



# SUPPLIER

# MANUAL

**Revision C**

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# **DOUGLAS AUTOTECH CORPORATION**

## **QUALITY STATEMENT**

Douglas Autotech Corporation is a world-class manufacturer of directional control systems for the automotive, heavy truck, and off-highway industries. The management and employees of Douglas Autotech Corporation believe the key to acquiring and maintaining world-class leadership is through a commitment to provide quality products and services, consumer confidence and customer satisfaction. Providing consumer confidence and customer satisfaction to the buyers of our products requires a commitment to the finest practices in manufacturing, quality, innovation and continuous improvement in everything we do.

Quality is necessary for success in the market, the key to efficiency in our internal work, and a prerequisite for long-term survival, thereby securing a future for our company and its employees. Therefore, as a Quality Policy:

***Quality is the first Priority.***

***The effectiveness of the Quality Management System is continuously improved.***

***Douglas Autotech strives to continuously improve the partnership and satisfaction of the customer.***

We believe the fulfillment of this quality policy will ensure the success of Douglas Autotech Corporation in the marketplace and provide the desired security for current and future employees.

## **Supplier Manual**

## **Introduction**

Douglas Autotech Corporation (DAC) designs and manufactures directional control systems for the automotive, heavy truck, and off-highway industries. As part of the continuous quality journey, DAC has adopted the provisions as prescribed by the Automotive Industry and detailed in the ISO/IATF 16949:2016 International Quality Standard Requirements. These requirements, coupled with this Supplier Manual, provide our Suppliers with a full explanation of the expectations of Douglas Autotech Corporation.

## **Purpose**

The manual defines the customer specific requirements for Douglas Autotech Corporation in the following areas:

- Advanced Product Quality Planning (APQP)
- DS 1005
- Engineering Change Order (ECO) Process
- Supplier Change Request (SCR) Process
- NAFTA Compliance
- Tooling / Gauging Requirements
- Production Part Approval Process (PPAP)
- Nonconforming Material Process
- Lot Control and Traceability
- Packaging / Labeling Requirements
- Cost Reductions
- Supplier Rating System
- Supplier Qualification Procedure
- IMDS
- Environmental Management Expectations

## **Scope**

The Supplier Manual defines the requirements for all parts, materials and services to be supplied to Douglas Autotech Corporation (hereinafter referred to as DAC) in addition to requirements defined in the purchase order, terms and conditions, IATF16949:2016/ISO9001:2015 and any additional requirements as determined by DAC. This manual serves as the cornerstone for building a solid partnership between DAC and its supply base through open communications and defined roles and responsibilities. The supplier is fully responsible for the quality of their goods and/or services. Suppliers shall ensure their goods and/or services conform to all DAC requirements, including this document, purchase orders, terms and conditions, general agreements, drawings, specifications, test requirements and IATF16949:2016/ISO9001:2015. If any conflict exists between IATF16949:2016/ISO9001:2015 and this document, the Supplier Manual shall be the governing document.

## **Annual Supplier Visits**

Visits to all suppliers will occur as deemed necessary. Agenda will consist of delivery issues, quality issues, communication concerns (both parties), VA/VE review, cost saving ideas and new business discussion. DAC personnel may include Purchasing, Quality, Manufacturing and Engineering. Supplier Personnel will include same plus any sales support staff. DAC will be responsible for sharing summaries of the meeting OIL (Open Issue List) and will work with supplier to discuss due dates of any assigned items.

## **Supplier Development Process**

As part of our ongoing partnership with our suppliers, DAC has developed a Supplier Development Process. This process will assist us in communications and ensure our relationships are reviewed on a scheduled basis; enabling success for all parties. The development process is outlined as follows:

### **Required Development Visits**

Supplier reviews will also be required periodically when normal business issues arise that will need resolution. Visits will be required based on the following:

#### **1) Quality**

In the event that a Supplier's quality rating trends downward or there are repeat quality concerns, a DAC Representative will schedule a review at DAC to discuss the development plan. An additional audit may be performed at the Supplier facility or at DAC. This review may consist of: Process review, facility audit (at DAC's discretion) and/or a formal development plan.

#### **2) Delivery**

In the event that a Supplier's delivery rating is poor or there are repeat delivery concerns, a DAC Representative may schedule a review to be performed at the Supplier facility. This review may consist of: Process review, facility audit (at DAC's discretion) and/or a formal development plan. This will allow DAC to assist our supplier in resolving issues that cause risk to our customer.

#### **3) Design**

Some of our supply base has difficult design criteria and specs that require on-going assistance. If DAC deems a Supplier's part to be "difficult design", we may schedule bi-annual or quarterly reviews. This will enable better communication of process capabilities and give the opportunity to submit ideas that may ease manufacturability concerns of the part.

#### **4) Safe Launch**

All suppliers are expected to ensure safe launch practices at startup of new programs. DAC Representative will assist with this activity as deemed necessary. Pre-launch safe launch containment is required and should be submitted to QE prior to run. A safe launch plan is required to be submitted prior to SOP accompanying PPAP. This safe launch must consist of at least 6 consecutive shipments with no issues or non-conformances.

## **Douglas Autotech Corporation Specific Requirements**

### **1 Advanced Product Quality Planning (APQP)**

- 1.1.** Douglas Autotech Corporation utilizes an Advanced Product Quality Planning activity as described in the Automotive Industry Action Group (AIAG) APQP Manual. The manual provides general guidelines for preparing plans and checklists for ensuring that Advanced Product Quality Planning is being utilized by the Supplier.
- 1.2.** To ensure the requirements of this DAC Supplier Manual are met, DAC requires its Suppliers to maintain a structured APQP process that conforms to the AIAG APQP Manual.
- 1.3.** In some instances, DAC Customer Specific requirements may replace or be required in addition to AIAG formats.
  - 1.3.1.** In these cases, the DAC Program Buyer or Quality Engineer will provide the requirements to the Supplier at time of quote.
- 1.4.** Supplier must have ISO9000 registration with plans to become IATF16949:2016 compliant (minimum requirements) in order to provide parts or services that directly affect the production of parts. Parts=Direct components. Services = Grinding, machining, painting, etc. MRO, repair, equipment manufacturing, fixture manufacturing, and gauge manufacturing is not inclusive.
- 1.5.** Suppliers will be required to attend new product kickoff meetings. These meetings will facilitate the launch process of new components being introduced to DAC manufacturing facilities. Members from manufacturing, quality, production control, product engineering & purchasing will attend the meeting along with the supplier's tooling, manufacturing, & quality engineers.

### **2 DS 1005**

- 2.1.** DS 1005 is a specification issued by DAC, which defines the requirements for Special Characteristics (Critical and Control) for Douglas Autotech Corporation.
- 2.2.** Special characteristics must be addressed in Process FMEA's (Failure Mode and Effects Analysis) and associated Control Plans clearly marked as such.
- 2.3.** Statistical data (e.g. capability studies) on all "Critical Characteristics" (as identified on the blueprint) and on all "Control Characteristics" must be maintained at the Supplier's location and available upon request in order to verify ongoing manufacturing capability.
- 2.4.** Material and workmanship certifications shall be available upon request by DAC.
- 2.5.** A SSCA Form (Supplier Critical Characteristics) will also be completed at design review.

### 3 Supplier Change Request (SCR)

- 3.1.** DAC's Supplier Change Request (SCR) provides a method for Suppliers to communicate requests for both temporary and permanent changes / deviations for the products they supply to DAC. All SCR's are to be submitted to DAC's Purchasing Department and approved prior to implementation / shipment of product.
- 3.2.** SCR's can be **permanent** or **temporary**. Appropriate information must be provided in detail on the SCR form.
- 3.3.** SCR's must be submitted and approved prior to PPAP when all PPAP requirements cannot be met. Examples include:
- 3.3.1.** Dimensional discrepancies
  - 3.3.2.** Out of Spec. or alternate material.
  - 3.3.3.** Missing documents (i.e. material certs, IMDS, performance test results, etc.)
  - 3.3.4.** Temporary tooling / process.
  - 3.3.5.** Note: Failure to obtain an approved SCR prior to PPAP Submission will result in rejection of the PPAP.
- 3.4.** SCR's must be submitted and approved prior to any changes to the process or product that differ from those previously approved at PPAP. Examples include:
- 3.4.1.** Use of alternate material or construction from what was previously approved.
  - 3.4.2.** Use of new or modified tools (except perishable tools), dies, molds, etc., including additional or replacement tooling.
  - 3.4.3.** Changes in process flow.
  - 3.4.4.** Production from a new or additional manufacturing site.
  - 3.4.5.** Changes in supplier for materials, components, or outside processing (e.g. heat treat, plating, painting).
  - 3.4.6.** Changes in test / inspection methods.
  - 3.4.7.** Dimensional Discrepancies and/or Measurement discrepancies.
  - 3.4.8.** Use of Alternate Packaging.
- 3.5. Submission of SCR**
- 3.5.1.** When the need for an SCR is identified by a Supplier, the Supplier must complete the top portion of the SCR form in its entirety and submit it with applicable supporting documents to the DAC Buyer.
- 3.5.2.** The following table provides guidance for completion of the Supplier portion of the SCR form:

Field	Options / Explanation
- Supplier Name	Name of Supplier as shown on Purchase Order
- Address	Address of Mfg. Location
- Date	Date of Request
- DAC Part Number(s)	Part number shipped to DAC (not a component used in an assy. by supplier)
- B/P No. / Rev.: Current	DAC Drawing number and current revision level.
- Request Type: (select one)	<ul style="list-style-type: none"> <li>• Process</li> <li>• Design (change to current B/P).</li> <li>• Supplier (change in material, component, or service supplier)</li> <li>• Mfg. Location (change or add location)</li> <li>• Deviation (temporary only)</li> </ul>
Supplier Requestor	DAC Contact for this request.

