



# Supplier Quality Manual

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## Table of Contents

1.0 Introduction	
1.1. Overview	3
1.2. Scope	3
1.3. Customer Responsibilities	3
2.0 Supplier Quality Expectations	
2.1. Quality System Requirements	4
2.2. Incoming Product Document Requirements	4
2.3. Documentation of Provided Services	5
2.4. Corrective Action	5
2.5. Request for Deviation	6
2.6. Charge Back Policy	7
2.7. Regulatory Reporting	7
3.0 Purchasing Expectations	
3.1. Supplier Assessment	8
3.2. Supplier Status	8
3.3. Supplier Responsibility	8
3.4. Terms	9
4.0 Labeling, Packaging and Shipping Requirements	
4.1. Labeling Specifications	9
4.2. Packaging Requirements	9
4.3. Shipping Specifications	9
5.0 Supplier Performance and Evaluation	
5.1. Introduction	10
5.2. Supplier Score Rating Criteria	10
6.0 Other	
6.1. Environmental Responsibility	10
6.2. Ethics and Social Responsibility	11
Appendix	
Supplier Manual Receipt Acknowledgement	13

## 1.0 Introduction

### 1.1 Overview

DuraTech is committed to meeting or exceeding customers' quality needs and expectations. As a supplier, you play a vital role in helping us achieve customer satisfaction.

DuraTech suppliers are viewed as being fully responsible for the quality of their products. Therefore, they must ensure products and services are delivered in conformance to the required standards. It is our expectation that DuraTech will receive defect-free product. **It is the supplier's responsibility to request an authorization to deviate from the purchase order, drawings, specifications, or the supplier manual before shipping the product.** Failure to do so may result in a formal request for corrective and preventive action from the supplier and/or debit cost incurred.

The Supplier Manual is the property of DuraTech and is issued for reference to our suppliers. This document is maintained electronically:

<https://www.duratech.com/wp-content/uploads/Supplier-Manual-3.pdf> Printed copies of this manual are considered uncontrolled.

Examples of required documents are available electronically:

<http://www.duratech.com/wp-content/uploads/SampleDocuments.pdf>.

Supplier Change Request Form is available online:

<https://www.duratech.com/wp-content/uploads/QA4326-Supplier-Change-Request-Form.pdf>

### 1.2 Scope

This standard applies to suppliers of raw material, parts, and/or services. Acceptance of a purchase order constitutes a commitment on behalf of the recipient to comply with this manual's content. This manual establishes minimum requirements, is supplemental to, and does not replace or alter purchase agreements.

### 1.3 Customer Responsibilities

DuraTech works to develop a strong alliance with our supplier base. To help suppliers perform to their capability DuraTech is obligated to:

- Set clear requirements
- Review requirements with the supplier to ensure a mutual understanding
- Provide timely and accurate feedback on supply base performance
- Act as a resource to improve supplier performance
- Actively seek supplier involvement with emphasis on continuous improvement
- Communicate and negotiate appropriate lead time for order placement, manufacture and delivery
- Maintain open communication to discuss growth plans and concerns

## 2.0 Supplier Quality Expectations

### 2.1 Quality System Requirements

DuraTech's quality management system is based on the ISO 9001 quality system requirements. ISO 9001 certification is preferred but not required. Suppliers not certified to ISO 9001 may be audited by DuraTech representatives.

If not ISO certified, the minimum that should be documented and maintained is as follows:

- Processes to create product and/or provide services consistently
- Training records to help employees be more successful
- Confirmation equipment is maintained and functioning properly
- Methods in place to respond to non-conformances and corrective actions in a timely and effective manner
- Methods in place to identify and segregate nonconforming material both at DuraTech and own site
- Compliance to global regulatory, ethical, and environmental responsibilities
- Lot traceability and identification
- Ability to understand risk of and communication of change

Suppliers have the responsibility to provide products and services that meet all end customer quality specifications. For some products, DuraTech may require evidence that the supplier/subcontractor cascades down all applicable statutory and regulatory requirements and special product and process characteristics to point of manufacture.

DuraTech expects our suppliers to flow all the requirements in this manual down the supply chain to their sub-tier suppliers. In addition, we expect suppliers to follow due diligence when selecting sub-tier suppliers. This includes performing audits, assessments, and monitoring their performance on an ongoing basis. Sub-tier performance issues should be proactively communicated to DuraTech.

### 2.2 Incoming Product Document Requirements

DuraTech's expectation is that material or products will arrive defect free.. Therefore, it is the responsibility of the supplier to provide a certificate and/or statement(s) of compliance to be issued with every order or in a blanket format. Blanket statements must be renewed annually.

