires suppliers to follow a documented APQP process. This process needs to follow the AIAG Advanced Quality Planning and Control Plan Manual as they apply. Suppliers may use their own format if it complies with the AIAG manuals.

3.2 Status Reporting

Suppliers are responsible for developing timelines based on the program milestones supplied by CS Manufacturing. Timelines, status reports and supporting evidence must be made available to CS Manufacturing upon request. If at any time a supplier's timeline becomes compromised, CS Manufacturing must be contacted. If this is going to adversely affect the overall timeline of the project, CS Manufacturing will expect an explanation and required steps from the supplier.

3.3 Launch Readiness Review(s)

CS Manufacturing may determine it necessary to perform a launch readiness review with the supplier. This review will consist of APQP documentation, Control Plan, FMEA, work instructions and may include an on-site review. This may also include a run at rate, process sign-off or other method of validation as specified.

If a launch readiness review is going to be required, a representative from CS Manufacturing will contact the supplier to set up and explain the review required. Any customer specific documentation that is required, will be provided by CS Manufacturing to the supplier.

3.4 Packaging

Suppliers are required to ensure that packaging and quantities of packaging have been reviewed and approved by CS Manufacturing prior to implementation. A copy of the packaging instructions is to be included in the PPAP package to validate approval.

3.5 Gaging

Suppliers are responsible to supply gages for their own use. The suppliers are responsible for following the AIAG Measurement Systems Analysis (MSA) Manual.

Any part specific gages that are required by CS Manufacturing will require a gage review prior to the gage being built.

3.6 Customer-owned Supplier Tooling

All customer tooling shall be maintained and identified for the life of the program. Storage of the tool during production and during service is the responsibility of the supplier to ensure no damage is occurred by the tooling.

3.7 Boundary Samples

Master samples for visuals are to be approved by CS Manufacturing. When cosmetic issues arise that cannot be addressed by the master samples, the supplier is responsible for obtaining boundary samples approved by CS Manufacturing. Items

that do not conform to the master samples and are deemed not acceptable, do not require CS Manufacturing approval.

3.8 FMEA Development

CS Manufacturing requires suppliers to utilize the latest version of the AIAG Failure Mode and Effects Analysis reference manual for development guidelines, quality objective and rating guidelines. Corrective actions are required on all RPN's that exceed 60.

3.9 International Material Data System (IMDS)

IMDS submissions will be requested as necessary. The supplier is responsible for providing documentation of the ID number to validate compliance.

3.10 Annual Validation Requirements

Suppliers are responsible for performing annual validations when necessary. The extent and scope of the validation is to be agreed upon during the APQP process and documented.

3.11 Preventative Maintenance (PM)

PM process steps that can affect the safety and critical characteristics of product are to be identified by suppliers. This information is to be reflected in the APQP process and any supporting PM documentation as required.

4.0 Production Part Approval Process (PPAP)

All suppliers are required to provide inspection and test data to CS Manufacturing, which validates that the product meets conformance. Submission of data is to follow the AIAG Production Part Approval Process. Please contact CS Manufacturing for any questions regarding the PPAP submissions.

All product must conform to the part print. If it does not meet the quality requirements per the part print, CS Manufacturing must be contacted for resolution.

All bulk material suppliers are to submit PPAP following AIAG guidelines. A warrant and material certificate are required for approval.

PPAP approval must be obtained to begin production or shipment of product to CS Manufacturing, unless an approved waiver has been granted by CS Manufacturing.

Production and process changes, including location changes, must be communicated to CS Manufacturing. Design or process changes may require resubmission of the PPAP. Review the PPAP requirements for these

changes with CS Manufacturing prior to implementation of the changes. Product produced after changes must be clearly identified and communicated to CS Manufacturing, this may include Initial Parts Production Tags (IPP) or some other agreed upon identification method.

4.1 Launch Containment

Initial or launch containment on all new programs or takeover programs requires 30 days of defect free shipment to CS Manufacturing. This inspection is to ensure quality product(s) are provided to CS Manufacturing. Suppliers are responsible for providing the following information.