Supplier Approval	Supplier's approving authority for making the request.
Description of current Process, Design, or specification.	What is current requirement / condition that this change request effects. Provide detail as applicable (e.g. B/P dimensions and tolerances, current material spec., current Mfg. Location, Current Supplier)
Effect of Change	Which of the following are affected by the requested change: <ul style="list-style-type: none"> <li>• Tooling Cost</li> <li>• Piece cost</li> <li>• Quality</li> <li>• Other (provide description)</li> </ul>
Reason for change and description of Proposed Process, Design, or Specification.	Provide a detailed explanation of the change and why it is being requested. <ul style="list-style-type: none"> <li>• Temporary "deviations" require an 8-D addressing the root cause to be attached.</li> <li>• If piece price or tooling costs are affected, details must be attached.</li> </ul>

### 3.6. Disposition of SCR

**3.6.1.** Upon completion of DAC review of the SCR the DAC Buyer will provide DAC's decision to the Supplier.

**3.6.2.** If rejected, the reason for rejection will be provided.

**3.6.3.** If accepted, the supplier will be responsible for meeting all specified requirements before shipment of product to DAC.

**3.6.3.1.** When PPAP submission is required, the DAC SCR form is used only to approve the Supplier's plan to implement the change. The supplier cannot ship parts changed per the SCR until the PPAP is approved.

**3.6.4.** For Permanent changes, the first shipment must be clearly identified on 2 adjacent sides of each container with the SCR and/or applicable ECO number and be marked to the attention of the Quality Department. (Copy of SCR should be included with packing slip)

**3.6.5.** For Temporary changes "**each shipment**" of product shipped must be clearly identified on 2 adjacent sides of each container with the SCR number, and marked to the attention of the Quality Department. (Copy of SCR should be included with packing slip)

**3.6.5.1.** It is the Supplier's responsibility to track shipped quantities against an SCR. Over shipment will result in rejection and issuance of a QPR.

## 4 NAFTA Compliance

**4.1.** For the lifetime of NAFTA regulations, DAC requires all their Suppliers to complete the North American Free Trade Agreement Certificate of Origin form by January 15<sup>th</sup> of each new calendar year.

**4.2.** Even though DAC is responsible for issuing a NAFTA Certification of Origin directly to the Canadian or Mexican importer, the Certificate of Origin being requested from Suppliers is instrumental in our efforts to substantiate the origin of parts purchased or manufactured by Douglas Autotech Corporation.

**4.3.** Certificates should be completed and returned with **two weeks** of receipt of the blanket purchase order. If this timing cannot be met, the DAC NAFTA Coordinator must be contacted to request an extension.

## 5 Tooling and Gauging Requirements



**5.1.1.** Note: Wherever present, the term *tooling* inherently includes any DAC owned equipment used for gauging purposes.

## **5.2. Request for Quotation Package**

**5.2.1.** The Supplier or Supplier candidate will be sent a REQUEST FOR QUOTATION (RFQ) package by the DAC Buyer that includes the following information:

- Part number
- Description
- Estimated annual usage
- Target price (if deemed necessary)
- Ship to address
- Date of request
- Purchasing contact

**5.2.2.** Included with the RFQ package will be the following:

- Part print
- Pertinent DS specifications
- Supplier Significant Characteristics Agreement
- Tooling Detail forms / Gauging Specification Addendum
- Quality Requirements (PPAP Planning form, SPTT form, etc.)

All information accompanying the RFQ form must be included in the development of the quotation.

## **5.3. Responding to a Request for Quotation**

**5.3.1.** Suppliers are responsible for selecting the manufacturing process, gauging, and tooling that will ensure that all production parts conform to all specifications and tolerances contained in or referenced by the Engineering Drawings, Standards, Supplier Significant Characteristics Agreement or Purchase Order(s).

**5.3.2.** The Supplier is required to document all processes, gauging, and flow in their quote. DAC purchasing will provide the proper format.

**5.3.3.** With the submission of the quotation, the Supplier accepts the terms and conditions contained in this Supplier Manual.

**5.3.4.** No part of this Supplier Manual may be waived without the written consent of the DAC Purchasing Manager.

**5.3.5.** DAC (including DAC's Customers) may purchase and own tools directly related to the production of DAC proprietary parts. All tooling purchased remains the property of DAC and is not to be used on any non-DAC parts unless by written approval of DAC Purchasing. Parts made from DAC-owned or our Customer-owned tooling is not to be sold to other parties without the written approval of DAC Purchasing.

**5.3.5.1.** At any time DAC may terminate its relationship with its Supplier with written notification.

**5.3.5.2.** Upon termination of the relationship, the Supplier must relinquish the tooling in good condition.

- Good condition is defined as “sharpened, cleaned, free of rust and ready to produce a full production run of parts”.

- Any cost incurred by DAC to bring this tooling into good condition after its return is the obligation of the Supplier from whom the tooling was received. Payment will be made upon submission of a tooling repair invoice.
- 5.3.6.** All Suppliers are required to sign a non-disclosure agreement. This agreement encompasses but is not limited to:
- Non-disclosure of designs, parts, or prints of tools to any other party
  - Allowing other parties to view tooling, parts, and prints
- 5.3.7.** All quotations must include:
- A description of the proposed tooling or tooling repair (i.e., sketches, number of cavities, number of stations, etc.).
  - The expected tool life, given in number of parts expected off each tool.
  - Applicable sales tax.
  - Any Exceptions to the above requirements must be noted at time of quote in the “Remarks” section of the RFQ. (Exceptions include material, dimensional concerns, measurement concerns and general manufacturability. If no exceptions are noted, full compliance by the Supplier is assumed and expected.)
  - Blanket exceptions will not be allowed or recognized. Blanket exception examples:
    - Company X requires a review of all tolerances in order to ....
    - Company X’s part tolerances will comply with industry standard...
  - Dimensions, features, porosity, burrs, and other features that are not included in the DAC Print will need to be clearly documented on the DAC Supplier Special Characteristics Agreement and approved by DAC.
  - Tooling cost, gauging cost, F.O.B. Bronson or Hopkinsville; Breakdown of material, labor, and burden & overhead.
  - Payment terms being requested (reference Tooling Addendum).
  - Tooling source (if other than your company).
  - Lead time to produce tool.
    - Time to complete tool design.
    - Time to take first shots on tool.
    - Time to debug the tool.
    - Time to PPAP.
  - Cancellation costs based on time line (if program were canceled).
  - Brief explanation of tool maintenance program (or include the program booklet, if applicable).
  - Applicable DAC Customer tooling forms to be filled out in their entirety.

#### **5.4. Tooling / Gauging Qualification**

- 5.4.1.** Upon review of the quotation information, the Supplier may be contacted by the project support team for a review of the quotation and if selected will be required to attend a formal design review.
- 5.4.2.** Regular reviews of tool design may be performed collaboratively with Supplier and DAC associates, when requested by DAC. At least two reviews are generally required, on site at Douglas Autotech.

- 5.4.3. Revisions to the product design, tooling design, gauging design, process control and/or process capability must be agreed to before issuing tooling authorization.
- 5.4.4. Parts produced (using production tooling) shall be verified to determine the process capability of Significant Characteristics (Critical or Control) as identified by the Supplier's PFMEA, DAC drawing and/or the Supplier Significant Characteristics Sheet. The results of these preliminary process capability studies will be used to approve tooling for payment. The presence of DAC representatives, or our customer's representatives, may be required for any given validation run.
- 5.4.5. A High Volume Production Trial (HVPT) will be required on all production tooling to verify that the capacity of the tooling will support the production requirements. The HVPT will occur prior to the program start of production (SOP).
- 5.4.6. All gauges must be approved, in writing, by a DAC Quality Engineer prior to SOP. If supplier owned, a Gage R&R must be submitted prior to approval, and certified yearly at minimum.

## 5.5. Tooling Identification

- 5.5.1. Douglas Autotech requires that the tooling be marked with a permanent identification tag, or permanently stamped into tool/die.
- 5.5.2. DAC tooling will be numbered with the part drawing number and the current revision level, and a DAC asset number
- 5.5.3. All DAC tools are to be permanently identified as belonging to DAC or our Customer, unless otherwise specified by DAC.
- 5.5.4. Tags furnished by DAC's customer will be utilized, where required.
- 5.5.5. Photos will be required as proof of asset allocation and will be required for final payment.

## 5.6. Tooling Payment

- 5.6.1. The total payment for tooling costs will be made after providing:
  - PPAP Approval.
  - Pictures of the tooling including close up view of required identification.
  - An invoice and a tooling record have been received and accepted. A copy of DAC approved PPAP Warrant should be attached to the invoice. All required customer forms are to be filled out and also sent in with invoice. Without the invoice, PPAP, customer forms, and complete drawings, payment will not be made.
  - The Supplier will provide a bound booklet & electronic version to include complete detailed drawings, as required by customer, containing all necessary items. Without receipt of this booklet final tooling payment will not be made.
- 5.6.2. In the event complete PPAP approval cannot be granted to any given submission, a *Provisional or Conditional Approval* may be allowed entitling the Supplier to a partial tooling payment (as negotiated with DAC Purchasing and Program Management). Total payment will be made after complete PPAP approval.

## **5.7. Tooling Maintenance and Storage**

- 5.7.1.** The Supplier is responsible for maintenance, repair, calibration, and storage of all on-site DAC tooling.
- 5.7.2.** The Supplier will maintain formal procedures addressing tool handling, storage, preventive maintenance and documentation. Tooling and fixture changes will be documented and traceable. Tooling maintenance records will be available to DAC and shall include:
- Tool number.
  - Date of maintenance.
  - Description of maintenance.
  - Reason for repair.
  - Number of parts the tool has produced.
  - General tool condition.
  - Complete updated tooling drawings with revision record
- 5.7.3.** Unless otherwise agreed upon in writing, the Supplier is responsible for the maintenance costs required to achieve the anticipated life of the tooling (could be up to 15 years). The Supplier is responsible for any damage to the tooling due to circumstances other than the normal wear anticipated in the expected tool life cycle. This includes paying for the repair of tooling or fixtures which break due to Supplier neglect or unforeseen circumstances.
- 5.7.4.** Tool storage must provide a suitable environment to prevent damage or deterioration and to prevent loss.
- 5.7.5.** Upon completion of program, Supplier will store tooling with all necessary paperwork along with part samples from last run of tooling.

