



**NORTH AMERICAN
Stamping Group**

Supplier Manual & Quality Requirements



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1. Introduction

When used as intended, this manual will provide a roadmap through the quality requirements at each stage of product life. Quality levels of purchased parts influence to a large degree our customer satisfaction. This makes the supplier's ability to produce a quality and reliable product a significant factor in the decision-making process when placing orders.

An educated supply base can only improve our ability to work as a team to satisfy the needs of our customers completely. Together, through continuous improvement and a firm commitment to quality and sustainability, we can meet our goals.

2. Purpose

The purpose of the Supplier Quality Manual is as follows:

- Identify objectives and goals for NASG suppliers
- Proactively meet and exceed all NASG customer requirements
- Adhere to NASG's code of conduct on sustainable practices

3. Supplier Selection

NASG has fully embraced the IATF 16949 and ISO 9001 quality management system standard and has developed a systematic approach for the selection and approval of Suppliers. A cross-functional team consisting of representatives from Purchasing and Quality investigate and evaluate suppliers prior to their addition to the Supplier List. This activity allows us to evaluate and select Suppliers based on their ability to meet NASG quality system and customer-specific quality assurance requirements. All material suppliers to NASG are required to develop, implement, and improve a quality management system with the objective of becoming certified to IATF 16949 (eligible organizations), with certification to ISO 9001 required as a minimum.

Environmental compliance is very important to NASG and its customers. Approved suppliers shall provide on annual basis proof of ISO 14001 certification, your company's Environmental policy, or documented evidence of compliance to local, state, and federal regulations.



4. Supplier Code of Conduct

At North American Stamping Group, we are committed to conducting business in a professional and ethical manner, holding our suppliers—including manufacturers, vendors, and service providers—to the same standards. This Supplier Code of Conduct reflects our dedication to sustainable and responsible business practices, focusing on key areas such as **Labor & Human Rights, Ethics, and Environment**.

1. Labor & Human Rights

1.1 No Forced Labor Suppliers must not use forced, bonded, or involuntary labor, including slavery and human trafficking. All work must be conducted voluntarily, and employees must be free to leave at the end of their shifts. Suppliers must adhere to applicable labor laws related to hiring, wages, working hours, overtime, and conditions of employment.

1.2 No Child Labor Suppliers are prohibited from employing individuals under the legal minimum age for employment in their country of operation. If no such limit exists, the minimum age for employment shall be by the United Nation's working age guidelines.

1.3 Health and Safety Suppliers must comply with applicable health and safety regulations. They must implement policies that ensure safe, hygienic working conditions to prevent workplace injuries and illnesses. Suppliers are responsible for promoting continuous improvement in workplace safety standards.

1.4 Freedom of Association and Collective Bargaining Suppliers must respect the rights of their employees to freely associate, join, or refrain from joining labor unions, and to engage in collective bargaining as permitted by local laws. Suppliers must ensure that there is no harassment, intimidation, or retaliation against workers exercising these rights.

1.5 No Harassment or Discrimination Suppliers must ensure a workplace free from harassment, abuse, and unlawful discrimination. No employee shall be subjected to discrimination based on race, national or ethnic origin, color, religion, age, gender, sexual orientation, gender identity, marital or family status, disability, or any other protected status by law.

2. Ethics

2.1 Integrity in Business Practices Suppliers must conduct their business with integrity and in compliance with all applicable laws. This includes adhering to anti-corruption laws, ensuring that no bribes, kickbacks, or illegal payments are made or accepted, and disclosing any potential conflicts of interest.

2.2 Fair Competition Suppliers must uphold fair business practices and avoid any anti-competitive behavior. They should engage in transparent and lawful competition and respect intellectual property rights, both of their own and others.



2.3 Transparency in governance Supplier must demonstrate transparency in the governance of their activities. Ensure that performance indicators are maintained as the pillars of priority for their industry.

3. Environment

3.1 Environmental Responsibility Suppliers are expected to comply with all relevant environmental regulations and laws. They must take meaningful steps to reduce their environmental impact through energy conservation, waste reduction, and resource optimization. This includes:

- Minimizing the use of hazardous materials and ensuring proper waste management.
- Reducing water usage, emissions, and pollution to minimize their ecological footprint.
- Implementing sustainable practices in line with international standards on environmental protection and climate action.
- Suppliers must prioritize the procurement of materials and products in a sustainable manner.

