



SUPPLIER QUALITY SYSTEM REQUIREMENTS

Introduction

Diversified Engineering & Plastics, LLC (DEP) success is based upon the quality, performance and economics of product supplied to our customers. We view our suppliers as a key element in maintaining this high standard of performance, and we consider them an important part of our manufacturing team. It is the intention of Diversified Engineering & Plastics Products to develop and maintain a positive working relationship with all suppliers.

This document defines DEP's minimum expectations.

The expectations outlined will be effective upon issuance, and all suppliers are responsible for ensuring that their Quality Systems conforms to the guidelines provided herein.

Exceptions to these guidelines may only be made with the authorization of DEP's Quality Systems and/or Purchasing Managers.

Access to Current Edition

The current controlled edition of this Supplier Quality Manual may be accessed via the Internet at the following address: www.deplastics.com

All printed copies of this manual are considered "Uncontrolled"

Quality System

The quality of our end product is highly dependent on the quality of purchased product; therefore, DEP believes that the implementation of ISO9001 or TS16949 within our suppliers operations is as important as it is within our internal operations. DEP is 3rd party certified to ISO/TS16949:2009 and expects our suppliers to have a documented quality system in compliance with this standard. We strongly recommend suppliers to obtain 3rd party certification or at a minimum show evidence of compliance. DEP reserves the right to audit the supplier to verify compliance. DEP requires all suppliers to submit a current copy of their quality system certification for our files. The supplier will conform to all requirements defined in the AIAG core tools manuals.

A copy of the current revision level of ISO9001 or TS16949 standard or any of the core tools reference manuals can be found at www.aiag.org .

Special circumstances may allow for a waiver. DEP shall have decision criteria for determining “specially designated small suppliers”, which will be waived from certain elements of ISO9001 and/or TS16949 standards. Our Quality System Assessment shall be kept as a record of this decision.

DEP may exempt certain organizations from 3rd party registration whose automotive business is of such low volume, but whose business is still needed. Distributors are exempt and will receive a waiver upon request, as well as certain “customer directed” suppliers. DEP may also consider the type of product supplies, supplier capabilities and any risk to DEP prior to granting a waiver. Our Quality System Assessment shall be kept as a record of this decision.

DEP reserves the right to further define specific elements outlined below.

Quotation and Contract Review

The supplier will establish and maintain procedures for contract review, and coordination of all activities. The supplier will review each quotation request and contract to ensure that:

- Requirements are adequately defined and documented
- All requirements differing from those in the original quote are resolved
- Capability to meet all contractual requirements will be verified

Procedures will identify how contract amendments are controlled and correctly implemented throughout the supplier's organization. Records of contract reviews must be maintained.

Quotation

The supplier will forward a copy of each quotation to Diversified Engineering & Plastics Purchasing. Each quotation will be complete and include terms for payment, F.O.B., and delivery. In addition, all costs will be clearly indicated (i.e. Special set-up costs, below minimum lot charges, tooling costs, validation testing requirements, etc.). Also, other pertinent information such as lead-time, minimum quantity, commodity market conditions, etc. will be included. All assumptions made during the quoting process will be identified.

A Product Cost Analysis will be made available upon request from Diversified Engineering & Plastics Purchasing.

Contracts

DEP Purchasing will issue all contracts for raw material, purchased components, and service suppliers. Contracts will at a minimum consist of DEP part number, lead-time, part description, unit price, minimum quantities, customer specifications (if applicable), supplier part number (if available), standard carton quantity, PPAP and re-validation requirements.

Diversified Engineering & Plastics Products Inc. purchase order terms and conditions will apply unless otherwise stated in writing. Financial information will need to be provided if requested by DEP. Payment terms for purchase orders are forty (45) days.

Required PPAP Submission Elements

Note: Subject to additions/deletions at the discretion of DEP Supplier Quality.

Level 3:

- Warrant
- Sample Parts (Not required for bulk material)
- Drawing (Where applicable)
- Inspection/Dimensional Results
- Qualified Laboratory Documentation
- Testing Results
- Appearance Approval Report (Where applicable)
- Capability Study
- Gage Study
- Process Flow Diagram
- Control Plan
- PFMEA
- IMDS entered. DEP code 10456

Material Certification

The supplier will provide evidence of material certification (conformance to specifications) with each lot/batch or shipment to the receiving DEP facility. The specification must be provided as reference to the results.

The certification documentation may be faxed prior to receipt of shipment or included with the shipping documentation, and will be to the attention of the Quality department.

Shipping costs for returned material, any down time associated with the rejection, and the cost of replacement material is the responsibility of the supplier. In the event that DEP must sort or rework to make shipments, the supplier will be charged a rate of \$25.00 per hour. The supplier will also be charged a \$100.00 administrative fee for each SCAR (supplier corrective action report) issued. If a cost recovery is issued to DEP from the final customer due to a supplier issue, the cost will be forwarded to the supplier.

The supplier will perform a Root Cause analysis on Product, Manufacturing process and the Quality System. Results of this analysis will be addressed as Permanent Corrective Actions, and all necessary steps will be addressed to Prevent Recurrence.

Certified Shipments

A minimum of three (3) shipments following the start of containment (new product or following corrective action) will be certified as being in conformance. Each container will be clearly identified on the shipping label, as specified by the DEP Quality Department.

