



1206 Ann Street, Delevan, Wisconsin 53115

## **Supplier Manual**

**SM-1 Revision 2**

**11/28/2023**

# Table of Contents

|   |    |
|---|----|
| Purpose   | 3  |
| General   | 3  |
| MicroPrecision Commitment   | 3  |
| <b>2.0 Supplier Partnership</b>                                       |    |
| 2.1 General   | 3  |
| 2.2 Requirements for Suppliers  | 4  |
| 2.3 Acknowledgement   | 4  |
| 2.4 MicroPrecision Supplier Quality Contact Information               | 4  |
| <b>3.0 Quality Requirements</b>                                       |    |
| 3.1 General   | 4  |
| 3.2 Production Part Approval Process (PPAP) & Flow Down (If Required) | 5  |
| 3.3 Incoming Product Quality  | 5  |
| 3.4 Incoming Inspection   | 5  |
| 3.5 Request for Temporary Product Specification Changes               | 5  |
| 3.6 Request for Permanent Product Changes                             | 6  |
| 3.7 Rejection and Charge Back Policy                                  | 6  |
| 3.8 Contingency Plans   | 6  |
| 3.9 Counterfeit Part Prevention                                       | 7  |
| <b>4.0 Supplier Monitoring and Development</b>                        |    |
| 4.1 General   | 7  |
| 4.2 Supplier Quality Standards  | 7  |
| 4.3 On-site Audits  | 8  |
| 4.4 Supplier Monitoring   | 8  |
| 4.5 Verification  | 8  |
| 4.6 Supplier De-sourcing  | 8  |
| <b>5.0 Supplier corrective Action</b>                                 |    |
| 5.1 Corrective Action Request   | 9  |
| 5.2 Response Time   | 9  |
| <b>6.0 Documentation and Record Requirements</b>                      |    |
| 6.1 Documentation   | 9  |
| 6.2 PPAP Documentation  | 9  |
| 6.3 Certificate of Analysis / Conformance                             | 9  |
| 6.4 Product Safety and Safety Data Sheets                             | 10 |
| <b>7.0 Purchasing</b>   |    |
| 7.1 Quotes  | 10 |
| 7.2 Purchase Orders   | 10 |
| 7.3 Pricing   | 10 |
| 7.4 Delivery Requirements   | 10 |
| 7.5 Supplier Contacts   | 10 |
| Annex A: Supplier Acknowledgement                                     | 11 |

## Purpose

The purpose of this document is providing our suppliers or potential suppliers with an understanding of the requirements to supply MicroPrecision, LLC (MP).

## General

MP realizes that only through the long-term partnership with its suppliers, will it be able to achieve the goal of exceeding internal and external customer expectations. MP will involve various suppliers in Supplier Agreements in an attempt to establish these long-term partnerships. The following performance guidelines are meant for suppliers of MP.

## MicroPrecision's Commitment

Clear communication of expectations to the supplier, including: quality system requirements, material specifications, technical requirements, delivery expectations, cost reduction goals, quality improvement goals, and customer service requirements.

Evaluation and selection of new suppliers based on their ability to meet these expectations. Provide feedback to current suppliers on performance with regards to these expectations.

Establish long-term relationships with suppliers who are able to meet or exceed these expectations. Act in an open and ethical manner with all supplier interactions.

## 2.0 Supplier Partnership

### 2.1 General

At MP, we recognize the critical role quality plays in our success. Our Quality Policy Statement is as follows:

Quality Policy Statement:

***MicroPrecision, LLC is committed to providing an environment that encourages continued improvement of its Quality Management System. This system is achieved through employee involvement and working towards common goals. MicroPrecision will continue to meet or exceed the customer's expectations by producing defect-free product, at the lowest total cost and with on-time delivery.***

Our attainment of this goal is dependent on the quality of materials received from our supply chain. We expect product received to be 100% defect free.

Quality is the major consideration for supplier selection at MP. Your dedication to quality with strict adherence to the MP Supplier Handbook, quality requirements, material specifications, packaging and shipping requirements will clearly solidify your value as a MP Supplier.

MicroPrecision also takes pride in protecting our environment by maintaining an ISO 14001 certified program. Our Environmental Policy is as follows.

Environmental Policy Statement:

***MicroPrecision, LLC is committed to protecting the environment through programs that will reduce our impact, prevent pollution and fulfill its Compliance Obligations. MicroPrecision, LLC strives for continual improvement of its products, services and Environmental Management System.***

To maintain this process and comply with customer expectations, we expect our supply chain to be fully aware of MicroPrecision's Environmental Objectives. We request that our partners implement processes that are in line with MicroPrecision's Environmental Policy and objectives when providing products, services and when visiting MicroPrecision's work sites.