3.2 Collaboration for Sustainable Solutions Suppliers must work with North American Stamping Group to find innovative and sustainable solutions to common challenges. This involves sharing best practices, engaging in research and development for sustainable products, and striving to reduce the environmental footprint of products and services.

4. Conclusion

Suppliers are required to demonstrate compliance with this Supplier Code of Conduct upon request by North American Stamping Group. Suppliers are encouraged to continuously improve their practices in line with evolving **Labor & Human Rights, Ethics, and Environment.**

North American Stamping Group may periodically assess supplier performance related to these standards through audits, self-assessments, and other monitoring activities. Suppliers must remain open to such evaluations and take prompt corrective actions when necessary.

We believe in building long-term partnerships with our suppliers based on mutual respect and shared goals. Suppliers are encouraged to engage in ongoing dialogue with North American Stamping Group to address challenges, foster improvements, and ensure alignment with this Code of Conduct.



5. *Supplier Assessment and Development*

NASG is committed to the ongoing development of their suppliers. NASG will make available the quality manual, procedures, and personnel to assist with the above. Supplier audits (i.e. MAQMSR and/or NASG F-025), either conducted on-site or as a self-assessment, are utilized for the purposes of supplier risk assessment, supplier monitoring, and supplier QMS development. Annual audits (on-site or self-assessment) will be conducted with suppliers who do not have the IATF 16949 certification or on suppliers who have a score that is less than the minimum of 80 points for 3 months in a row. Product or process audits may be conducted as required.

6. *Quotes*

Request for Quote Package

NASG Sales, Engineering, Purchasing, or Materials Manager will generate all requests for quote documents for new parts. Quote packages may contain information such as:

1. Design Records
2. Quality Expectations
3. Statement of Work
4. Feasibility Commitments
5. Engineering Notes
6. Buyer Notes
7. Type of Containers (i.e.: returnable vs. expendable)
8. Due Date for Request for Quote

Responding to a Request for Quote

Please note that NASG may not honor late responses. The bidder should quote exactly what is specified, including all quality requirements, specifications, and/or print dimensions. All exceptions shall be defined in writing. The request for quote shall be returned, on time, to its' originator.

Quote Response Requirements

Quote requirements center primarily on quality, service terms, pricing, and engineering compliance.

Quality Requirements:

- Compliance to all quality expectations

Service Requirements:



- Quote and meet production lead times

Pricing Requirements:

- Parts during preproduction volumes purchased at production pricing
- Part pricing includes PPAP submission
- Tool maintenance is included in the piece price.

Engineering Requirements:

- Do not start a tool without a tool purchase order; a part order is not a tool order.
- Tool payment is contingent upon PPAP approval

Verification of Purchased Product

Purchase orders written to Suppliers will state that NASG & their customers reserve the right to inspect production at the Suppliers facility at an agreed upon date and time. This verification is not evidence of effective control by the Supplier or preclusion of a rejection. It only serves as a contract of intent.

7. Purchases

The NASG Purchasing will maintain an approved source list. NASG will purchase materials from vendors on this list. Purchasing may make modifications to this list at their own discretion.

A purchase order shall be issued to the supplier when a sourcing decision has been made. NASG Terms and Conditions and reference to this manual will be stated on the purchase order.

8. Prototype/Special Parts Identification Process

The supplier is expected to treat the Pre-production and prototype process and product as though they were production intent. All special parts ordered by NASG engineering or purchasing, shall be clearly identified with Prototype/Special Parts Tag. Special parts are defined as any part (does not include raw material) sent to NASG that is not a production release item, authorized with a NASG purchase order such as:

- Parts for a design change but not a PPAP
- Material Change
- Manufacturing Method change
- Machine change
- New Tool/ die samples
- PPAP
- Die/Tool Change
- Certified Material
- Packaging Change



9. Process Sign Off

The purpose of the Supplier Process Sign Off (SPSO) is to ensure that a supplier's manufacturing process is capable of meeting the quoted tooling capacity, while satisfying all customer quality requirements. The Supplier Process Sign Off verifies that the actual manufacturing process conforms to the manufacturing process that will remain constant through start of production. The NASG APQP team may require a Supplier Process Sign-Off. When chosen, a representative from the NASG organization will be at the supplier's manufacturing facility for the product run duration.

