

# **4M Industries, Inc.**

## **Supplier Requirements Manual**

### **Introduction**

We value the partnership we form with our suppliers and recognize that our suppliers are a major key to our long term success. 4M Industries, Inc. (4M) is **committed to meeting or exceeding customer expectations** and we expect our suppliers to team with us for this common purpose.

### **Purpose**

This Supplier Manual describes the purchasing policies of 4M. Because purchased items and services affect the level of quality of every order we ship, our suppliers must be committed to delivering 100% defect free product, on-time.

### **Scope**

This Supplier Manual (as it may be amended) describes the purchasing policies of 4M and shall be incorporated into each purchase order issued by 4M to the supplier. Supplier's sale of any goods and / or services to 4M constitutes acceptance of the applicable purchase order requirements and this manual. Obligations of the supplier specified by purchase order and/or contained in this manual may only be modified or waived by a member of 4M Industries, Inc. ownership **in writing**.

### **Supplier Eligibility**

In order to be added to 4M's register of Approved Suppliers, the candidate is required to meet one of the following criteria:

- ISO 9001, AS 9100, NADCAP, TS 16949, ISO 13485, or ISO 17025 Certificate of Registration issued by an accredited registrar.
- Satisfactorily complete a 4M Supplier Q. S. Assessment Form. Minimum requirements for satisfactorily completing the 4M SQA form include yes answers in the following checking yes on the following subjects:
  - 1) Stated goal of 100% on time delivery.
  - 2) Performs first article approvals prior to production.
  - 3) In process inspection at work station.
  - 4) Tagging system for non-conforming product.
  - 5) A calibration system that includes all measuring tools.
- Customer Directed: Only customer-approved special process sources will be used when required by our customer. Customer-approved suppliers are automatically added to the 4M Approved Supplier list.

Note: In all cases, Approved Suppliers must also meet the other agreed upon requirements in this manual.

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Annual supplier system surveys and/or unexpired copies of quality system registration documents are required to be on file with 4M for all Approved Suppliers. If any changes occur at any time to the status of a supplier's quality system registration or the ability to meet all requirements noted on the 4M quality system survey, 4M must be notified in writing of the change within 5 business days. 4M maintains a database with supplier quality system documentation.

## **Competitive Bidding Prior to Approval**

Quotes and proposals may be solicited from potential new suppliers who are not included on the 4M Approved Supplier List. However, potential suppliers must meet the Supplier Eligibility Requirements prior to the issuance of purchase orders.

## **New Business Hold**

At 4M Industries, Inc.'s discretion, suppliers will be placed on New Business Hold for any one, or combination of, the following criteria:

- Suspension of their Quality System Certificate
- Performance issues resulting in multiple instances of Quality or Delivery problems
- Financial risk or instability
- Contractual issues (at Purchasing discretion)

## **Delivery**

All Approved Suppliers must have a stated goal of 100% on-time delivery. On-time delivery is defined as arriving at 4M on or before the agreed upon due date. Delivery issues that may result in product/services arriving late should be reported to 4M purchasing as early as possible so we can inform our customer of the possibility of a missed due date. All of 4M's customers make the issue of on time delivery a very high priority when deciding to award business; communication and openness are of the utmost importance. Excess shipping costs attributed to supplier lateness are the responsibility of the supplier.

## **Receiving Inspection**

All Production components and materials will be subjected to Receiving Inspection.

## **Notifying 4M of Non-conformances or Possible Non-conformances**

4M expects the Approved Supplier's process controls to prevent product/service non-conformances and to have a system for detecting, identifying and correcting non-conformances. If the process controls fail, the Approved Supplier has the option of submitting a deviation request to 4M's Quality Department for a possible use-as-is determination or repair authorization of the non-conformance(s).

## **Repeat Quality or Delivery Concerns**

Repeat concerns will result the Supplier's approved status being placed on hold until which time a satisfactory resolution of the repeat issue(s) can be made. If no resolution of the issue(s) can be agreed upon, the supplier will be removed from the 4M Approved Supplier List and will no longer do work for us.

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## **Charge Backs on Unusable Product**

When a determination is made that a Supplier's failure to follow basic or required quality and/or production practices results in a loss of 4M product, Supplier agrees that 4M can charge that Supplier for the loss of product. Charges may include the cost of rework or the cost to reproduce the lost product. 4M will not be responsible for paying a supplier for services that resulted in product loss. In the event of a partial loss of product, the supplier may be charged for sorting or be required to provide personnel to sort at our location at no charge to 4M.

A Supplier disputing charge backs due to loss of 4M product must notify 4M ownership in writing within 30 days of the determination by 4M that supplier was at fault for the product loss. The written dispute must specifically address the details of the direct causes of the product loss to be considered by 4M Management for a reversal of the charge back.

## **Product/Process Changes**

The 4M Industries, Inc. Quality Department must be notified of any change in product or production process prior to the change being made by the Supplier. Samples may be required for review and to evaluate potential impact on 4M Industries, Inc. product. Unapproved changes could result in rejection (see charge backs) and/or quarantine of all goods at the discretion of 4M and New Business Hold.

## **Production/Fabrication Location Changes**

4M Purchasing must be notified prior to any change in production/fabrication location. 4M Purchasing will facilitate the development of a move plan with input from 4M Management and the supplier.

## **Audits**

The Approved Supplier understands and agrees that it may be subject to audits by 4M at reasonable times. During an audit, the supplier is required to grant 4M or 4M's customer the right to review the supplier's quality management system, and/or manufacturing process for specific product issues at the suppliers work site. 4M's representative will discuss any problems encountered during the audit and secure any required corrective action from the Approved Supplier.

## **Lot Traceability**

Lot traceability is required of all 4M product processed by Approved Suppliers. In the event more than a single lot is provided to a supplier by 4M, the Supplier must have the capability to maintain multiple lot traceability (keep lots separate) if required by purchase order.

## **Safety & Environmental**

All suppliers/sub-contractors supplying goods to 4M Industries, Inc. which are considered to be "controlled" under W.H.M.I.S. (Workplace Hazardous Material Information Systems) must be familiar with and comply with all such regulations, for packaging and shipping. Material Safety Data must accompany any initial shipments from all suppliers/sub-contractors and marked to the attention of the 4M Industries, Inc. Health and Safety Coordinator.

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## **Calibration**

4M requires that all monitoring and measuring equipment used for the verification of product at the supplier's facility is calibrated at regularly scheduled intervals with records of such calibrations maintained. Calibrations must take place in a controlled environment using standards traceable to the National Institute of Standards and Technology (for guidance see ISO 10012).

## **SUPPLIER PERFORMANCE MONITORING**

### **Supplier Profile**

Suppliers are requested to forward copies of any updated or changed quality system registration certificates. For approved suppliers not who are not registered, forward any changes in their quality systems in writing to the 4M Quality Director.

### **Monitoring Methods**

Supplier performance is an internal measurable of 4M, both on-time delivery and quality issues are monitored for each approved supplier. Monthly performance reports are issued and used by 4M management in the process of determining which suppliers best fit our needs.