## **2.2 Requirements for Suppliers**

Meet MP Quality and Environmental expectations.

React with concern when requirements aren't met and take the steps necessary to resolve deficiencies and prevent their reoccurrence.

Embrace the concept of continuous improvement and zero nonconformities in all MP products.

Show a willingness to establish a long-term relationship with MP.

Maintain ethical standards and act in an open and honest manner in all MP interactions.

## **2.3 Acknowledgement**

MP Management Representative shall distribute copies of this Supplier Quality Handbook to all current and potential suppliers. The acceptance of any Supply Agreement or Purchase Order constitutes an agreement to comply with and provide material and/or services in accordance with this MP Supplier Manual.

## **2.4 MP Supplier Quality Contact Information**

Questions or concerns regarding this Supplier Manual should be directed to your Supplier contact.

## **3.0 Quality Requirements**

### **3.1 General**

The AS9100 is the development of fundamental quality systems that provide for continuous improvement, emphasizing defect protection, the reduction of variation and waste in the supply chain, as well as improved efficiency, delivery, company morale, and internal/external communications.

It is the expectation of MP that all suppliers of production materials establish, document, and maintain effective quality systems based on ISO 9001 or AS9100 unless waived by MP. Additional MP specific requirements are listed below. MP reserves the right to add requirements for specific materials, services, or suppliers.

### **3.2 Production Part Approval Process (PPAP) And Flow Down Requirements (IF REQUIRED)**

MP will request a PPAP depending on the criticality of the raw materials(s) or process being produced. MP uses the Automotive Industry Action Group (AIAG) Production Part Approval Process Manual as the basis for approving new production parts and/or materials. The AIAG method is a widely accepted method in many industries. All PPAP's submitted must be Level 1 and submitted unless otherwise specified.

At a minimum, supplier PPAP packages shall include Part Submission Warrants (PSWs) and may require additional PPAP documentation as per our customers' requirements.

PPAPs shall be submitted to MP Quality department and any associated PPAP sample material shall be clearly labeled as such. The supplier must identify the samples in some manner (ex: number or tag each container) which allows for proper identification.

Full or interim approved PPAP is required prior to shipping material to MP for production. Any production shipments received by MP prior to obtaining this approval will be rejected. Any exceptions must be documented and approved by MP.

The supplier shall adhere to all flow down requirements as required by our customers. In the event the said organization cannot meet the requirements MP requires immediate notification.

### **3.3 Incoming Product Quality**

All materials received must conform to agreed requirements / specifications and are subject to inspection and approval. If product does not meet requirements, MP reserves the right to withhold payment, reject and/or return at the expense of the supplier, all or any portion of shipment if non-conforming.

### **3.4 Incoming Inspections**

If material is rejected because of nonconformance to specification, the following actions will be taken:

Rejected product will be returned to supplier, freight and charge back will be charged to supplier.

Reject and scrap, supplier will incur costs of product.

Chemistry/Mechanical Property Analysis must accompany alloy material as specified at the time of order.

### **3.5 Request for Temporary Product Specification or Substitution and Process Changes**

Prior to supply of any process change or material substitution or temporary product specification change, the supplier must:

Must contact the MP Quality Representative or Plant Manager and get a written deviation to supply product prior to shipment.

Must include a copy of the signed deviation with each shipment of nonconforming product.

Technical Data Sheets and Certificates of Analysis are required, as specified, for all product supplied. The supplier will be fully exposed to all warranty claims and rework or reject costs, for shipments of product that do not conform to specification.

### **3.6 Request for Permanent Product Change**

In the event there is a need for permanent specification change or product substitution, the request must be approved by Supply Chain Manager , MP Engineering and or Quality. To request the change the supplier must complete the Engineering Change Request form and submit for approval.

If the change is needed immediately to continue supply of material, the supplier must follow the temporary product specification process outlined in 3.5 of this manual.

Failure will fully exposed the supplier to all warranty claims and rework or reject costs, for shipments of product that do not conform to specification.

### **3.7 Rejection and Charge Back Policy**

In the event material is rejected due to nonconformance to specification, expired or incorrect, the following actions will be taken:

Rejected product will be returned to supplier, freight and charge back will be charged to supplier.