SPSO ELEMENTS AND REQUIREMENTS

Elements that shall be complete and in place at the time of SPSO include but are not limited to:

1. Plant layout
2. FMEA
3. Control Plan
4. Purchased components readiness
5. Product specifications/drawings/blueprints available
6. Tooling, equipment, and fixtures identified
7. Operator training
8. Operator Instructions
9. Parts handling plan available
10. Parts packaging/shipping specifications available
11. Containment plan available
12. Preventative maintenance plans established
13. Gage R&R studies completed
14. Product validation complete (as applies)
15. Line speed and capacity verified
16. Materials readiness verified

NASG will provide the supplier with the following:

1. Supplier Process Sign-Off Instructions
2. A blank copy of the SPSO form
3. Detailed questions
4. Supplier part plan
5. SPSO action item list



10. PPAP

Suppliers for new products are required to obtain production part approval in accordance with AIAG guidelines detailed in the PPAP manual to ensure that all NASG specifications have been met before the supplied product can be used in production. PPAP submission shall be Level 3 unless otherwise noted. The intent of PPAP is to ensure that the supplier has the ability to manufacture products in the production environment meeting all requirements of the customer's design record and specifications. This process will also ensure that the supplier has a proper understanding of these requirements. Each PPAP shall be delivered by the due date agreed upon by NASG and the supplier. Any deviations to this due date shall be submitted in advance and approved by NASG.

Annual Revalidation Submission

NASG requires annual revalidation submissions, which, at a minimum, will include a six-piece dimensional layout from a fully ballooned engineering drawing at the latest revision level, and current material certification. Deviations from these requirements must be granted in writing from the NASG.

PPAP Resubmission

As stated in the AIAG Production Part Approval Process (PPAP) manual, some examples of PPAP resubmission are, but not limited to:

1. Engineering Changes to specifications or materials.
2. Production from new or modified tooling.
3. Production following refurbishment (non-routine maintenance).
4. Rearrangement of existing tooling or equipment.
5. Production following any change in process or method of manufacture.
6. Production from tooling transferred to a different plant location.
7. Change of source for sub-tier suppliers.

Notes:

1. Familiarization with the detail contained in this section in no way dismisses the supplier from comprehending the detail within the AIAG PPAP manual.
2. Different submission levels do not change the supplier's responsibility of items that must be completed. It is the supplier's responsibility to complete all items that are required for part approval and maintain these items in their PPAP file.
3. It is the supplier's responsibility to submit corrective actions to an Interim PPAP approval prior to the Interim Approval expiration.
4. When a design record is modified, it is the supplier's responsibility to resubmit, at a minimum, a Warrant for each part number contained in the design record, even if a specific part number is not affected by the change.



11. Process Capability – Special Characteristics

Special characteristics are those characteristics or product features requiring a greater degree of certainty and confidence with respect to capability and process control. Designated control characteristics require demonstrated evidence of conformance over time. Special Characteristics are noted on product drawings and specifications with appropriate NASG and/or customer symbol. The minimum capability levels are:

- ≥ 1.33 Cpk Ongoing Process Capability (Long Term)
- ≥ 1.67 Cpk Preliminary Capability (Short Term)

12. Early Part Containment

Early production containment is required on all new products (does not include raw material) that required PPAP submission. The purpose of the EPC process is to ensure that any quality issues that may arise are quickly identified, contained, and corrected at the supplier's location. Duration of the EPC is 100% inspection on 10,000 pieces (or quantities as agreed by NASG and the Supplier) until zero defects is achieved.

The supplier's responsibility:

1. Identify inspections and dimensional checks required at the EPC station
2. Document the inspection work instruction to insure standardized work
3. Train personnel to the standardized work
4. Establish a reaction plan for a single defect
5. Implement an audit process of the EPC
6. Implement immediate corrective actions when nonconformance's are discovered during the EPC
7. Document evidence of execution and validation utilizing the I-chart
8. Identification – to indicate compliance with the EPC requirements attach a green circular sticker signed by the staff person accountable for implementation of EPC to the shipping label.