- a. Containment identification.
- b. Data from inspection (weekly).
- c. Color or gloss readings as specified by CS Manufacturing.

5.0 Problem Resolution/Corrective Action

CS Manufacturing suppliers are responsible for providing defect free product on time and in the specified ordered quantities. When an occasion arises that a quality or delivery issue occurs, it is the supplier's responsibility to initiate a corrective action to address the situation.

If it is warranted, CS Manufacturing will initiate a formal corrective action request. Corrective actions must address containment activities (at suppliers and CS Manufacturing when required) root cause, short term and long-term corrective action and verification of the corrective action. Suppliers are expected to utilize a multi-discipline approach when addressing corrective actions.

After initial request for a formal corrective action the supplier is expected to give a written response within 24 hours of the following items.

- a. Containment identification of product.
- b. When certified replacement stock will be available.
- c. Short term containment plan to ensure that no more nonconforming material or services is received during resolution of issue.

5.1 Charge Back Policy

When a supplier's non-conforming product or inadequate shipment causes down-time or quality issues at CS Manufacturing or any CS

Manufacturing customer, the supplier will be held responsible for the cost. Down time or sort time at CS Manufacturing will be calculated and charged back to supplier along with any cost incurred due to the supplier's production or process. Charge backs will be documented to the supplier for review. A supplier may contact CS Manufacturing to refute or accept responsibility of the charge back by contacting the quality department at CS Manufacturing.

Charge backs for sort are calculated at a rate of \$55/hour. Down time will be calculated based on number of personnel and line type that is down. Expedited shipping will be calculated on an as needed basis and will include the cost of the freight as well as administrative cost. Any charges incurred by CS Manufacturing will be charged back to the supplier.

All late or short shipments can be charged a service fee of \$250 per part number. All repeat shipping issues will be charged a \$500 fee per part number.

All repeat quality issues will be charged a \$250 fee for initial occurrence, any reoccurrences will be assessed a fee of \$500 per occurrence.

All charge backs will incur an additional \$150 administration fee regardless of the type of charge i.e.: expedite, past due, down time, quality issue.

5.2 **Controlled Shipping**

When suppliers are not able to meet the quality standards of the product it may be determine that controlled shipping is required. Controlled shipping will fall under two categories.

1. Containment by supplier-this activity will be in addition to normal controls already in place. A written copy of the work instruction must be submitted to CS Manufacturing for approval. All data is to be provided to CS Manufacturing daily. CS Manufacturing will provide the exit criteria to the supplier, this must be met to be removed from containment activity.
2. Third party containment-when necessary an outside party will be required to perform the inspection. A copy of the work instruction must be submitted to CS Manufacturing. The data from the sort must also be submitted to CS Manufacturing daily. CS Manufacturing will provide the

exit criteria to the supplier that must be met to remove the containment activity.

All costs incurred by the containment activity will be the responsibility of the supplier. It is the responsibility of the supplier to communicate to CS Manufacturing in writing the identification method of product on containment. This must be done prior to the first shipment of contained product. If this criterion is not met product may be rejected or sorted at the supplier's cost.

6.0 Labeling Requirements

Products shipped to CS Manufacturing must be shipped with correct label as outlined in the "CS Manufacturing Supplier Label" document located on CS Manufacturing's website. The initial label must be approved by CS manufacturing Purchasing Manager before the first shipment.

Any label that does not meet the specified requirement as outlined in the "CS Manufacturing Supplier Label" document may be subject to the Charge Back Policy outlined in section 5.1.

7.0 Shipping Requirements

- 7.1 Suppliers will receive a release with requirement quantities and delivery dates. It is the Supplier's responsibility to ensure that shipments are sent in time to reach our facility on the delivery date.
- 7.2 A copy of the Supplier's packing list shall be sent by the supplier to their contact within 30 minutes of the shipment. This should be sent in an email.
- 7.3 If a Supplier can not provide product as requested in the release provided, it is their responsibility to notify their contact as soon as they are aware of the shortage.
- 7.4 All costs resulting from a short shipment will be passed on to the supplier in the form of a supplier charge back.
- 7.5 No partial containers can be shipped without prior written approval. Please note CS Manufacturing will not receive in partials without approval from CS Manufacturing prior to shipment.