## **5.8. Tooling Records**

- 5.8.1.** The Supplier must submit a Tooling Audit Report on all DAC tooling, upon request from DAC Purchasing.
- 5.8.2.** This *Tooling Audit Report* shall include the following information:
- Part number;
  - Current part revision level;
  - Tool Drawings;
  - Tool revision history
  - Tool number;
  - Tooling description;
  - Tool condition;
  - Date tooling was last used;
  - Certificate of insurance coverage for DAC property;
  - Tool location;
  - Number of parts produced;
  - Tooling manufacture and purchase order number; and
  - Design and manufacture source, if subcontracted.

## **5.9. Tooling Audit**

**5.9.1.** On-site inspection of DAC tooling may be conducted by DAC at any time.

## **5.10. Out of Service Notification**

**5.10.1.** The Supplier will **immediately notify** their DAC Buyer and DAC Plant Production Control of any condition that will cause a tool to be out of service and would disrupt the schedule requirements as reflected in DAC releases.

## **5.11. Tooling Modifications, Rework or Replacement**

**5.11.1.** DAC will pay for the necessary rework of tools when they have exceeded their normal expected tool life as determined by the quotation (pieces, not age).

**5.11.2.** A Purchase Order must be issued by DAC prior to the Supplier incurring any costs determined to be DAC's responsibility.

**5.11.3.** Suppliers are to notify DAC Purchasing when the condition of a tool compromises the performance of the tool's normal production or the ability to meet established DAC Engineering Specifications and Quality standards.

## **5.12. Tooling Re-Qualification Prior to Transfer**

**5.12.1.** DAC will re-qualify used tooling prior to transferring from one Supplier to another.

**5.12.2.** This re-qualification will include:

- Last article layout.
- Part samples from last run
- Review of SPC data history, if applicable.
- An updated copy of all tool records and audit histories to be sent with the tooling which reflects the condition of the tool after the last use.
- An exit PPAP submission or dimensional layout of last run parts.

## **5.13. Tooling Transfer**

**5.13.1.** The transfer of tooling from one Supplier to another shall occur in a timely fashion per DAC requirements.

**5.13.2.** A complete tool transfer must occur which includes, but is not limited to, gauging and fixtures.

**5.13.3.** A PPAP submission will be required from the new Supplier, per section 6.0 of this manual.

## **5.14. Cancellation of Contract by Vendor**

**5.14.1.** A minimum of 180 days advanced written notification is required for cancellation of contract with DAC. Any deviation to this timing must be approved in writing by designated Corporate Director of Douglas Autotech.

**5.14.2.** Within this 180 day period, Supplier will, in addition to normal requirements, produce a surplus bank equivalent to a number agreed upon with DAC. During this transitional period, no price increases will be incurred or accepted by DAC and supplier will be legally bound to these cancellation terms upon acceptance of this manual.

## 6 Production Part Approval Process (PPAP)

### 6.1. Overview

- 6.1.1. PPAP is a contractual requirement as stated on the front of the DAC Purchase Order. Douglas Autotech Corporation requires Suppliers to use the Production Part Approval Process (PPAP) as defined in the current edition of the Automotive Industry Action Group (AIAG) Production Part Approval Process (PPAP) Manual.
- 6.1.2. The PPAP Manual, along with the following DAC specific requirements will provide Suppliers with the guidelines necessary for obtaining production part approval.

### 6.2. When Submission is Required

- 6.2.1. A new part or product (i.e. a specific part, material, or color not previously supplied to DAC).
- 6.2.2. Correction of a discrepancy on a current submitted part.
- 6.2.3. Product modified by an engineering change to design records, specifications, or materials.
- 6.2.4. New or modified tooling.
- 6.2.5. Use of optional construction or material different than that previously approved for the part.
- 6.2.6. Change of source for subcontracted parts, materials, or services (e.g. heat treating, plating, painting, etc.).
- 6.2.7. Product that has not been produced in the previous twelve months, as requested by DAC.
- 6.2.8. Process change (e.g. method of manufacture, location/machine of manufacture, etc.).
- 6.2.9. Prior to tooling being transferred to another Supplier (Exit PPAP).
- 6.2.10. Annual PPAP recertification may be requested by DAC.

Note: All PPAP submissions must be in the English language. Measurement units as drafted on the blueprint are not to be converted. **Any submission not meeting this criterion will be rejected.**

### 6.3. Submission Level

- 6.3.1. When the need for PPAP submission has been established, the responsible DAC Purchasing will issue a Supplier PPAP Planning Form. This form, which defines the requirements for submission, is a checklist for Supplier use to verify that all required activities have been completed prior to submission. Once complete, the Supplier PPAP Planning Form is to be used as the cover sheet for the submission.
- 6.3.2. The supplier may be required to submit its Preliminary Process FMEA and Control Plan prior to final PPAP submittal. The DAC Quality Engineer will advise the due date for this documentation. The program team will review its plans and require changes to promote a quality launch.
- 6.3.3. If re-submission is required, a new Supplier PPAP Planning Form will be issued by the responsible DAC Quality Department detailing the requirements for re-submission.

### 6.4. International Material Data System (IMDS)

- 6.4.1. Every Supplier of a product, because of national and international environmental legislation (for example the EU Directive on End-of life vehicles, hazardous material legislation etc.) may be responsible for the product for its entire life (operations, use,

removal, disposal etc.). In addition to this, the Suppliers will have to provide information about the material used in the product in order to deconstruct the commonly used materials, provide input for scientific analysis of the composition, in addition to classifying levels of danger related to the material.

**6.4.2.** It is a requirement that DAC receives IMDS data from all of our Suppliers so that we may submit IMDS data for our columns/shifters to our customer and get full PPAP approval. Without data from your company, we can not do this. Therefore, please submit IMDS data for these parts as soon as possible. In order to help with this and future IMDS data requests, DAC requires that you provide DAC with an IMDS contact person. This person will be the communications window that DAC will use for all IMDS related issues. Please provide DAC with the name and contact information of your companies IMDS contact person.

- If you have any questions concerning IMDS data, please see the web links below:  
IMDS site: [www.mdssystem.com](http://www.mdssystem.com)
- Register with IMDS, free of charge at:  
[http://www.mdssystem.com/html/en/kon\\_frameset\\_en.html](http://www.mdssystem.com/html/en/kon_frameset_en.html)
- IMDS User's Manual:  
[https://www.mdssystem.com/html/data/training\\_en.zip](https://www.mdssystem.com/html/data/training_en.zip)
- IMDS Quick reference guide:  
[https://www.mdssystem.com/html/data/imds\\_create\\_tips.zip](https://www.mdssystem.com/html/data/imds_create_tips.zip)

## **6.5. Dimensional Verification**

- 6.5.1.** A PPAP run shall consist of a minimum of 300 parts from which a minimum of six (6) samples of the production tooling / process is required for dimensional verification unless otherwise specified by DAC's Quality Department.
- 6.5.2.** Of the six (6) samples, five (5) should be shipped along with the submission and one (1) should be retained for the Supplier's record as a Master Sample.
- 6.5.3.** If more than one cavity exists, a minimum of two (2) samples from each cavity is required. Parts are to be numbered, indicating the respective cavity, on the dimensional report (e.g. 1, 2, 3 or A, B, C etc.).
- 6.5.4.** For Multi-cavity/machining fixtures, capability studies must be performed for all cavities in order to pass PPAP.
- 6.5.5.** Actual measurement data for each part (from its respective cavity) and characteristic is required, along with judgment based on tolerance (e.g. accept or reject, good or not good, pass or fail).
- 6.5.6.** The format used for reporting dimensional data should be organized and easy to follow. The format given in the AIAG PPAP Manual is preferred.

## **6.6. Shipment of PPAP Submissions / Samples**

- 6.6.1.** The Supplier PPAP Planning Form will provide the necessary shipping information to the Supplier.
- 6.6.2.** Samples should be appropriately packaged to prevent damage during transit. When feasible, production packaging should be utilized.
- 6.6.3.** The container must be clearly identified on via box/tote label for all shipments stating the following:

“PPAP SAMPLES: ATTENTION QUALITY DEPARTMENT”, also to include appropriate “revision level” and QE’s name as provided on the PPAP Planning Form..

**6.6.4.** When the PPAP submission is shipped, a copy of the Supplier PPAP Planning Form is to be faxed or e-mailed to DAC’s Quality Department indicating the pertinent shipping information. DAC’s appropriate Purchasing agent to be given a copy as well.

## **6.7. Disposition of PPAP Submission**

**6.7.1.** Upon review of the PPAP submission, a disposition will be made via the Part Submission Warrant by the plant’s Quality Department.

**6.7.2.** If *Approved*, the Supplier will receive a copy of the Part Submission Warrant indicating approval.

**6.7.3.** If *Rejected*, the Supplier will receive a copy of the Part Submission Warrant indicating rejection. The reason for rejection will be noted on the said warrant. Note: Any rejected PPAP submission must be resubmitted for review after improvements and or corrections have been made. A new PPAP Planning form will be provided to clarify the resubmission requirements.

**6.7.4.** If *Other*, the Supplier will receive a copy of the Part Submission Warrant indicating an alternate disposition. Additional information will be provided, as necessary.

## **6.8. Shipment of Prototype/Pre-Production Parts**

### **6.8.1. Prototype and Pre-Production Parts**

**6.8.1.1. Any prototype and/or pre-production parts shipped to DAC will require the following at a minimum:**

- **Prototype:**
  - Full dimensional layout for each part.
  - Material certification (w/ analysis result)
  - Containers clearly identified as “Prototype” and stating “Revision level”
- **Pre-Production (off production tooling)**
  - Full dimensional layout for 6 pieces.
  - Material certification (w/ analysis result)
  - Containers clearly identified as “Pre-Production Parts ” or “Trial Parts” and stating “Revision level”

### **6.8.2. Production Parts**

**6.8.2.1.** Any production level parts shipped to DAC that do not have PPAP approval to the current Engineering level will require an approved SCR prior to shipment (this includes, pre-production, and production parts):

- Parts are to be clearly identified on a minimum of two opposing sides of the container(s) with the approved SCR number, and to the attention of “The Quality Department” – Also to include the appropriate QE’s name.
- Failure to receive SCR approval prior to shipment will result in a QPR being issued, and the Supplier being charged for DAC completion of the required inspections and/or testing.