Suppliers are eligible to exit the EPC after successful validation of 10,000 pieces with zero defects.

Records of EPC activities are maintained by the supplier and available to NASG upon request.

13. Quality Expectations and Requirements Overview

This document outlines the minimum quality expectations for supplying products to an NASG facility. The quality expectations cover requirements relating to the following:

- a) Quality Systems
- b) Performance
- c) Parts
- d) Material Release



- e) Lot Traceability, Packaging and Labeling
- f) Customer-Specific Requirements
- g) Document retention
- h) Special and Safety Characteristics Requirements

a) *Quality System Requirements*

All material suppliers to NASG are required to develop, implement, and improve a quality management system with the objective of becoming certified to IATF 16949 (eligible organizations), with certification to ISO 9001 required as a minimum. Registration must be by an accredited third-party certification body. In addition, suppliers are strongly encouraged to become certified to ISO-14001:2015. Suppliers must, at a minimum, be compliant to all Local and Federal Environmental regulations, and are expected to follow social, environmental and economic practices that support sustainability. Suppliers are expected and encouraged to maintain an ethics policy.

b) *Performance Requirements*

Our expectation is that the supplier Parts Per Million (PPM) will show continual improvement with a goal of zero.

c) *Part Requirements*

Our expectation is that all parts meet every drawing and engineering specification.

d) *Material Release*

Supplier material releases are created as needed based on customer requirements. Releases will be sent electronically to the supplier. There will be two types of releases. One document is a weekly product release. This document will provide general information such as estimated annual volume, fabrication authorization, material authorization and estimated planning quantities. The second document is the shipping release, which authorizes shipment. The shipping release will be the only document to authorize shipment. Each release must be completed. 100% on time delivery is required. If a requirement cannot be met, the supplier is required to make every effort to notify the business unit administrator. Avoid shortages or overages when shipping. Over shipments are subject to be returned at the supplier's expense. Shipments shall follow first in first out (FIFO) stock rotation. NASG will monitor excess freight. Excess freight shall be debited back to the supplier provided NASG has met the supplier's lead-time requirements.



e) Lot Traceability, Packaging, Labeling Requirements

All material must have appropriate label information, ensuring full lot traceability of all material, bar code labeling is recommended (See Appendix C). A lot should contain a specific quantity of parts and should not exceed eight hours or one day of production, at a maximum. In the event of certain commodity-based material, methods such as steel coils will be acceptable. The supplier must ensure that packaging is adequate to prevent damage to material. When feasible, returnable containers are encouraged (scorecard point available). NASG has packaging & delivery needs that each supplier must meet. The following list contains specific requirements that suppliers must follow:

1. Each container must contain only one part number or kit
2. Each container must be labeled and all deliveries of materials and parts with safety critical characteristics must be clearly marked by the supplier.
3. Each shipment must be accompanied by a packing slip for both receipt and payment
4. The packing slip must be securely fastened to the container or delivered by the truck driver.
5. The packing slip must contain the following information:
 - a. Supplier name
 - b. NASG part number
 - c. Quantity
 - d. Purchase order number (specific release preferred)
 - e. Packing slip number
6. Material Certifications must be provided upon request.
7. Bill of Lading must accompany delivery.
8. All paperwork must be accurate and match physical delivery.

f) Customer-Specific Requirements

NASG requires every supplier to adhere to the general customer specific requirements (NASG as well as pass-through) outlined in the IATF16949 and ISO-9001 standards.

NASG Buyer will reach out to suppliers as required to ensure these requirements are collected/maintained/updated in QCBD.