The certificate and/or statement(s) of compliance shall state:

- Supplier Name
- Supplier conformance to the purchase order and/or product specifications
- Type of material/product being supplied
- Construction of material/product supplied
- Material lot/batch number
- As Requested:
  - Compliance to RoHS/REACH/Prop 65

- If non-compliant please provide information about how the materials do not comply
  - Free of conflict minerals
  - Other regulatory requirements
  - Country of Origin
  - Signature and Date from a designated representative
  - If non-compliant please provide information about how the materials do not comply

The supplier is responsible for retaining appropriate evidence to confirm compliance upon request.

A sample certificate of compliance is provided on our website.

Safety Data Sheets shall be provided prior to shipment (send electronically to [dtquality@duratech.com](mailto:dtquality@duratech.com)). If supplier is providing product in person, SDS sheets must be provided prior to arrival at DuraTech.

Shipments arriving without a certificate and/or statements of compliance, or without a current blanket certificate/statement on file, shall not be received. Shipments will be quarantined, invoices will not be processed, and OTD will be affected until paperwork is resolved.

When requested, PPAP/FAIR documentation will be required for shipment to be received. Electronic copies can be submitted to [dtquality@duratech.com](mailto:dtquality@duratech.com) and [receiving@duratech.com](mailto:receiving@duratech.com).

### **2.3 Documentation of Provided Services**

Subcontracted services may be asked to provide records of process and process controls as related to the manufacture of product or service provided. As necessary, DuraTech may audit documentation against pre-determined expectations of deliverables.

### **2.4 Corrective Action**

DuraTech suppliers are responsible for providing defect-free product. If defective product is found or required documentation is not provided, a Nonconforming Product Report (NPR) shall be issued, the supplier will be contacted and a Corrective Action Request (CA) may be issued. An NPR may result in parts/materials being placed on the Quarantine Receiving list requiring three consecutive incoming inspection audits to be passed.

A NPR or CA may be issued for but is not limited to the following:

- Nonconforming product
- Missing documentation
- Improper packaging or labeling
- Identified process improvement
- Systemic quality or delivery performance issues

- Field returns
- Other issues as deemed appropriate by Purchasing and/or Quality

Communication to the supplier will be initiated via a Credit Disposition Request (CDR):

- This will be reflected in the supplier's quality and, possibly, delivery rating.
- Response is required within 24 hours to disposition actions.
- If a corrective action response is deemed necessary by DuraTech due to potential supply risk, an 8D Corrective and Preventive Action Request will be issued.
- The supplier is expected to respond in a timely manner to any quality or delivery issues. Response timing and content requirements are as follows:

Initial response when issued a Corrective and Preventative Action Request is required within 24 hours of notification including:

- Containment plan to hold and inspect all products at supplier facility.
- Disposition of any product in transit, at DuraTech and at DuraTech customers including authorization to return for credit, sort/rework at supplier expense or hold for supplier review.
- Timing to replace product with certified product (product that has been 100% inspected for defects). All certified stock must be identified as such.

Corrective actions to be completed within 14 calendar days of receipt of request including:

- Members involved
- Problem description
- Interim containment
- Root cause analysis
- Permanent corrective action
- Verification of corrective action
- Prevention and request for additional time to complete (including estimated time frame for completion) if applicable

This portion to be completed within 24 hours of notification.

Suppliers issued a corrective action may be required to pass 3 consecutive incoming product audits prior to corrective action closure.

In an effort to develop our supplier base, we will concentrate on suppliers that have a score of **Probationary** or lower, by either issuing a Corrective Action Request at the time of the review, performing an on-site audit, or by developing an improvement plan tailored to the business type provided by the supplier.

## 2.5 Request for Deviation or Change

A product deviation is used when a specific quality of product being shipped or used is not compliant with the specified drawing, purchase order or specification. Any deviations must be specifically identified as changes on initial quotes.

Suppliers shall not make any changes in product construction or manufacturing processes without prior customer approval. This also includes reworked or repaired

product. Change requests shall be submitted in writing by the supplier to DuraTech and approved before goods and/or services are delivered.