## **7 Nonconforming Material Process**

### **7.1. Nonconformance's**

- 7.1.1.** Nonconformances will be documented per DAC QPR process. Once documented, the Supplier will be notified of the nonconformance and will be required to submit an initial response specifying the appropriate containment actions within 24 hours. Supplier is responsible for implementing sort or corrective action even if there are discrepancies on responsibility. DAC will adjust any fees appropriately based on final agreement of responsibility.
- 7.1.2.** Depending on the severity (i.e. line down, possible miss shipment to customer, etc.) of the nonconformance the Supplier may be required to be in the DAC plant immediately to perform any rework or sorting required. Should parts be needed to maintain the production requirements, DAC will begin the required rework or sort at the rate of \$60.00 per man-hour until Supplier personnel or 3<sup>rd</sup> party replaces DAC resources in the activity. \*Note: DAC finished goods do not qualify for 3<sup>rd</sup> party sort. They will be sorted at DAC rate by DAC associates and charged back accordingly.
- 7.1.3.** DAC will provide samples of suspect product immediately following findings of non-conforming product. Containment activities must not be delayed at Supplier while waiting for samples of a defect. Immediate containment activities are expected to begin based on preliminary data that has been provided by the DAC Quality Engineer.
- 7.1.4.** If sample parts exhibiting the nonconformance are requested by a Supplier, the method of return and the quantities required will be specified by the respective Supplier. Appropriate account numbers (i.e. - RMA's, NCMT #'s, UPS/Fed-Ex account numbers, etc.) must be provided to DAC before sample parts can be shipped.

### **7.2. Final Response**

- 7.2.1.** If a final response is late and no communication has occurred, it will be assumed that no action has been taken and any product received at DAC is still suspect. In such cases, DAC will at their discretion, implement receiving inspection and charge the Supplier for the additional labor (at \$60.00 per man hour) until the final response is approved.
- 7.2.2.** It is the responsibility of supplier to meet ALL response timelines.
- 7.2.3.** The additional inspection will remain in effect until an appropriate corrective action response has been submitted and verified by DAC Quality.
- 7.2.4.** All shipments made after a nonconformance has been detected must be 100% certified by the Supplier prior to shipment to DAC. Each container must be labeled indicating the product has been 100% certified. This requirement will remain in effect until three (3) consecutive shipments after a final response is properly verified and closed by DAC Quality. Any re-occurrence of the same issue will result in a re-implementation of this activity and a QPR will be issued identifying a re-occurring issue. Supplier product will be subject to a 100% 3<sup>rd</sup> party containment activity to re-certify product at DAC facility.
- 7.2.5.** In the case of long lead-time corrective actions (i.e. - low volume product, delayed production runs, etc.), containment activities must remain in place until all actions are completed, verified, and approved by the Plant Quality Department.

### 7.3. Supplier Response Instructions

7.3.1. The following table provides requirements for Supplier's response to QPR's issued by DAC:

Response Type	Timing	Required Information	Method / Document
<p><b>Initial Notification of non-conformance</b></p> <p><b>Initial Response</b></p>	W/in 24 hrs of initial Notification	<ul style="list-style-type: none"> <li>• Supplier to acknowledge that they have received, and are reviewing QPR.</li> <li>• Immediate disposition for product at DAC (4 options).               <ul style="list-style-type: none"> <li>⇒ <b>Return to Supplier</b> upon receipt of certified replacement (preferred)</li> <li>⇒ <b>Sort / Rework of product at DAC by Supplier Personnel</b> (includes use of DAC approved 3<sup>rd</sup> party inspection service contracted by Supplier)</li> <li>⇒ <b>Sort / Rework by DAC Personnel</b> at \$60.00 / per man hour.</li> <li>⇒ <b>Scrap at DAC.</b> (Only after DAC has received adequate certified product to maintain production),.</li> </ul> </li> <li>• <b>Include Authorization for above (i.e. RMA #, Name, etc.)</b></li> <li>• Short term Containment activity</li> <li>• Clean point</li> <li>• <b>**Note:</b> DAC FG parts will be sorted at DAC rate by DAC personnel.</li> </ul>	<p>Email with read tracking.</p> <p>Verbal w/ e-mail confirmation</p>
<b>Initial Corrective Action Report</b>	W/in 48 hrs of Initial Notification (unless otherwise required)	<ul style="list-style-type: none"> <li>• Short term Containment activity w/ results at supplier and DAC as applicable (must include identification)</li> <li>• Clean point</li> <li>• Initial Root Cause</li> </ul>	8-D or supplier equivalent format emailed to DAC Quality Engineer for review.
<b>Corrective Action Plan</b>	Within 5 working days of Initial Notification	<ul style="list-style-type: none"> <li>• Short Term C/M's, including results.</li> <li>• Root Cause</li> <li>• Identify Long term / Permanent C/M's with Dates and Responsibility</li> <li>• Identify Preventive Actions to prevent re-occurrence.</li> </ul>	8-D or supplier equivalent format emailed to DAC Quality Engineer for review.
<b>Final Implementation</b> (if previous did not close).	Within 10 days of initial notification for final implementation of Corrective Action Plan.	<ul style="list-style-type: none"> <li>• Update of Corrective Action Report with confirmation of C/M and Preventive Action implementation.</li> <li>• Start date for 3 consecutive 100% certified shipments void of non-conformance for validation/verification of Corrective Action needed to close QPR</li> </ul>	8-D or supplier equivalent format emailed to DAC Quality Engineer for review.
<b>Material Disposition</b>	W/in 2 days after disposition request.	<p><b>2 Options:</b></p> <ul style="list-style-type: none"> <li>• Return to Supplier at their expense.</li> <li>• Scrap at DAC</li> </ul>	<ul style="list-style-type: none"> <li>• E-mail or Fax authorization (i.e. <b>RMA #, Name, etc.</b>)</li> </ul>

#### 7.4. Debit Memos

7.4.1. Debit memos detailing the costs associated with a nonconformance or delivery issue will be issued to the Supplier at the discretion of DAC.

7.4.2. All nonconformance's, including late/unscheduled shipments, may be subject to the following charges:

- Sort / Rework by DAC personnel at a charge of \$60.00 per man hour
- Applicable scrap costs
- Repeat Quality and Delivery issues will be subject to a \$250 administration charge and could be subject to line downtime at actual cost where applicable.
- DAC's Customer charge-backs incurred as a result of discrepant supplier material
- Any other applicable costs incurred (including but not limited to travel, meals, motels, etc.).
- Freight charges incurred by DAC for late or missed Supplier shipments.

**Note:** Replacement freight and/or shipments caused by late delivery will be **prepaid** by the Supplier.

7.4.3. Warranty claims received by DAC that are deemed caused by a supplier component failure will be debited back to the Supplier. These will be pass-through claims that DAC will debit at cost unless otherwise specified through a unique warranty agreement.

#### 8 Lot Control and Traceability

8.1. Lot control will be required on all parts.

8.2. Lot control identification should include the following:

- The last number of the year manufactured.
- The month the part was manufactured.
- The day the part was manufactured. IF mixed lot dates exist, placard must note ALL lot dates.
- The cavity or die number for a respective part (if more than one cavity or die is used to manufacture the part).

8.3. Mixed Lot Dates on skid MUST be placarded/labeled as such noting lot dates contained on skid, including quantities and part numbers.

8.3.1 Failure to comply may result in QPR issuance to supplier.

8.4. Lot shipments must follow the FIFO philosophy (First In – First Out).

#### 9 Packaging / Labeling Requirements

9.1. All packaging is approved via “packaging approval form” (Provided in RFQ package) **Alternate packaging requires approval prior to shipment. If no such approval is received, supplier may be subject to a QPR and sort fees.**

9.2. General Packaging Specifications

9.2.1. No package that must be hand lifted can weigh more than thirty-two (32) pounds gross weight.

9.2.2. No stapled boxes are permitted. Use tapes or glue only.

9.2.3. Pack containers with a standard number of parts per container. No partials or mixed quantities.

9.2.4. The use of metal banding must be approved by DAC Production Control PRIOR to the initial shipment of product into any DAC facility.

9.2.5. Four-way conveyable skids (51” x 44” or 45” x 48”) with 4” entry boxes must be

placed evenly so skids can be stacked.

**9.2.6.** All packaging must be labeled with the following:

- DAC part number
- Description
- Engineering revision level
- Quantity
- Serial Number
- Lot Number
- Supplier Number
- Purchase Order number D
- Date of manufacture

Reference the AIAG Shipping / Parts Identification Label Standard (AIAG B-3) for label locations for various shipping containers. Every container must be labeled and the label must be visible regardless of the packaging methodology. Utilize the following table to identify the type of product being sent to DAC.



(Check applicable )

Level of samples Production Preparation Stages	Samples requested to be delivered	Production process of delivered samples
<input type="checkbox"/> Product development	<input type="checkbox"/> Samples	<input type="checkbox"/> Prototype
<input type="checkbox"/> Individual machine trial (IT)	<input type="checkbox"/> Off-Tool samples	<input type="checkbox"/> Regular dies
<input type="checkbox"/> Overall production line trial (IT)	<input type="checkbox"/> Off-Tool, Off-Process samples	<input type="checkbox"/> Regular dies / Regular process / Regular operators
<input type="checkbox"/> PPAP	<input type="checkbox"/> Off-Tool, Off-Process samples	<input type="checkbox"/> Regular dies / Regular process / Regular operators
<input type="checkbox"/> High volume production trial	<input type="checkbox"/> Initial products by lot production	<input type="checkbox"/> Regular Dies / Regular Process / Regular Operators
<input type="checkbox"/> Initial Prod. - SOP/ECR/PCR	<input type="checkbox"/> Initial products by lot production	<input type="checkbox"/> Regular Dies / Regular Process / Regular Operators
<input type="checkbox"/> Deviated Parts	<input type="checkbox"/> Mass production non-conforming parts by lot production	<input type="checkbox"/> Regular Dies / Deviated Process / Regular Operators

Differences between the delivered samples and the requirements indicated on the purchase order

Supplier shall print form in accord with color code assigned to applicable parts  
Supplier--Dept. in charge of receiving samples

**9.2.7.** Only one part number per skid is permitted, unless otherwise negotiated with DAC Production Control.

**9.2.7.1.** Proper identification of a “Mixed” skid is required. A “Mixed Skid” label is required.

NOTE: Label MUST clearly define mixed product identifiers.