These may include, but are not limited to:

- Implementation of a system compliant to CQI-8 Layered Process Audit Guideline
- Annual Submissions of the other Continuous Quality Improvement standards such as:

CQI-9 Special Process: Heat Treatment System Assessment
CQI-11 Special Process: Plating System Assessment



CQI-12 Special Process: Welding System Assessment

CQI-15 Special Process: Welding System Assessment

CQI-23 Special Process: Molding System Assessment

- Dock audit programs
- Annual revalidation/CMM layout certifications
- IMDS/GADSL
- Product Safety Representative (PSB)

g) Document Retention

The supplier will have and maintain detailed records that show evidence of the required quality management system, which includes PPAP documents and requalification proof, and retain those documents for at least 15 years after expiration of service life. Traceability Records shall be maintained and accessible for the life of the product, including service, plus one year. The supplier will also support with the analysis of documentation and samples. This particularly applies to special characteristics or D-characteristics (appropriate symbols are on the drawing and relevant documents) for which ongoing statistical capability is required and ensured. Documentation and corresponding samples, as required, must be retained for at least 15 years after the expiration of service life, particularly in reference to specific requirements such as safety critical characteristics (safety critical characteristics are defined in drawings, Feasibility Study, and other documents).

h) Special and Safety Characteristic Requirements

To meet legal and authoritative requirements (e.g. with respect to product liability) and customer requirements, additional care is necessary when producing parts with special characteristics and especially for parts with safety critical characteristics (D characteristics are defined in the drawing, Feasibility Study, and other applicable documents). This applies for the complete supply chain to the origin of production. Failure to comply with the D characteristics or other special characteristics could result in costly recalls, service campaigns, exchanges, selling bans, loss of orders, or loss of reputation. The supplier should take proactive steps to avoid these outcomes absolutely. For all characteristics marked with safety or a “D”, process capability must be proven (or related requirements met). Proof of results is necessary.

All documents related to the product such as FMEA, production control plan, production documents, internal/external shipping documents, and others must be clearly marked with a “D” or other internal safety designation.

The documentation must provide clear verification of the following:

- Manufacturing specifications
- Completion of all defined tests
- Set-up documentation or test values
- Test equipment calibration



- Clear batch traceability, individual tracking using serial numbers if required, test documentation, production data and material batches
- Traceability method must be agreed upon during the advanced quality planning stage
- Any quality deviations including measures, limitation and error prevention programs

NASG reserves the right to check compliance with correct documentation at any time and review all relevant documents. If the supplier is subject to an insolvency proceeding or liquidation, NASG has the right to obtain all paperwork for documentation of products, as long as the specified archiving period has not expired.

14. Continuous Improvement Requirements

Achieving continuous improvement in everything we do is very important to NASG and our customers. We need help from our suppliers to make this happen. We need to listen to our suppliers on ways to improve, which allows both NASG and the suppliers to achieve continuous improvement. Suppliers must have an on-going process for continuous improvement. Continuous improvement reduces variation in the manufacturing processes and improves the quality of the parts or materials produced as well as the service provided to NASG.

We believe that the supplier's manufacturing process should continually focus upon control and reduction of variation in product characteristics and process parameters. Through appropriate techniques including Pp, Ppk, Cp and Cpk. Statistical tools combined with Process Audits provide the data necessary to support continuous improvement. Evidence of these activities shall be supported by maintaining records for a two-year period. Records shall be available for review by NASG upon request. NASG encourages all suppliers to become environmentally friendly. Each supplier should identify all activities that have an adverse impact on humanity and environment and strive to reduce these activities using continuous improvement.

15. Supplier Performance Monitoring

It has long been understood that to facilitate the improvement in performance, one needs to effectively communicate expectations and then monitor performance against those Expectations. We believe that it is essential to communicate & evaluate Suppliers based on their ability to meet NASG requirements. It is important to recognize and identify Suppliers needing improvement.

Key Suppliers will be measured on their delivery (on-time), quality (PPM) and support performance (NASG F-019) Supplier Score Card. Key Suppliers will be determined by commodity. These are raw material, purchased parts, and outside processing. Any Supplier who supplies 10% or more of the total volume for their given commodity will be designated as a Key Supplier. The targets are 40 points on-time delivery, 40 points quality rating and 20 points support rating. Performance ratings are sent to Suppliers on a monthly basis.

Delivery



Delivery rating is the percentage of the Suppliers On-Time Delivery.

- ◆ 100% = 40,
- ◆ 99% =36,
- ◆ 98% = 32,
- ◆ 96% = 24
- ◆ 95% = 20
- ◆ 94% = 16
- ◆ 93% = 12
- ◆ 92% = 8
- ◆ 91% = 4
- ◆ ≤90 = 0

Quality

Quality rating is measured based on monthly PPM levels, number of quality, premium freight, and or disruption to production in the Supply-Chain occurrences.