Changes to any of the following will require documentation:

- Manufacturing processes or locations
- Supply
- Product formulations
- Product identification
- Physical/Chemical properties
- Ownership of the company
- Discontinuation of Product
- Force Majeure

DuraTech requires formal documentation of deviations. Supplier Change Request Form is available online:

<https://www.duratech.com/wp-content/uploads/QA4326-Supplier-Change-Request-Form.pdf>

## 2.6 Charge-Back Policy

Costs associated with supplier product quality issues that are the supplier's responsibility may be charged back to the supplier. On time delivery and quality issues because of supplier product or services will result in discussions with the supplier to determine disposition and develop plan to reduce end customer impact. Accountabilities, possible rework activities and/or downtime, credits/debits shall be discussed and negotiated based on circumstances of issue.

These charges may include but are not limited to:

- Deviations
- Expedited freight
- Customer shutdown charges
- Inspection fees
- Charge-back costs incurred by the end customer
- Any additional costs incurred by DuraTech as it directly relates to the quality of the product supplied
- Direct wastes

If the rejects cause re-inspection or rework, the supplier may choose to use DuraTech standard rate of \$30/hour. Downtime rates are variable based on process(es) impacted.

## 2.7 Regulatory Reporting

DuraTech requires our suppliers' to comply with all current and applicable regulatory requirements. This shall include:

- **RoHS** - Restriction on Hazardous Substances

- **REACH** - Registration, Evaluation, Authorization and Restriction of Chemical Substances
- **Prop65** – California Proposition 65; restriction of identified chemicals known to cause cancer, birth defects or other reproductive harm
- **Conflict Minerals** - Natural resources extracted in a conflict zone. (Dodd-Frank Act) Section 1502
- **Other Regulatory Requirements** – Goods and materials DuraTech purchases may have additional requirements. Suppliers must provide documentation that satisfies these regulatory requirements. Requirements will be communicated within the Purchase Order, Customer Print or additional written specifications.

To achieve this RoHS, REACH, Prop65, and Conflict Mineral certificate/statements of compliance are required for products supplied to DuraTech. These documents shall indicate compliance or non-compliance of the product provided and shall be current with any regulatory changes. DuraTech is committed to these regulations and a supplier's ability to conform will be taken into consideration when building or continuing business relations.

### 3.0 Purchasing Expectations

#### 3.1 Supplier Assessment

The supplier assessment is required to verify potential new suppliers have the appropriate quality and business systems in place. These systems will need to meet the minimum requirements of DuraTech. This self-assessment is also used to verify that current suppliers have maintained their quality and business systems. The supplier assessment needs to be completed and returned to DuraTech prior to becoming an approved supplier. This includes suppliers that have not met DuraTech performance expectations and suppliers that are not ISO 9001 certified.

A Supplier Quality System Audit may be performed at the supplier's manufacturing location by a DuraTech representative.

#### 3.2 Supplier Status

- Contingent – Still in the approval process
- Probation – Approved supplier that has a score lower than 90% for three consecutive months or a Corrective Action has been issued and not resolved
  - A supplier on probation:
    - May be asked to provide a "FAI" on three consecutive orders at no charge. Must complete a Supplier Improvement Plan
- Approved – Supplier has submitted proper documentation and is in good standing



- Provisional – Supplier has been approved but still within 12 month window of evaluation. Supplier will be tracked on the Supplier Scorecard.

### **3.3 Supplier Responsibility**

DuraTech contingent suppliers are required to provide an up-to-date copy of:

- W-9 Form (Accounting)
- Completed Supplier Self-Assessment
- Supplier Quality Manual Acceptance
- ISO/Other certificate (If Applicable)

Signed Non-Disclosure Agreement Suppliers will also be requested to supply

- Applicable Regulatory Information
- Disaster/Contingency Plan

Disaster/Contingencies are to include plans to ensure continuity of product supplied to DuraTech in the event of a business interruption

### **3.4 Terms**

Supplier agrees to DuraTech payment terms as agreed to on New Vendor Checklist.

## **4.0 Labeling, Packaging and Shipping Requirements**

### **4.1 Labeling Specifications**

Each package to be clearly labeled with the following when applicable:

- Supplier part number
- Lot number
- Manufacture date
- Expiration date/shelf life
- DuraTech part number

Special labeling requirements may be noted on the purchase order.

### **4.2 Packaging Specifications**

Packaging of products shall be done in a manner to ensure product integrity during shipping and handling. Product shall be received clean and absent of foreign material and/or debris.

In addition, suppliers are responsible to identify and communicate any packaging changes, improvements, etc. Special packaging requirements may be noted on the purchase order.

### **4.3 Shipping Specifications**

Shipping method and terms are designated on the purchase order unless agreement has been reached for supplier to pay shipping cost. Suppliers are responsible for adhering to shipping instructions on PO. DuraTech should be contacted for any deviation from instructions prior to shipping. DuraTech must approve collect "premium" freight methods if used in order to meet confirmed delivery date.