**9.2.8.** Raw stock bundles must meet DAC material specifications.

**9.2.9.** Returnable packaging is required when practical.

**9.2.10.** Material certification must accompany all raw materials and any parts with material defined as critical per DS1005.

**9.2.11.** Packing slips (“shippers”) containing the following packaging information must accompany all shipments:

- DAC part number
- Purchase Order number
- Quantity of parts
- Number of containers
- Total weight
- Tare weight
- Ship date
- Method of payment: Collect or Prepaid
- Packing slip number on packing slip form to be in bar code format somewhere on the packing slip.

**9.2.12. Bar Code Labeling Requirements:** DAC requires its Suppliers to utilize a bar code labeling system that is in compliance with the AIAG Shipping / Parts Identification Label Standard (AIAG B-10). If such a system is not employed, a detailed plan for implementing such a system will be required at time of Quote.

**9.2.13.** The “lowest” level pack must contain a bar code. (i.e. if a skid has 20 boxes each box requires a label).

- Part Number: “P” Identifier
- Quantity: “Q” Identifier
- Purchase Order Number: “A” Identifier

**9.2.14.** Failure to have a label on a box will constitute the following:

- DAC will label the part
- A QPR will be issued, along with appropriate charges.

**9.2.15.** Master Barcode label should be barcoded with appropriate identifiers as follows:

- Part Number: “P” Identifier
- Quantity: “Q” Identifier
- Purchase Order Number: “A” Identifier
- Packing list number should be barcoded on master label without an identifier

### **9.3. Non Production / Special Circumstance/Prototype/Sample(s) Labeling**

**9.3.1.** Any product shipped to DAC other than production PPAP Approved product requires special identification. Examples of these circumstances are as follows:

**9.3.2.** PPAP Submitted not approved.

**9.3.3.** First shipment after an Engineering change.

**9.3.4.** Parts shipped under a deviation.

**9.3.5.** Certified parts as the result of a defect, for a minimum of 3 consecutive shipments.

- 9.3.6. Prototype, trial parts and any special samples
- 9.3.7. Parts are to be clearly labeled in regards to the circumstance, and “Attn. Quality Dept”. (i.e. “New E/C Level”, “Certified Parts”, “Not PPAP Approved”). These labels to be printed on an 8 ½” X 11” orange paper with a minimum character height of 1”. These labels must be placed on all four sides of the container.
- 9.3.8. Additional labeling requirements for pre-sop builds, etc. will be stated on initial purchase order.

**10 Cost Reductions**

**10.1.** The Supplier shall support DAC’s Cost Reduction Program which includes investigations to determine methods to increase operating efficiency, reduce both internal DAC’s rejects, decrease material handling and packaging costs and develop lean manufacturing concepts to reduce the cost of manufacturing. DAC requires approx. 50% share of cost savings associated with this effort. DAC believes the Supplier should have a system in place that will support lean manufacturing concepts. The Supplier must always focus on ideas related to their own process, the sub-supplier processes and materials to develop cost reductions.

The recommended techniques by DAC that could be used to achieve cost reduction are as follows:

- Kaizen Philosophy
- Value Analysis/Value Engineering
- Brainstorming
- Benchmarking
- Costs vs. Weight chart analysis
- Supply chain analysis (Tier 2, 3 or raw material localization projects, logistics, etc.)
- Quality document review (PFMEA, Control plan, etc.) for redundancy
- Value Stream mapping
- Review quality matrices for opportunities

DAC will meet periodically with Suppliers to assist with these types of activities.

**11 Supplier Rating System**

**11.1. Supplier Rating Index**

**11.1.1.** A Supplier rating index is calculated for each Supplier within the DAC supply base. The index is derived from weighted categories within sub-indices:

- Quality Performance 65%
- Delivery 20%
- Purchasing 15%

**Quality Performance 65%**  
 45% - DPPM  
 10% - # of QPR’s  
 25% - QPR Response

**Delivery 20%**  
 40% On Time Del.  
 50% Customer Line Down  
*10% Premium freight occurrences*

**Cost 15%**  
 60% Cost Reduction  
 20% Market Increases/Decreases  
 20% Timeliness of quotes

20% - Re-Occurrence

**11.1.2.** Generally, Supplier ratings will be calculated and issued on a quarterly basis to all active Suppliers. Monthly reports may be issued to high impact Suppliers to illustrate recent trends in performance.

**11.2. DPPM Criteria**

**11.2.1.** Defective parts per million (DPPM) data are collected by DAC Supplier Quality Department. The goal is to procure 100% defect-free product; however, the DAC standard is a PPM of <50. This target may be updated annually to reflect expected Supplier improvement. The table below provides rating criteria associated with PPM performance.

PPM Range	0 PPM	1 TO 50 PPM	51 TO 200 PPM	201 TO 500 PPM	501 TO 1000 PPM	ABOVE 1000 PPM
Points Deducted	0	-5	-10	-20	-30	-45

**11.3. QPR Criteria**

**11.3.1.** Quality Problem Reports (QPR) are issued when a nonconformance is encountered at DAC.

**11.3.2.** 11.3.1 This category is combined with the DPPM category in order to measure the impact a nonconformance has on Douglas Autotech Corporation.

**11.3.3.** All QPR's will be ranked per the table below:

QPR Rank (by occurrence)	Definition	Example	Point Deduction per
S	Safety / Critical, Line Stop, Pass through Defect	Shaft Strength, Failed Weld, Ripping Force NG, Operator Safety	-30
A	Found at Assy Line, Line Disruption, Containment Activity required	Bracket Hard to assemble, Threads NG / missing, Splines NG / missing, hole / form location, etc.	-10
B	Found at Receiving Inspection, Line Accum, Minor Issue	No immediate negative impact to DAC product.	-2

**11.4. QPR Responsiveness based on percentage On-Time**

**11.4.1.** Responsiveness to corrective action requests is characterized by being timely and effective. Rating criteria is provided in the table below, and will be applied to each QPR issued.

QPR Response	Points
Late	-5
On Time	+3

**11.5. PPAP Criteria based on percentage On-Time**

**11.5.1.** Solid PPAP submission performance is characterized by being timely and acceptable.

**11.5.2.** Rating criteria for PPAP submission is provided in the table below. Multiple PPAP submissions in a given rating period will be averaged to determine final rating.

	First Pass Approval	First Pass Rejection
On-Time Submission	10	-5
Late Submission	-5	-10

**11.6. Delivery**

**11.6.1.** 100% On-Time Delivery is expected in accordance with the purchase order release schedule.

- Suppliers are expected to fully fulfill DAC release requirements. Any deviations must be communicated to and approved by the appropriate DAC Production Control Contact in advance. Failure to do so will result *in a negative delivery performance up to 20% of the total score for early/late deliveries; premium freight occurrences and/or customer disruption at the receiving plant.*
- Repeat issues = poor delivery debit charges of \$250 (see section 7.4.2)
- Possible line down time debit charges (see section 7.4.2)

**11.7. Supplier Classification**

**11.7.1.** Each Supplier in the Douglas Autotech Corporation supply base earns classification defined by the Supplier Rating Index. This index is derived from the Supplier Rating System. All such classifications are within the discretion of DAC.

**11.7.2.** Supplier classification is assigned according to the following Supplier Rating Indices:

Score	Status	Action
100 - 80	Acceptable	Need supplier 8D for any issues
79 - 60	Needs improvement	Need Quality Improvement Plan from Suppliers
59 - below	Unacceptable	Step #1 - containment at supplier 100% to contain issue Step #2 (continuous rating in next quarter) - Need 3rd party 100% sort

**11.7.3.** An “*Acceptable*” Supplier exceeds DAC expectations by continually meeting the requirements of the DAC Supplier Manual. The Supplier’s quality management system is well documented and executed. Suppliers with *Preferred* status are the primary choice for long term agreements and additional business.

**11.7.4.** A “*Needs Improvement*” Supplier has not consistently met the requirements of the DAC Supplier Manual. Suppliers with *Needs Improvement* status are eligible for restricted new business. In order to be considered for non-restricted new business, a written quality improvement plan, acceptable to DAC, must be implemented which demonstrates improvement through objective evidence.

**11.7.5.** An “*Unacceptable*” Supplier has established a history of not meeting the requirements of the DAC Supplier Manual. Suppliers with “*Unacceptable*” status at DAC's discretion may maintain current business but will not be eligible for new business. Step #1 of being listed as “*Unacceptable*” will require 100% containment at the supplier. If the Supplier continually fails to meet the requirements defined in the DAC Supplier Manual, Step #2



will be implemented which requires 3<sup>rd</sup> party sort of all incoming product. Suppliers maintaining “*Unacceptable*” status will be removed from the Approved Supplier List.

**11.7.5.1.** Quality Improvement Plan Issuance will be based on the following:

- Deficient Quarterly Scorecard
- Multiple Non-Compliance Issues within a 45-day period.
  - This could include High PPM count, # of failures, Severity of non-compliance issues, Production Line affect, # of Re-occurrences, Inadequate Countermeasures/Corrective Action Plan, etc.)

## **12 Supplier Qualification Procedure**

**12.1.** Qualification requests are directed through DAC Purchasing.

**12.2.** On-site visit will be scheduled to verify the results of the QSA and / or DAC Supplier Profile via a second party audit.

**12.3.** After completion of the audit, the DAC Supplier Qualification Team will assess the Supplier’s qualifications to determine eligibility. All qualifications are subject to the discretion of DAC qualification team as well as DAC executive management.