PPM	Occurrences	Points
◆ 0 PPM = 20	0	20
◆ 1-1000 PPM = 16	1	15
◆ 1001-2000 PPM = 12	2	10
◆ 2001-3000 PPM = 8	3	5
◆ 3001-4000 PPM = 4	4	0
>4001=0.		

➤ Quality Performance Target is 0-75 PPM. With Zero occurrences

Support

Support is measured based on Initial response time to rejections, Corrective Action Response time and Disposition and removal of non-conforming material.

Initial response to Rejection		CAR (8D) responsiveness		Disposition and Removal of Nonconforming material	
Within 24 hours	5 points	Within 30 days	5 points	With 10 days	10 points
After 24 Hours	0 points	After 30 days	0 points	After 10 days	0 points

NASG requires a corrective action to be submitted by the supplier under certain circumstances including the following:



- ◆ A score of less than 80 in any month requires a written corrective action.
- ◆ Suppliers providing safety critical material or components, who's overall performance score is below acceptable levels for more than two (2) consecutive months, are subject to a second party audit by NASG Quality and/or Materials/Purchasing using NASG Supplier Quality Assessment NASG F-025. Audit findings will be documented defining requirements to return to Approved status (min 85% passing score).
- ◆ Three (3) consecutive evaluations less than 80 will result in placing the supplier on probation (Probation is defined as removing the supplier from the bid list).
- ◆ Six (6) consecutive evaluations below 80, the supplier will be removed from the approved supplier list.***

***Customer Directed Supplier evaluations scoring below minimums listed will be referred to the Customer for imposing corrective action(s).

16. ISSUES OF NON-CONFORMING MATERIAL, DISRUPTIONS, OR PREMIUM FREIGHT

Upon discovery of any nonconformance, the appropriate personnel will notify the supplier and a Material Rejection Report (MRR) will be generated. An 8-D specifying 100% containment must be submitted to NASG within 24 hours. The purpose of this initial response is to ensure no further nonconforming material will be shipped.

The supplier will need to provide a Return Material Authorization (RMA) number for disposition of the nonconforming material in question. If no response is given within five business days the supplier will be debited replacement costs.

In order for NASG to maintain delivery to our customer, production interruptions due to non-conforming material must be managed and supported by the supplier. This may include replacement material, and/or sorting or reworking of material onsite. The supplier will be advised of any chargebacks for, but not limited to, sorting, reworking, administrative charges or transportation costs associated with the MRR.

The final corrective action identifying the root cause must be submitted within the period noted on the MRR. Corrective actions should ensure irreversible corrective action has been implemented. Failure to contain and / or failure to define the Root Cause may result in the Supplier being placed on Level I / Level II containment. Documented changes to PFMEA's, Control Plans, and Operator Instructions should be included with the 8-D. Suppliers must continue identifying products with 100% certified labels during investigation and should continue for three shipments after the final corrective action reports are submitted.



17. Deviation Procedure

In certain circumstances, the supplier may wish to ask NASG to consider accepting non-conforming material. Before shipping the material, the supplier must obtain formal authorization. The reasons for requesting a deviation include: Non-conforming purchased product that does not meet the requirements of NASG part print, material specification or engineering standards, or product produced by an unapproved process.

The supplier requesting the deviation must substantiate the need and include a corrective action plan for future shipments. NASG temporary deviation form should be initiated by the supplier and forwarded to the Quality Manager or Materials.

The supplier may not ship product until all required NASG personnel approve the temporary deviation.

The supplier will be notified of NASG action via a copy of the approved deviation. The Quality department maintains copies of both requested and completed deviations. If the deviation is approved a Temporary Deviation NASG F-020 should be filled out for each coil of steel or container of parts and attached to the item. If an item arrives and does not have a Temporary Deviation Tag it will be rejected and a MRR will be issued to the supplier.

18. Supplier Delivery Performance

NASG expectation of 100% on-time delivery from its suppliers will be supported by providing appropriate planning information and purchase commitments.

