

Fastco Threaded Products, Inc.

Supplier Quality Management Manual

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1.0 INTRODUCTION

- 1.1 This manual applies to all suppliers to Fastco Threaded Products, Inc. **Non-automotive product suppliers are not required to adhere to the *italicized* portion.**
- 1.2 Expectations of Quality: Fastco recognizes that it cannot be successful without its supply base. It is expected that all suppliers will ship 100% defect free product at all times. Fastco expects, and will ensure that, suppliers have comprehensive systems and controls in place to ensure the achievement of this goal. Any organization that consistently fails to meet this standard will be considered for removal from the Approved Supplier List.
- 1.3 Expectations of Delivery: Fastco recognizes that it cannot effectively serve its customer base and meet timing issues while adhering to customer requirements without this expectation. It is expected that all suppliers ship product 100% on-time. Suppliers will ensure that steps are taken to ensure that product arrives at Fastco when required. This expectation extends to but is not limited to, issues that are quality related where additional shipments are required, that may also involve the need for expedited delivery.
- 1.4 Expectations of Cost: It is expected that all suppliers will strive to offer competitive pricing of their goods. Fastco recognizes that the lowest piece price does not always equate to the best quality or service. Suppliers will be evaluated annually or by a frequency stipulated in other agreements under Fastco's Contract Review Process and Fastco's Supplier Quality Rating Program.
- 1.5 Expectations of Cost Reduction Efforts: It is expected that all suppliers will strive to lower internal costs within their organization by whatever means necessary; including but not limited to administrative costs, supplies, materials, or other consumable goods and services purchased by the supplier as a part of their cost of doing business. Fastco expects this measure to ensure that a supplier can continue to offer competitive pricing and potential piece price reductions with excellent quality and customer service, without affecting a supplier's profit margin. Evidence of Cost Reduction activities and data showing such reductions shall be made available to Fastco when requested.
- 1.6 Expectations of Continuous Improvement: It is expected that all suppliers will collect measurable data in the pursuit of continuous improvement

initiatives. These initiatives will include but will not be limited to Quality, Delivery, Cost and Customer Service. Evidence of Continuous Improvement activities and data showing such improvements shall be made available to Fastco when requested. The supplier should develop plans for improvement and growth as a supplier to Fastco. This plan should include lessons learned from previous launches, customer concerns, cost and quality issues, and on-time delivery.

- 1.7 APQP Program Development: It is expected that all suppliers will have or begin incorporation of an APQP Process within their organization. Fastco recognizes that the cross-functional coordination of efforts within their supply base are integral to the supplier's ability to provide 100% defect free product at the beginning and throughout the life of a program. This is also to ensure that documentation and evidence required by Fastco's own APQP Process is available on time. The supplier's focus of their APQP Process shall be to ensure that product requirements and other expectations are met and evidence to such is available.
- 1.8 Consideration of New Business Hold: Suppliers must recognize that failure to deliver defect-free product on time, along with other criteria, may result in an undesirable rating under Fastco's Supplier Quality Rating Program. A low rating as further stipulated by the program may result in an organization being placed on New Business Hold. A supplier on NBH will be allowed to continue to provide products to Fastco, submit quotes for the supplying of new product, but will not be permitted to supply new product until measures are taken to improve quality or other findings as detrimental to an acceptable rating. Fastco also reserves the right to place an organization on New Business Hold prior to issuance of this rating, for reasons including, but not limited to Defective Product, Delivery Concerns or Customer Service.
- 1.9 Quality Improvements & Top Focus: It is expected that Suppliers will collect data and monitor their own internal production quality as well as any measurables that affect Fastco's receipt of defect free product or on-time delivery. Suppliers will strive to reduce internal PPM's and scrap as a measure of tracking internal costs, for the purpose of cost reduction efforts. This shall be tracked using a Top Focus program, which lists the highest incidences of internal scrap / internal PPM's, and methods for reduction of same.
- 1.10 Recognition: Fastco Threaded Products, Inc. recognizes that assistance may be requested by the supplier, or rendered to the supplier upon judgment of Fastco management, in the achievement and compliance of these goals and measurables. Fastco takes great interest in ensuring

through these requirements and expectations, the success of their supply base, and other needed initiatives as perceived will allow their suppliers to remain competitive and profitable. Fastco expects that internal issues shall remain transparent to Fastco where expectations of Quality, Delivery, and Customer Service are concerned.

2.0 POLICY

- 2.1 Fastco suppliers will strive to “Do It Right The First Time” by planning, preparing and being trained to supply quality products and services.
- 2.2 Fastco suppliers will strive to “Do It Right Every Time” by ensuring quality products and services through addressing all concerns.
- 2.3 Fastco suppliers will strive to “Continually Improve” the quality and value of their products and services.
- 2.4 Fastco suppliers will strive to implement cost savings and cost reduction efforts to continue to offer competitive pricing and subsequent piece price reduction.