8.0 Electronic Data Interchange

Upon supplier's request, CS Manufacturing can send purchase orders via Electronic Data Interchange (EDI). Contact the Purchasing Manager if interested in setting up EDI.

9.0 Supplier Requirements

8.1 Suppliers are required to complete or provide the following items to CS Manufacturing to be an approved supplier.

- a. A completed supplier approval survey
- b. A copy of the supplier's certification.
- c. A list of contacts from the suppliers. This list must contain contact information for a representative from scheduling, quality and a 24-hour contact(s).

Any questions on labeling should be addressed with the appropriate representative from the quality department or material department.

1. Quality Criteria-PPM less than 25. Extended PPM over 25 for 4 months requires actions by the suppliers
2. On time deliver-Percentage to equal 100. Extended delivery for 4 months of less than 100 requires actions by suppliers
3. Cost- Goal 100 percent. 80 percent defined by cost comparison. 20 percent assigned for cost reduction activity by supplier
4. CA on time-Goal 100 percent. Added 8/2/16

11.1 Inventory Requirements

If suppliers provide an outside service to a production part (i.e., paint, decorations, buffing), then it is required that the inventory of product at their facility is provided to CS Manufacturing monthly. The inventory must be provided to CS Manufacturing Materials Contact by the last business day of the month and need to identify the following items.

- a. CS Manufacturing part number
- b. Finished parts
- c. Raw parts
- d. Parts deemed to be Rework
- e. Parts that have been or will be scrapped

11.2 Scrap and Rework

11.2.1 All parts deemed by the Supplier to be scrap or rework, must be reported to the Materials contact by Friday of each week.

11.2.2 Rework must be conducted within one week or it will be deemed scrap.

7.3 Where identified a supplier is required to complete a self audit or an onsite audit will be completed by a representative of CS Manufacturing

Suppliers will be monitored for the following items:

1. On-Time Delivery-100% on time
2. Quality of Product-Less than 15 PPM
3. Cost-Competitive to Market- To be monitored by competitive bidding of product or services.

Supplier's performance will be based on these key measurable. If suppliers are failing to meet one or more measurable for a period of more than three months a supplier may be put on new business hold, be put-on third-party containment and/or be required to provide counter measures to address the issue(s).

12.0 Material Requirements

12.1 Material suppliers are required to keep material certification on file for all purchased materials

12.2 Material supplier is to provide all material certifications along with testing documentation, included testing standards and tolerance upon request. It is the supplier's responsibility to provide documentation to show the material meets the required specification. Failure to do so upon request will result in a non-conformance and subject to all charges and penalties.

13.0 Sustainable Procurement

13.1 Suppliers shall ensure that they at minimum review sustainability procurement activities and have a policy in place to address.

13.2 Suppliers shall review and ensure that their labor and human rights are protected by their employees

13.3 Suppliers shall review ensure that they have an environmental policy in place.

14.0 Terms and Conditions

14.1 Please refer to your Purchase Order for Terms and Conditions



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The supplier is to complete the contact list and sign and return the below form.

Contact Information					
Position	Name	Fax	Phone/Ext	Cell Phone	E-Mail
General Manager					
Scheduling					
Purchasing					
Sales Rep					
Engineering Mgr.					
Quality Mgr.					
Customer Service					
Production Mgr.					
Second Shift Contact					
Third Shift Contact					

Supplier Agreement

By signing you are agreeing you have received and read the CS Manufacturing Supplier Manual. Fax back to 616-696-3222 or e-mail: ccramer@csmanufacturing.us

Supplier Name: _____

Name (Print): _____

Signature: _____

Date: _____ Title: _____