NASG will request the supplier to submit a corrective action when 90-100% delivery is not achieved. This will include, but is not limited to, delivery delays which jeopardize NASG delivery schedule to our customers, or when there is an unsatisfactory trend in the delivery performance rating.

The corrective action form is to be completed by the supplier in the time frame noted. The Quality Manager will follow-up on the supplier corrective actions and review the responses. The supplier will be notified if the corrective action is sufficient and effective. This information will be used when evaluating the supplier's performance.

When necessary, the supplier will be advised via MRR of any charge backs for, but not limited to, downtime, sorting, reworking, administration charges or transportation costs that are associated with unacceptable delivery. Also, any related downtime, sorting, rework, administration or transportation costs at NASG customer relating to unacceptable delivery will be charged back to the Supplier.



19. Associated Business Conditions

Additional situations may arise that are not specifically addressed in other sections of this manual. They will be noted in this section.

- a. NASG and its customers expect to have access to supplier facilities and records at reasonable times for the purposes of surveys, assessments, inspection of goods and associated control systems.
- b. Suppliers are expected to share with NASG detailed cost data. Suppliers are also expected to use a fair and consistent method of applying the profit factor and distribution of overhead expenses in support of NASG requirements, consistent with goals of long-term financial viability.
- c. Suppliers must be willing to extend the benefits of cost reduction efforts with NASG
- d. Suppliers must provide Country of Origin Certification and other documentation required under US/Canada Free trade Agreement and the North American Free Trade Agreement. All customs requirements must be met in a timely manner to ensure efficient transportation of goods.

20. Confidentiality and Non-disclosure

Suppliers are reminded that all engineering and purchasing information generated as a result of business with NASG is strictly confidential. Suppliers are prohibited from sharing any technical or cost data without prior, written authorization from their Purchasing Agent or Buyer.

21. Controlled Shipping

Controlled Shipping Level-I (CS1) may be implemented when 100% certifying of product is required based on risk that may be posed by a particular quality issue. CS1 is to remain in place until pre-defined exit criteria are achieved and approved by NASG.

Controlled Shipping Level-II (CS2) is a result of failed CS1 and or chronic repeat issues that pose a risk to NASG or their customers. CS2 includes the supplier bearing the expense of a third party inspection company certifying product until pre-defined exit criteria are achieved and approved by NASG.

22. Management Quality Review

MQR Overview

A Management Quality Review meeting may be required between the supplier's leadership and NASG. MQR's are an escalation when previous steps have failed to resolve the problems such as; missing critical start up dates, poor delivery performance, poor MRR responsiveness, high PPM, repeat issues, or NASG customer related issues. Agenda items may include:



- *Introductory comments*
- *Reason for meeting*
- *Review of quality expectations*
- *Review of the supplier's actual performance, key metrics such as:*
 - *PPM*
 - *MRR responsiveness*
 - *Service and delivery*
- *Impact of the supplier's quality problems*
- *Financial liability of the problem including*
 - *Line downtime*
 - *Premium freight*
 - *Sort Costs*
 - *Etc.*
- *Supplier presentation of Corrective action plan*
- *General discussion*
 - *Required help*
 - *Key issues*
- *Questions and Answers*

Supplier Preparation Expectations

The supplier must come prepared to present:

1. An account of how we arrived in this situation
2. Corrective action plans
3. NASG assistance required
4. Any roadblocks
5. Assurance (noted on the supplier's action plans) that the situation will not arise again

This meeting is an opportunity to solicit help from NASG in an effort to work together to improve performance.

Following A MQR

As a follow-up activity to the MQR, the supplier is expected to submit an action plan with timing for completion of all open issues. This information is expected to be provided to NASG Quality within one week. The supplier is also expected to maintain communication with NASG through the completion of all follow up activities on the open issue list.



23. Charges

NASG Charges

NASG expects to receive 100% quality components, 100% on time delivery and 100% accuracy from our supply base. NASG reserves the right to recover cost impacts due to poor supplier performance in quality or delivery, including containment / sort costs, scrap, lost production time, incorrect ship quantities, late shipment, and expedited costs. In addition, any charges / costs incurred by NASG due to supplier issues with our customer will be passed directly to that supplier. An additional administrative cost of \$250.00 applies to all claims.