Tracking of Supplier Quality Performance

Supplier quality performance will be recorded and tracked by the DEP Purchasing department. This information will appear on the Supplier Performance Report located on the DEP web site www.deplastics.com Suppliers must notify DEP in writing when product has been shipped outside of normal routing instructions or when incurring premium freight costs.

Corrective Actions

If DEP does not find a corrective action to be acceptable, the supplier will address all issues identified by the requestor, and resubmit by the deadline provided. If the report is past due & no request for an extension has occurred, a \$50.00 fee will be issued.

Releases/Purchase Orders: Are supplied/available via the company website through the "Supplier Visualization" System and it is the responsibility to obtain these releases. They are updated weekly per demand. If for any reason a Supplier has a question concerning their release they must contact the Purchasing group. All terms of the Suppliers (late delivery, down charges, etc) apply to this "Supplier Visualization" System as well.

Terms & Conditions: Are per the terms & conditions agreement as well as what is listed on individual POs

Quantities

Purchased components and services will be shipped to the exact quantity per the release. Bulk material quantities will be within 10% of the requirement indicated per the release.

The supplier will contact the Logistics department of DEP in the event that a required quantity cannot be met.

On-Time Delivery

The supplier will deliver conforming product ordered by DEP within the timeframe specified in the contract and/or releases. Note that a given target date is the date that material is to arrive at the DEP location.

On-time delivery performance will be tracked by DEP Purchasing department. On time = Four (4) day early, no days late.

Late Delivery

The supplier will contact the Logistics department at DEP in the case of a potentially late shipment.

An on-time delivery rating of less than 90% for any given month may result in a request for a Supplier corrective Action Report.

Excess Freight Charges

A failure of the supplier that results in excess freight cost incurred by Diversified Engineering & Plastics Products may be charged back to the supplier. The supplier is responsible for the freight when multiple shipments are required due to the supplier's behind condition.

When excess freight charges are the responsibility of Diversified Engineering & Plastics, the DEP plant will issue an Authorization Number. The Authorization Number should appear on all corresponding paperwork.

Hazardous Material

The supplier will provide a Material Safety Data Sheet (MSDS) to DEP for any Hazardous Material. All material classified as hazardous by local, state or central government regulations will be identified as required by said regulation. It will be the discretion of the EMR whether this material is acceptable.

Packaging and Labeling

The supplier will obtain packaging requirements and approvals from DEP.

All labels will conform to AIAG Shipping/Part Identification Label Standards, and will contain the DEP Part Number, Units, and Lot/Batch Number. There will be a \$100.00 fee for wrong labels received.

Down Time Charges

Diversified Engineering & Plastics Products reserves the right to bill \$50.00 per hour for down time resulting from late delivery of product, or due to a supplier quality issue.

Material Identification and Traceability

The supplier will establish a means to identify a specific lot or batch through all stages of production, packaging and delivery. This will include any out-sourced operations.

The supplier will also record the raw material/component lot/batch number assigned by the sub-supplier that is used to produce each specific lot/batch of final product.

Sub-Supplier Development and Control

The supplier will ensure continuous quality improvement of products and services that are purchased for use in products/services supplied to DEP. Evidence of an effective supplier development program and the control of incoming quality will exist. The supplier's Quality System will clearly define the requirements and provide guidance and control of sub-suppliers to satisfy all DEP requirements. An Assessment of sub-suppliers will be part of the development program. Sub-supplier registration to ISO9001 or TS16949 requirements will be recognized in lieu of audits by the supplier.

Purchase Orders

The supplier's purchase order(s) and amendments will clearly define the product ordered including all applicable specifications.

Price Increases

A 30 day written notice must be given in advance for a requested price increase. The following must be provided; official letter and supporting documentation for the requested increase. Diversified Engineering & Plastics Products will review request and respond to supplier within the 30 day period. Failure to deliver product may result in freight and downtime charges if applicable.

Document Control

The supplier will establish procedures for collecting, accessing and storing all quality records. All such records will be readily retrievable upon request.

DEP Supplier Selection

Diversified Engineering & Plastics Products Purchasing will select suppliers based on the ability to meet quality and system requirements, ratings, pricing, technical capability, process capabilities, certifications (i.e. Minority) and results of supplier evaluation methods (i.e. Supplier Self-Survey, Historical Performance, Supplier Quality System Audit). The methods by which a supplier may be evaluated and approved are listed on the approval page of the Supplier Quality System Assessment.

DEP Supplier Development

Supplier development needs will be determined by DEP Supplier quality and/or Purchasing with consideration of cost and benefit to Diversified Engineering & Plastics Products.

This development may take the form of training provided by DEP, and/or one-on-one sessions with suppliers as appropriate.

Diversified Engineering & Plastics Products Supplier Quality System Audit

Diversified Engineering & Plastics Products will conduct on-site Supplier Quality System Audits on all potential suppliers, or current suppliers as deemed necessary.

REVISION RECORD

DATE	DESCRIPTION
1/30/2003	Original Release
7/30/2004	Changed payment terms for Purchase orders to 45 days.
4/7/2005	Added administrative fee for past due SCAR's
11/8/2005	Added Down Time Charges and reference to Price Increases
6/12/2007	Removed references to QS9000, removed requirement for a documented procedure for supplier development, and added an administrative fee of \$100.00 for each SCAR issued.
8/10/2010	Streamlined requirements in conjunction with ISO9001/TS16949.
4/12/2011	Updated Company name