Advanced notice to be given on any shipping or delivery delays beyond the due date specified on the confirmed purchase order.

A subcontract product or service provided directly to the customer requires a tracking # for proof of delivery, as well as a copy of the packing slip with verification of purchase order number, part number and quantity shipped.

## **5.0 Supplier Performance and Evaluation**

### **5.1 Introduction**

Supplier report cards are communicated on a quarterly basis. The purpose of this rating is two fold – it provides objective comparison of a supplier's performance and it is a tool to benchmark the supplier's competitiveness in the marketplace. DuraTech wants to ensure that our ratings are accurate and effective. If a supplier feels there is a discrepancy in their rating report, they should contact DuraTech Supplier Quality Engineer within 2 weeks of the report date.

### **5.2 Supplier Score Rating Criteria**

Suppliers are rated on the following weighted criteria:

- OTD – On Time Delivery – 45%
  - Product delivered after confirmed date
    - No penalty for early delivery
- Quality – 45%
  - Non-Conforming Product
  - Corrective Actions
  - Warranty Percentage of Sales (WPS) of non-conforming material/rework cost
- Service and Responsiveness – 10%
  - Response to Purchasing requests
    - Confirmation of pricing and ship date for Purchase Orders within 2 business days
  - Response to quality issues
    - 24 hour response to Nonconforming reports with Disposition Request
    - 24 hour response to formal CAPA requests
  - All subsequent CAPA deadlines agreed upon after initial responseNotification of changes affecting delivery

These criteria will be weighted based on severity and influences on the overall supply chain as it affects the customer.

## **6.0 Other**

### **6.1 Environmental Responsibility**

DuraTech expects our suppliers to be conscious of the impact they can have on the environment and as such to recycle and conserve energy wherever possible. In addition, we

expect suppliers to ensure they minimize negative impact on the local environment while actively complying with all applicable regulations.**6.2 Ethics and Social Responsibility**

DuraTech encourages suppliers to have defined “Ethics” policy that communicates compliance with applicable Laws and Regulations, including employee health and safety. DuraTech expects suppliers to conduct business with integrity, honesty and mutual respect. This includes global compliance with Human Rights and Equal Opportunity policies.

<b>Revision Control Record</b>			
<b>Revision Date</b>	<b>Requestor</b>	<b>Approver</b>	<b>Description of Change</b>
03/13/2017	Amy Wheeler	Tim Drey	Removed TS 16949 notations, added link to online reference documents, increased standard rework rate, updated 2.7 Regulatory Reporting, updated 4.2 Packaging Specs, acknowledgement now includes default acceptance after 2 weeks, added revision block.
06/11/2018	Kevin Hornberg	Cassandra Martin	Updated 2.6 Charge back policy, added requirement of a copy of a packing slip when subcontract parts shipped directly to customer in 4.3 shipping specifications.
01/7/2020	Greg Schwebach	Cassandra Martin	General grammatical and admin changes. Updated document hyperlinks. Updated 2.1: Quality system components and expectations of sub-suppliers; 2.2: removed signature requirement on COCs, added regulatory compliance; 2.3: focused paragraph on documentation; 2.6: added downtime rate language. 6.0: added section on ethics and sustainability.
01/14/2021	Greg Schwebach	Scott Peterson	Added Prop 65 language. CDR is now initial contact from Quality; updated probation activities, Weighted scorecard categories and better defined them; expanded NPR criteria, added QUARNRECV procedure; defined paperwork requirements prior to receiving; added SCR link.
1/10/2022	Greg Schwebach	Tim Drey	General improvement to clarity of content, Added clarification of supplier responsibilities, removed request for bar codes on packing slips, added submission destination of PPAP/FAIR documents, added change/deviation requirements and link to form, added provisional status to possible, and Extended purchasing requests to 48 hours.

**\*Any printed copy of this document is current as of the day it is printed.  
Subsequent use of a printed document requires revision  
date verification in the DuraTech ISO Documents server.**



Supplier Manual Receipt Acknowledgement

Please sign and return this page as an acknowledgement of receipt and acceptance of terms outlined in DuraTech Industries Supplier Manual. Acknowledgement should be returned within 2 weeks of receipt. If Supplier Manual Receipt Acknowledgement is not received within this time period, DuraTech Industries will consider it as acceptance of this manual.

_____	_____ DuraTech Industries, Inc _____
Company Name	DuraTech
_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
Title	Title
_____	_____
Date	Date