**ALL PRODUCTION SUPPLIERS TO DAC ARE REQUIRED TO BE ISO 9001:2015 CERTIFIED WITH PLANS TO BECOME IATF 16949:2016 COMPLIANT.**

**12.4.** If authorized by the Supplier Qualification Team, the Supplier will be added to the Approved Supplier List.

**12.5.** Supplier performance will be measured against the requirements of this DAC Supplier Manual and will remain as approved Supplier as long as adequate performance is achieved. Inadequate performance to our measurements may force the Supplier to be listed as *Unacceptable* status and become part of the Corporate Supplier Management List. Suppliers deemed as *Unacceptable* will not able to participate in RFQ’s for new business.

**12.6.** The Corporate Supplier Development List will be comprised of Suppliers needing further development in order to meet DAC expectations. DAC Supplier Quality will work collaboratively with these Suppliers to help identify weaknesses in systems, establish root cause, and develop corrective action plans to improve performance. Development activities may include:

- On-site audits or process evaluations
- Problem solving
- Regular meetings at DAC (Bronson or Hopkinsville, or supplier facility)
- Training or certifications in appropriate disciplines

**12.7.** If improvements are evident through objective evidence (e.g. reduction in DPPM, reduction in CARs, improved delivery, improved APQP activities, improved capabilities, etc.), the Supplier will be removed from *Probationary* status. If improvements are not evident, alternate sources will be identified and activated.

## **13 Environmental Policy.**

**13.1.** Douglas Autotech is committed to environmental protection and as such have developed the following Environmental Policy:

**Protecting the environment is of great importance to Douglas Autotech Corporation.**

**The effectiveness of the Environmental Management System to prevent pollution and maintain compliance with applicable legal and other requirements will be continuously improved to achieve our desire of uncompromised corporate citizenship.**

Therefore, there is a general expectation for suppliers to show a similar commitment by implementing an Environmental Management System based on the ISO 14001 Standard.

Products delivered to Douglas Autotech must correspond to the valid legal regulations for environmental protection and occupational safety. This applies in particular to the use of materials, transportation methods, and packaging for any hazardous materials. Safety Data Sheets are required for all materials delivered to Douglas Autotech.

#### **14 Order of Purchase**

- 14.1.** The terms of any applicable Purchase Order shall be construed, to the extent possible, as consistent with the terms and conditions set forth in this Supplier Manual and as cumulative; provided however, if such construction is unreasonable, the terms and conditions of this Supplier Manual shall control.

### Document Access

This manual, as well as referenced forms / documents can be accessed by Suppliers on our company website. To access these documents, go to: <http://www.douglasautotech.com> . Click on “Supplier”, then “Supplier Resources”, then select the document needed.

I-8.4.1.2-C-PU-F-005	Supplier Change / Deviation Request (SCR)
I-8.4.1.2-C-PU-F-009	Supplier Report Card
I-8.4.1.2-C-PU-F-007	Supplier Profile Self Survey
I-8.4.1.2-C-PU-F-011	RFQ Form
I-7.5.1.1-C-QA-F-002	Supplier PPAP Planning Form
I-8.4.1.2-C-PU-F-001	Supplier Nondisclosure Agreement
I-8.4.1.2-C-PU-F-016	Supplier Assessment Form
I-8.4.1.2-C-PU-F-003	Supplier Process Sign-Off (SPSO)
I-8.4.1-C-QA-F-001	Delivery Label for Samples

### **Change History**

<b>Reason for Change</b>			
<b>Revision</b>	<b>Section</b>	<b>Nature of Change</b>	<b>Date</b>
A	Multiple	Initial release under IATF along with review, update, and re-write.	7/31/2017
C	Multiple	Removed new supplier evaluation sheet & added new supplier assessment form.	10-15-2018

## GENERAL TERMS AND CONDITIONS OF PURCHASE

**1. Scope and Acceptance.** (a) These General Terms and Conditions of Purchase apply to all written and oral Purchase orders and amendments thereto (collectively referred to as "Order") issued by Douglas Autotech Corp., ("Douglas"). All goods and services (whether or not ancillary to a sale of goods) to be provided under an Order are included in the term "Goods". This contract covers the life of program which in some cases is up to 15 years (including service) with an understanding that when a part enters service, pricing will remain the same unless Douglas is able to re-negotiate service pricing with its customer.

(b) Vendor has read and understands this Order and agrees that Vendor's written acceptance or commencement of any work or service under this Order shall constitute Vendor's acceptance of these terms and conditions only. All terms and conditions proposed by Vendor, which are different from or in addition to this Order, are unacceptable to Douglas, are expressly rejected by Douglas, and shall not become a part of this Order.

(c) The terms of the "Douglas Autotech Supplier Manual" are hereby incorporated into and made a part of this Order and Vendor acknowledges that it has read, understands and agrees with all terms included in the Douglas Autotech Supplier Manual.

**2. Delivery.** (a) Except if this Order is identified as a "Blanket" Order, delivery must be upon the date indicated, or if delivery is A.S.A.P. with a date indicated therewith, delivery must be on or before that date. Douglas may, from time to time, change delivery schedules or direct temporary suspension of scheduled shipments. Time is of the essence as to delivery.

**(b) If this Order is identified as a "Blanket" Order the quantities specified and delivery dates listed are estimated quantities and delivery dates. The purchase of the Goods specified are expressly contingent upon the issuance of a written release by Douglas identifying the Goods to be purchased and providing delivery directions.**

(c) When this Order is identified as a Blanket Order or deliveries are otherwise specified to be in accordance with Douglas' written releases, Vendor shall not fabricate or assemble any Goods nor procure required materials, nor ship any Goods except to the extent authorized by such written releases or provisions of this Order specifying minimum fabrication and delivery quantities. Douglas may return over shipments to Vendor at Vendor's expense for all packing, handling, sorting and transportation charges.

(d) Unless otherwise provided in an Order:

(i) All shipping, drayage, demurrage, storage, insurance, packing and related charges shall be prepaid by Vendor.

(ii) All Goods shall be suitably packed, marked and shipped in accordance with the requirements of common carriers in a manner to secure the lowest transportation costs consistent with the requirements hereof. Packing slips must accompany each shipment. Packaging must comply with Douglas Autotech Supplier Manual.

(iii) Vendor shall mark each package with Douglas's Order number, and where multiple packages comprise a single shipment each package shall be shown on packing slips, bills of lading, and invoices. Vendor shall describe the Goods on the bill of lading or other shipping receipt and route shipments in accordance with instructions issued by Douglas, if any.

(iv) An invoice bearing the Order number must be forwarded to Douglas prior to date payment is due. Delay in receiving invoices or Goods will be considered good cause for withholding payment without losing cash discount privileges.

(v) Vendor acknowledges that it has been informed that Douglas intends to use the Goods purchased under the Order to manufacture products, which Douglas is required to deliver to third parties at specified intervals. Douglas is relying upon Vendor to timely deliver the Goods in strict compliance with the terms of the Orders. In view of the foregoing, if, as a result of any non-conforming or late delivery of the Goods, Douglas is unable to meet its contractual or other obligations to its customers, Vendor shall be responsible for any and all costs, expenses, penalties or damages which are imposed or assessed against Douglas by said customer or otherwise. In the event that expedited freight is necessary to timely deliver the Goods to Douglas, the Vendor shall be responsible for the additional costs of such expedited freight, unless Douglas has agreed in writing to pay such costs in advance.

**3. Risk of Loss and Title to Goods.** (a) Unless otherwise provided, all shipments are at the risk of the Vendor, regardless of the F.O.B. point and all risk casualty insurance must be provided by the Vendor for the benefit of Douglas. Under no condition will the risk of loss be that of Douglas unless such insurance is provided. (b) Title to all Goods shall vest in Douglas the earlier of the date of the Order and their identification to the Order. Identification shall occur not later than the date Vendor acquires or begins manufacture of the Goods. Risk of loss shall not be governed by transfer of title.

### **4. Specification Changes.**

a.) Douglas reserves the right at any time to make changes in quantities, drawings, specification, packing, shipment, and other terms of an Order. Any difference in price or time for performance resulting from such changes will be equitably adjusted. Vendor may not substitute materials or change the specifications of the Goods in any way without written authorization from Douglas.

b.) Acceptance of this Order signifies acceptance of the printed specifications provided in the quote. Unless expressly described by dimension and feature on the original quote for the product, the Vendor agrees to provide all Goods in conformance with the prints. Any changes by Vendor of sub-suppliers, process, materials or components without the prior written consent of Douglas are strictly prohibited. The Vendor shall indemnify Douglas for all costs, expenses, penalties or damages which are incurred by Douglas as a result of such unauthorized changes.

**5. Inspection.** All Goods shall be received subject to Douglas's right of inspection and rejection. Payment for the Goods prior to Inspection shall not constitute an acceptance thereof. Acceptance shall not release Vendor's responsibility for latent defects or nonconformities nor for warranty claims.

Douglas Autotech reserves the right to inspect all incoming, in process, and wip material at the Vendor's site. Douglas Autotech, at its discretion will also have the right to bring its customers to verify these materials and or sub-processes.

### **6. Quality**

The use of sub-suppliers by Vendor is strictly prohibited, unless expressly provided in the quote or otherwise authorized by Douglas in writing.

a.) All Goods purchased by Douglas under this Order shall conform, in all respects, to the specifications and description of such Goods in the quote. Vendor shall establish a quality control system to guarantee the quality of all Goods as set forth in the Douglas Autotech Supplier Manual. Vendor will participate in Douglas' quality programs and comply with all engineering release and validation requirements and procedures, including Douglas' production part approval process ("PPAP").

b.) Douglas may request from Vendor documentation to verify the quality of all Goods. Layouts, cpls, etc. of Goods shall be provided by Vendor to Douglas within twenty-four (24) hours of request. All future layouts shall be done within five (5) working days of such request, at Vendor's expense.

(c) Identification of all material shall comply with the Douglas Autotech Supplier Manual. The Vendor shall include and use AIAG bar coding as required. Packaging should also comply with specifications in the manual.

(d) Douglas may request small lot runs and modifications of Goods from time to time. These modified Goods will usually be in quantities of less than one hundred (100) and may require additional handwork, machining and forming. The price for these modified Goods shall be negotiated by the parties, but shall not exceed ten times the base price of the Goods.