If MP Quality finds reject material, we will communicate the problem to the supplier at that time to discuss actions needed. The supplier's personnel will replace the raw material or components to solve the problem. MP may seek to recover costs resulting from a delivery of nonconforming product, which may additionally include the following:

If the rejection is a repeat issue (same material, same rejection reason within a 12 month Period), the supplier will be expected to bear (reasonable) costs associated with the impact on MP.

If the product fails due to the nonconforming material and is discovered in production or beyond (i.e., at one of MP customers or in the field), the supplier will be expected to bear (reasonable) costs associated with the impact on MP.

The supplier may also be held responsible for resulting charges imposed by MP customer, such as warranty claims or costs associated with a recall.

\*It should be noted that these charges would be invoked only when a supplier's product does not conform to contractual requirements and/or specifications.

### **3.8 Contingency Plans**

Any interruption in supply could result in MP not meeting its requirement of 100% on time delivery. This could result in not meeting our customer demand. The supplier shall prepare contingency plans to satisfy MP requirements in the event of an emergency such as utility interruptions, labor shortages and key equipment failure and field returns.

When the supplier knows in advance of an impending production interruption, the supplier shall notify MP Supply Chain Manager and/or Designee at least 24 hours, if possible, before that interruption. The nature of the problem shall be communicated with the immediate actions taken to assure supply of product.

Production interruptions may include (but are not limited to) natural disasters, political unrest, war, capacity issues, quality issues, labor strikes or other events that prevent the supplier from meeting the specified capacity volumes. The supplier is required to advise MP of the plan for recovery and work toward minimizing its effect on the MP plant. Upon request, the supplier shall provide their contingency plans to MP.

### **3.9 Counterfeit Part Prevention**

MP suppliers shall ensure their employees are aware of:

- The risk of counterfeit product, and notification of suspected counterfeit material/product.
- Counterfeit part prevention processes shall consider:
- Training of appropriate persons in the awareness and prevention of counterfeit parts
- Application of a parts obsolescence monitoring program
- Controls for acquiring externally provided product from original or authorized manufacturers, Authorized distributors, or other approved sources
- Requirements for assuring traceability of parts and components
- Verification and test methodologies to detect counterfeit parts
- Monitoring of counterfeit parts reporting from external sources
- Quarantine and reporting of suspect or detected counterfeit parts

## ***4.0 Supplier Monitoring and Development***

### **4.1 General**

Suppliers are expected to implement a robust Quality Management System (QMS) that promotes defect free products through prevention, monitoring, and ongoing improvement.

Comments or questions regarding the MP Supplier Manual may be directed to MP's Supply Chain Manager or Quality Manager.

### **4.2 Supplier Quality Standards**

Current and potential suppliers to MP must meet one of the following minimum quality system requirements:

Registration to ISO 9001, AS9100, AITF-16949, ISO 17025 or NADCAP by an accredited third-party registration body.

Any deviations from this quality certification requirement will require the approval of the MP Quality Manager. It is the responsibility of distributors or non-manufacturing suppliers on contract with MP to ensure that their suppliers are certified to either ISO 9001 or have a formal quality system. Suppliers are required to immediately notify MP, if their Registrar (certification body or accreditation body) revokes their certificate, places them on probation, or institutes any other change in their certificates status.

Suppliers shall provide their valid quality management certificate to MP.

Supplier certificates should be in English or include an accurate English translation on the certificate. Suppliers are responsible for the information on their certificate and that this information matches the contract with MP.

### **4.3 On-Site Audits**

MP suppliers are responsible for the control and continuous improvement efforts of its suppliers. MP reserves the right to visit sub-suppliers to assure that the materials and services conform to specified requirements. These visits may involve customers or an approved 2<sup>nd</sup> or 3<sup>rd</sup> party representative of MP. This includes any regulatory body that may want to perform an onsite audit. All records shall be made available for any audit.

MP suppliers shall require their suppliers of production goods and services to conform to the requirements specified herein and must implement and document appropriate controls. Suppliers to MP must select their suppliers based on MP expectation of zero defects, and on their capability to continually maintain robust processes throughout the life of the product.

#### **4.4 Supplier Monitoring**

The MP Scorecard provides on-going assessment of quality and delivery performance. Suppliers should be aware of performance and ensure action plans are developed as applicable. As needed, MP Supply Chain Manager will contact the said supplier to review performance scores regarding their scores.

Scorecard categories monitor occurrences of late shipments, quality performance and customer issues. The scorecard is internal to MP and we will provide the data as needed.