(e) The Vendor shall be responsible for providing all tooling in accordance with the schedules set forth in the PPAP for launches. Time is of the essence. The Vendor acknowledges that if it fails to provide tooling for launches in accordance with the PPAP, Douglas will be subject to substantial damage for overtime, lost production, lost profits, lost reputation and good will, and other causes which are extremely difficult and perhaps impossible to prove with complete accuracy. Douglas and the Vendor wish to avoid expensive, time consuming and uncertain litigation over the issues of liability and the damages to Douglas. The Vendor shall pay to Douglas, as liquidated damages, and not as a penalty, a sum not to exceed \$100 for each full or partial day delay from the scheduled delivery date for all tooling and fixtures of \$50,000 or less and the sum of \$1,000 per full or partial day for all other tooling, fixtures or untimely deliveries in the PPAP from the scheduled delivery date until the day all such items are delivered to Douglas. Vendor agrees to provide Douglas and any other entity set forth on the Order with bi-weekly time lines for any required tooling and fixtures.

(f) Vendor agrees to pay all PPAP charges unless otherwise agreed in writing by Douglas.

**7. Douglas's Confidential Information.** Vendor shall keep confidential any technical, process or economic information derived from drawings, specification and other data furnished by Douglas in connection with the

Order and shall not divulge, directly or indirectly, such information for the benefit of any other party without obtaining Douglas's prior written consent. Upon completion or termination of the Order, Vendor shall promptly return to Douglas all materials incorporating any such information and any copies thereof, except for one record copy.

**8. Patents, Trademarks and Copyrights.** Vendor shall defend and indemnify Douglas, its successors, assigns, Customers and users of its products, against all suits at law or in equity and from all damages, claims and demands for actual or alleged infringement of any domestic or foreign patent, copyright or other property right by reason of the use or sale of the Goods. If the use or sale of the Goods are enjoined, Vendor shall, at its own expense and its option, either: procure the right to continue using the Goods, or replace same with non-infringing equivalent; or remove the Goods and refund the purchase price and the transportation and installation costs thereof. Vendor grants to Douglas and its subsidiaries and affiliates an irrevocable, royalty free license to repair, rebuild and relocate and to have repaired, rebuilt and relocated the Goods, Vendor grants to Douglas, its subsidiaries and affiliates and irrevocable, paid-up worldwide license under each copyright of Vendor that is applicable to any intellectual property whatsoever furnished to Douglas in connection with the Goods. In the event the Vendor invents or develops a patentable product or process while they are performing services or developing parts for Douglas Autotech, the patentable product and/or process becomes the property of Douglas Autotech Corporation, or at a minimum, Douglas Autotech is given a royalty-free perpetual license for the use of those developments.

**9. Vendor's Warranties.** Vendor expressly warrants and guarantees to Douglas, Douglas's successors, assigns and customers, and the users of Douglas's products as follows:

(a) The goods produced and services performed by Vendor will, during the Warranty Period (as defined below), conform to the specifications, standards, drawings, instructions, approved or adopted by Douglas;

(b) Douglas shall receive title to all goods that is free and clear of any liens, encumbrances and any actual or claimed patent, copyright or trademark infringement relating to the processing by Vendor and the parties expressly agree that Vendor shall hold all goods provided to it by or for the benefit of Douglas, as bailee for Douglas, and the parties agree that title to the goods shall at all times remain with Douglas;

(c) All goods will, during the Warranty Period, be adequately contained, packaged, marked and labeled; and

(d) All services performed by Vendor will, during the Warranty Period, be performed in compliance with all applicable federal, state and local laws, regulations or orders, and agency or association standards or other standards applicable to the processing, manufacture, labeling, transporting, licensing, approval or certification, including by way of illustration and not by way of limitation, the Occupational Health and Safety Act, the Fair Labor Standards Act, and any law or order pertaining to discrimination including any regulations in force in countries where the goods or Douglas's customer's vehicles equipped with the goods are to be sold.

(e) All services performed by Vendor shall be performed in a competent, workmanlike manner and in accordance with industry standards. These warranties shall survive inspection, test, delivery, acceptance, use and payment by Douglas and shall inure to the benefit of Douglas, its successors, assigns, customers and the users of Douglas's products.

(f) Vendor will indemnify and hold Douglas harmless in respect of the cost of recall campaigns and other corrective service actions that, in Douglas's reasonable judgment, are required to rectify non-conformities in the goods that are the result of a breach of the foregoing warranty, whether such recall campaigns are mandated by any governmental entity, by any customer of Douglas, or by Douglas, except to the limited extent that any recall campaign is required solely as a result of the fault of Douglas. The Vendor waives the application of the doctrine of comparative negligence for recall and all other purposes.

(g) For purposes of this Agreement, "Warranty Period" shall mean the time period extending for twelve (12) months beyond the expiration of any warranty or indemnification provided by or required to be provided by Douglas to Douglas's customers or any other party related to the goods or for components that may be impacted by the goods. Vendor may contact Douglas's representative for information regarding those countries in which vehicles incorporating goods purchased from Vendor will be sold. Notwithstanding the foregoing, Vendor agrees to waive and extend the expiration of the Warranty Period in the event there are failures or defects discovered after the Warranty Period of a significant nature or in a significant portion of the goods, or a defect is discovered which, in Douglas's opinion, constitutes a threat of damage to property or to the health and safety of any person.

(h) Vendor represents and warrants that the prices for the goods will be no less favorable than those which Vendor presently, or in the future, offers to any other customer for the same or similar goods or services for similar quantities. If Vendor offers a lower price for the same or similar goods to any other customer, then to the extent permitted by law, Vendor will immediately offer Douglas the same price for the goods on the same terms and conditions as was offered to the other customer.

**10. Defense, Indemnity and Insurance.** Vendor acknowledges and agrees as follows:

(a) To the fullest extent permitted by law, Vendor agrees to indemnify, hold harmless and defend Douglas and its affiliated companies, their directors, officers, employees, agents and customers ("Indemnitees") from and against any loss, liabilities, costs, expenses, suits, actions, claims and all other obligations and proceedings, including without limitation all judgments rendered against, and all fines and penalties imposed upon, Indemnitees and all attorneys' fees and any other costs of litigation ("Liabilities") that are related in any way to Vendor's performance or obligations under this Agreement or any order, including but not limited to claims arising out of a breach hereof or thereof, warranty claims, intellectual property claims, product recall claims, product liability claims, injuries to persons, including death, or damage to property caused by Vendor, its employees, agents, subcontractors, or in any way attributable to the performance of Vendor, including without limitation, breach of contract, breach of warranty or product liability. Vendor's obligation to defend and indemnify under this section will apply regardless of whether the claim arises in tort, negligence, contract, warranty, strict liability or otherwise except to the extent for claims that arise as a result of the gross

negligence or willful misconduct of Douglas. Vendor agrees to indemnify, hold harmless and defend Indemnitees from and against all Liabilities arising out of actual or alleged infringement related in any way to the goods or service provided.

(b) If Vendor provides services to Douglas on Douglas's premises, Vendor will examine the premises to determine whether they are safe for such services and will advise Douglas promptly of any situation it deems to be unsafe. Vendor's employees, contractors and agents will not possess, use, sell or transfer illegal drugs, medically unauthorized drugs or controlled substances, or unauthorized alcohol, and will not be under the influence of alcohol or drugs on Douglas's premises. Vendor shall be exclusively responsible for, shall bear, and shall relieve Douglas from liability for all loss, expense, damage or claims resulting from bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person or persons, or on account of damage to or destruction of property, including that of Douglas, arising out of, or in connection with the performance of work on Douglas's premises except that Vendor shall not be responsible for or relieve Douglas from liability for claims to the extent arising from the misconduct or the sole negligence of Douglas.

(c) Vendor shall maintain insurance coverage in amounts not less than the following:

- (i) Workers' Compensation Statutory Limits for the state or states in which this Agreement is to be performed (or evidence of authority to self-insure) and Employers Liability insurance for not less than \$1 million;
- (ii) Comprehensive General Liability (including Products / Completed Operations and Blanket Contractual Liability) for not less than \$2 million combined single limit per occurrence;
- (iii) Automobile Liability insurance covering all owned, non-owned and hired vehicles with limits for not less than \$2 million combined single limit per occurrence; and
- (iv) Such other liability insurance as may be required by the specific nature of the Order.

Vendor shall furnish certificates of insurance setting forth the amounts of coverage, policy numbers and dates of expiration for insurance maintained by Vendor within ten (10) days of Douglas's written request. The above insurance policies of Vendor shall be primary to any self-insurance or insurance policies carried by Douglas. In addition, Vendor shall name Douglas as additional insured on the Comprehensive General Liability, Automobile and Umbrella policy(ies). Such certificates shall provide that Douglas will receive thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverages. Vendor's purchase of insurance coverage and the furnishing of certificates of insurance shall not release Vendor of its obligations or liability under this Agreement. In the event of Vendor's breach of this provision, Douglas shall have the right to cancel the undelivered portion of any goods or services and shall not be required to make further payments except for conforming goods or services delivered prior to cancellation.

**11. Termination for Convenience.** Douglas may terminate this Order at any time without cause, in whole or in part, by written notice, whereupon Vendor will stop work on the date and to the extent specified in such notice and terminate all Orders and subcontracts that relate to the terminated Order. Within thirty (30) days after receipt of such termination notice, Vendor shall submit all claims resulting from such termination. Douglas will have the right to verify such claims by auditing the relevant records, facilities, work or materials of Vendor and/or its subcontractors. Douglas will pay Vendor for finished work accepted by Douglas as well as for the documented costs to Vendor of work in process and raw material allocable to the terminated work, which is not in excess of any prior Douglas authorization. Douglas will not be responsible for obsolescence claims in the event the supplier has built over requirements unless supplier submits proof that Douglas requested product beyond end-of-program date. Payment made under this section will constitute Douglas' only liability for termination hereunder with title and right to possession to all delivered goods and services vesting in Douglas immediately upon Douglas' tender of such payment. The provisions of this section will not apply to any cancellation by Douglas for default by Vendor or for any other cause recognized by law or specified by this Order.

**12. Default and Remedies.** (a) If Vendor (i) fails to deliver the Goods at the time specified herein or (ii) fails to perform any other provisions hereof and does not cure such failure within a period of ten (10) days after receipt of written notice from Douglas specifying such failure, or (iii) becomes insolvent, makes an assignment in favor of creditors or enters bankruptcy or dissolution procedure, or (iv) is merged into another Company, Douglas may cancel the whole or any part of this Order without any liability except for payment due for Goods delivered and accepted. Upon such termination, Douglas will have the right, and on notice to Vendor, to take title to and take possession of all Goods provided by Vendor under this Order.

(b) If any of the Goods ordered are found at any time to be defective in material or workmanship, or otherwise not in conformity with the requirements of the Order, Douglas, in addition to such other rights, remedies and choices as it may have under the Order or by law, at its option and sole discretion may: (i) reject and return such Goods at Vendor's expense; (ii) require Vendor to inspect the Goods and remove and replace nonconforming Goods with Goods that conform to the Order. If Douglas elects option (iii) above and Vendor fails to promptly make the necessary inspection, removal and replacement, Douglas may at its option and Vendor's cost, inspect and sort the Goods.

(c) Douglas's remedies herein provided shall be cumulative, and additional to any other or further remedies provided to buyers in law or equity, including without limitation the right to recover indirect, incidental, consequential and other damages (including without limitation lost profits) resulting from any breach by Vendor. No waiver of a breach of any provision of the Order by Douglas shall constitute a waiver of any other breach, or of the breached provision itself.

(d) In the event that the designated Vendor provides non-conforming material, Douglas Autotech reserves the right to obtain conforming material from an alternative source.

**13. Tools/Douglas-Owned Property.** The right, title and interest to all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment, designs, drawings, specifications, spare parts, trial parts, ancillary products, items owned by Douglas or its customers and other items furnished by Douglas to Vendor for use in manufacturing the goods, or for which Vendor is reimbursed in whole or in part by Douglas (collectively, "Douglas Property"), shall be and remain the property of Douglas and shall be held by Vendor in trust, as bailee, for the benefit of Douglas. Vendor shall bear the risk of loss of and damage to Douglas Property. Vendor will (a) properly house and maintain the Douglas Property on Vendor's premises; (b) not use the Douglas Property for any purpose other than for performance under the Order; (c) prominently mark the Douglas Property as property of Douglas; (d) refrain from commingling the Douglas Property with the property of Vendor or with that of a third party; (e) adequately insure the Douglas Property against loss or damage, including but not limited to maintaining full fire and extended coverage insurance for replacement value and naming Douglas as an additional insured; (f) ensure that the Douglas Property do not become subject to any liens or other claims; and (g) not move the Douglas Property to another location whether owned by Vendor or a third party, without the prior written consent of Douglas, except in the case of an emergency, Vendor may move the Douglas Property provided that it gives Douglas notice that the Douglas Property have been moved and the location of the Douglas Property as soon as practicable. Douglas will have the right to enter Vendor's premises at reasonable times to inspect the Douglas Property and Vendor's records pertaining thereto. Vendor expressly waives and releases any and all statutory, equitable or other liens, including but not limited to any molders liens, special tool liens, builder liens and the like, that Vendor has or might have on or in connection with the Douglas Property for any and all work, including but not limited to, designing, manufacturing, improving, maintaining, servicing, using, assembling, fabricating or developing the Douglas Property. Vendor hereby agrees to indemnify, defend and hold Douglas harmless from and against any loss, liabilities, costs, expenses, suits, actions, claims and all other obligations and proceedings, including

without limitation all attorneys' fees and any other cost of litigation that are in any way related to releasing, terminating or otherwise removing any such liens placed on the Douglas Property. Vendor will assign to Douglas any claims Vendor has against third parties with respect to Douglas's property. Upon written request, Vendor, at its expense, shall immediately deliver the Douglas Property at Douglas's option F.O.B. Carrier Supplier's facility (Ex Works Loaded) or F.O.B. Douglas's premises (CIF Douglas Plant/Delivered Douglas Plant), properly packed and marked in accordance with the requirements of the carrier and Douglas. Vendor will cooperate fully with Douglas's removal of the Douglas Property from Vendor's premises. Vendor shall assume all risk of death or injury to persons or damage to property arising from use of the Douglas Property. Unless otherwise agreed to in writing by Douglas, Vendor shall keep the Douglas Property in good condition and repair, including repair necessitated by wear and tear and other usage by Vendor. In the event that it becomes necessary, as determined by either Douglas or Vendor, to replace any of the Douglas Property due to normal use by Vendor, or otherwise, said replacement tools shall be at the sole expense of Vendor and said replacement tools shall remain the property of Douglas. Douglas does not guarantee the accuracy of any Douglas Property or the availability or suitability of any supplies or material furnished by it. Vendor assumes sole responsibility for inspecting, testing and approving all Douglas Property or other materials supplied by Douglas prior to any use by Vendor. Vendor shall assume all risk of death or injury to persons or damage to property arising from use of the Tools or other materials supplied by Douglas and hereby agrees to indemnify Douglas against the same.

**15. Compliance With Laws.** (a) Vendor shall provide appropriate installation, operation and maintenance manuals, in English, covering the Goods to Douglas. Vendor shall also provide Douglas with any Material Safety Data Sheets, any specific warnings or instructions regarding the safe installation, operation and maintenance of the Goods and, upon request, a list of all materials in the Goods.

(b) Vendor shall comply with any relevant provision, dealing with, Equal Employment Opportunity, Employment of Veterans, Employment of the Handicapped, Employment Discrimination Because of Age, Utilization of Disadvantaged Business Enterprises, and the related Acts and Executive Orders as now or hereafter amended or codified.

(c) Vendor warrants that it is in compliance with the requirements for non-segregated facilities set forth in 41 CFR Chapter 60 1.8 and is an equal opportunity employer.

(d) *Vendor warrants that each chemical substance constituting or contained in the Goods sold is on the list of chemical substance compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et. seq.) as amended.*

(e) *Vendor warrants that the Goods shall be in compliance with applicable sections of the Federal Consumer Product Safety Act (15 U.S.C. Sec. 2051 et. seq.) as amended, and the Federal Hazardous Substances Act (15 U.S.C. 1261et. seq.) as amended, and lawful standards and regulations hereunder.*

(f) *Vendor warrants that the Goods shall be produced in compliance with requirements of the Fair Labor Standards Act of 1986, as amended, including Section 12(a). And all invoices must carry the following certificate in order to be passed for payment: "Vendor represents that with respect to the production of the articles and/or the performance of the services covered by this invoice, it has complied with the Fair Labor Standards Act of 1986 as amended."*

(g) *Vendor shall comply with all applicable industry, federal state or local laws, rules, regulations or ordinances and standards as to the Goods and otherwise in the performance of the Order.*

(h) *The Order is to be construed and enforced under the laws of the State of Michigan, without reference to its conflict of laws principles.*

**16. Non-Assignment.** *Assignment of the Order or any interest herein or any payment due or to become due hereunder, without the written consent of the Douglas, shall be void.*

**17. Set-Off.** *Douglas shall be entitled at all times to set off any amount owing at any time from Vendor to Douglas or any of its affiliated companies against any amount payable at any time by Douglas in connection with the Order.*

**18. Foreign Purchases.** *The following applies to all transactions involving imported Goods:*

(a) *Vendor warrants that all sales made hereunder are or will be made at not less than fair value und the United States Anti-Dumping Law (19 U.S.C. Sec. 160 et. seq.) and Vendor will indemnify, defend and hold Douglas harmless from and against any costs or expenses (including but not limited to any anti-dumping duties which may be imposed) arising out of or in connection with any breach of this warranty.*

(b) *Vendor agrees that Douglas will not be a party to the importation of the Goods, that the transaction(s) represented by the Order will be consummated subsequent to importation, and that Vendor will neither cause nor permit Douglas's name to be shown as "Importer of Record" on any customs declaration.*

(c) *Upon request and where applicable, Vendor shall provide Douglas Customs Form 7543 entitled "Certificate of Delivery" properly executed. Upon request, Vendor shall furnish properly completed in accordance with government regulations applicable thereto. Unless otherwise stated herein, all customs drawback will be credited to Douglas.*

(d) *Upon request, Vendor shall furnish promptly certificates of local value added in accordance with government regulations pertaining thereto.*

**19. Payment Terms.** *DAC payment terms are net 20<sup>th</sup> prox. If product is received before 15<sup>th</sup> of the month, payment will be made on 20<sup>th</sup> day of the following month. Any product received after the 15<sup>th</sup> day of the month will be paid on the 20<sup>th</sup> of the month "after" the next month.*

**20. Entire Agreement.** *The Order is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes all prior agreements, written or oral. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in the Order. All modifications must be in writing.*

**21. Verification At Vendor's Premises.** *A representative of Douglas, a representative of Douglas' customer, or both, shall be afforded the right to verify at the Vendor's premises that product conforms to specified requirements.*

**22. Nonconformance's**

In the event of non-conformance the Vendor will maintain and comply with the Douglas Autotech Supplier Manual. \_\_\_\_\_ INITIALS:

Revision: F  
Reviser: Cannon  
Date: 2-10-2013



300 Albers Road  
Bronson, MI. 49028  
(517) 369-2315

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Receipt of Douglas Autotech Purchasing Procedure updates

\_\_\_\_\_ ("Supplier") hereby acknowledges receipt of the Supplier Manual of Douglas Autotech Corporation. Supplier accepts the Terms and Conditions included in that Supplier Manual and agrees and understands that such Terms and Conditions (Revision F, dated 2-10-2013) are incorporated and made a part of all purchase orders for the supply of goods from Supplier to Douglas Autotech Corporation.

Company Name: \_\_\_\_\_

Supplier Representative: (printed) \_\_\_\_\_

Supplier Representative: (signature) \_\_\_\_\_

Title of Representative: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Please return this form to:

Douglas Autotech  
300 Albers Road  
Bronson, MI. 49028  
Attn: Purchasing Manager