MP utilizes a Supplier Corrective Action Report (SCAR) to resolve supplier performance issues (ex. quality, delivery, customer satisfaction, etc.)

A reported nonconformance is issued when a MP identifies material that fails to conform to applicable quality and delivery specifications.

#### **4.5 Verification of Supplier's Products and services at Supplier's premises.**

When required, MP shall have the right to verify that products or services supplied conform to specified requirements.

#### **4.6 Supplier Desourcing**

If the event the supplier becomes undevelopable, MP reserves the right to remove the supplier from the Approved Supplier List (ASL). Suppliers with unsatisfactory quality or delivery may lead to desourcing. Our attempts to correct problems per clause 5.0 Corrective Action Process, are unsuccessful then this may lead to removal as an approved supplier.

### ***5.0 Supplier Corrective Action***

#### **5.1 Corrective Action Request**

MP will ask the Supplier to complete a corrective action for product non-conformance, late delivery, customer complaints, or failure to deliver required documents. This request will be emailed to the supplier from the Supply Chain manager and/or Quality Manager. A corrective action form will be required to be completed. The supplier can use their form or use the one that is sent with the notification.”

## 5.2 Response Time

MP expects the supplier to provide a containment response within 48 hours of the formal notification. Full response to the corrective action request is due within 10 business days of the formal request. Failure to meet timelines will result in escalation to **MP COO and or CEO**. Please submit by email.”

## 6.0 Documentation and Record Requirements

### 6.1 Documentation

Suppliers shall have a process to control and maintain records. Records may include, but not limited to, material testing, certificates of conformance or analysis, employee training / competence, purchase orders and amendments, sub-supplier traceability records, internal quality records and any process conformance record.

Suppliers are required to provide shipping documentation of its product upon delivery. One packing slip must accompany each and every shipment to MP.

### 6.2 PPAP Documentation or First Article Inspection Data (IF REQUIRED)

A Level 1 PPAP per the AIAG Production Part Approval Process standard is our minimum requirement. The requested documents must be submitted and received before first production shipment arrives. In the event First Article inspections are required, the supplier agrees to provide the proper agreed upon inspection data to MP.

### 6.3 Certificate of Analysis / Certificate of Conformance

As required, provide a Certificate of Analysis (COA), with the product to be supplied for delivery. The COA must contain:

- The manufacturing date and
- The expiration date (if applicable).

As required, provide a Certificate of Conformance (COC), with the product to be supplied for delivery. The COC must contain:

- Part Number
- Specifications relating to the process
- Quantifiable data demonstrating that the product meets specification stated.
- Serial numbers, as required.

It is the supplier’s responsibility to ensure all incoming paperwork, test results and certificates are correct. Failure to do so may delay payment.

### 6.4 Product Safety and Safety Data Sheet (SDS)

The supplier is required to ensure their employees are aware of any product safety concerns and communicate their contribution to product safety. The supplier is responsible for sending the Safety Data Sheet (SDS) annually.

The supplier is to ensure the SDS has accurate information. MP requires the shelf life to be identified on the SDS (if Applicable).

## **7.0 Purchasing**

### **7.1 Quotes**

All quotations shall include a piece or lot price, costs for packaging the item, and delivery cost when applicable.

### **7.2 Purchase Orders**

Purchase orders are generated by MP for any goods or services requested from a supplier. The purchase order will define the requirements for the following:

- Item Code(s) / Part Number (s)
- Description
- Required Date
- Quantity
- Unit Cost / Extended Cost
- Engineering/Customer Specification
- Special Instructions (including any ITAR requirements)
- Shipping Location

These purchase contracts constitute an offer of purchase, which may only be accepted subject to MP standard Terms and Conditions of sale. Any expression of acceptance by the supplier, including shipment of product, will constitute acceptance of the Terms and Conditions. Standard terms shall be NET 60 Days. No Terms or Conditions shall be changed unless approved in writing by MP.

### **7.3 Pricing**

Supplier's invoice prices must match the purchase order price exactly to ensure timely payment. Any price changes must be agreed upon and documented in writing before they can go into effect. The purchase order defines the agreed price. Any price changes must be communicated in writing in advance of change. In the event invoice prices do not match purchase order prices, the invoice will be corrected. Payment will be issued with a conforming invoice.

### **7.4 Delivery Responsibility and Cost**

Packaging and Freight cost are included in the purchase price unless otherwise specified. Material in transit is the responsibility of the supplier unless otherwise agreed upon.