3.0 SCOPE

- 3.1 Concept: This manual describes the quality related responsibilities of suppliers of parts, materials and services to Fastco and the procedures to be followed in the course of performing these responsibilities.
- 3.2 Intended Use: This manual is to be used as the basis of the establishment of requirements between Fastco and its suppliers.
- 3.3 Significance: This manual is in addition to other purchase order and contractual requirements, and any activity by Fastco relevant to this instruction, shall not relieve the supplier of its obligation to furnish parts conforming to all requirements of the purchase order.

4.0 RESPONSIBILITY

- 4.1 Suppliers will demonstrate compliance to *ISO/TS16949:2002*.
- 4.2 Suppliers will be responsible for the adherence of all requirements described in this Supplier Quality Manual, with the following exception: **Non-automotive product suppliers are not required to adhere to the *italicized* portion.** Failure to follow the requirements of this manual may result in but may not be limited to the loss of current business, placement

on New Business Hold, Containment, or other measures as Fastco sees appropriate.

- 4.3 Cost Recovery: Fastco shall as necessary and appropriate, above that which may be outlined in a contractual or purchase order agreement, take actions to recover costs incurred from the receipt of defective product, the need to expedite product to Fastco customers as related to the receipt or discovery of defective product, or late delivery, or for other incidences as determined detrimental to Fastco by Fastco Management. This includes but is not limited to costs incurred for sorting and/or containment, additional inspections above and beyond those that are currently documented in Fastco's Control Plan, administrative costs incurred, and any necessary travel expenses needed to rectify the situation either at the supplier location, a material hold location, or a customer location.
- 4.4 It is the responsibility of all suppliers to adopt standards to provide product with Zero Defects, on time, every time. Suppliers shall understand that any established PPM target shall not be the ultimate goal, but only as a target for measuring continuous quality improvement initiatives.
- 4.5 It is the responsibility of the supplier to inform Fastco at any time there is a change in their process, tooling / machinery location, change in sub-supplier, change in sub-supplier location, or change of supplier location. No material changes or process changes that directly affect product or process quality shall be authorized without the express approval of Fastco Management.
- 4.6 Suppliers shall be responsible to ensure that all names and contact information for those responsible for quality, production, delivery, and customer service be kept current, and that Fastco is informed immediately of any change.

5. LANGUAGE

- 5.1 Suppliers will recognize that Fastco's official language is English. All documentation, drawings and communication will be written as such. Other languages may be used on documentation, only when translation to English is provided. In this event, only English words and documentation will be recognized.

6. SUPPLIER DEVELOPMENT

6.1 The process of supplier development begins upon the award of a program. This activity may include but shall not be limited to:

- a. the performance of on-site audits.
- b. review of registrar surveys.
- c. inclusion in Fastco meetings with their customers.
- d. visits as necessary shall be made to Fastco to meet the requirements of the APQP process.
- e. review of documentation in pursuit of internal corrective actions.
- f. continuous improvement.
- g. cost reduction efforts.
- h. any and all other documentation or activities related to, or not related to the *submission of PPAP documentation* to Fastco.

Supplier development activities may also involve current suppliers and currently supplied product, regardless of time considerations.

6.2 Fastco expects that their supply base also institute a Supplier Quality Management Process for effective management of their supplier.

6.3 *Upon PPAP approval, suppliers may be required to participate in Fastco's Safe Launch Plan. For a pre-determined period of time, or number of pieces, the supplier and Fastco will employ an expanded inspection process on key characteristics. Fastco's approval is required to exit the SLP.*

7.0 GOVERNMENTAL REQUIREMENTS

7.1 Suppliers shall comply with applicable governmental regulations. These regulations include but are not limited to those that affect and pertain to the health and safety of the workforce, environmental protection, toxic and hazardous materials, and free trade. Suppliers should recognize that these

requirements may involve the country of manufacture, as well as the country of sale.

8.0 *END OF LIFE VEHICLE REPORTING (ELV) / INTERNATIONAL MATERIAL DATA SYSTEM REPORTING (IMDS)*

8.1 *The End-of Life Vehicle Directive 2000/53/EC was enacted by the European Commission to “minimize the impact of end-of-life vehicles on the environment.” The use of lead, cadmium, and hexavalent chromium are prohibited in vehicles and their components, except for certain exemptions published in Annex II of the Directive. This is a mandated requirement for European Union Member States and also required by North American, and some Japanese vehicle manufacturers. Fastco requires it’s suppliers to report information on their respective materials as soon as possible prior to PPAP submission. The supplier as part of the PPAP submission, shall furnish Fastco with evidence of acceptance of their IMDS submission. Fastco may at its own discretion, require suppliers to submit their information directly into the IMDS through www.mdssystem.com.*

9.0 COMPLIANCE TO INDUSTRY SPECIFICATIONS.

9.1 All suppliers are responsible for providing acceptable parts and service IAW engineering specifications such as, but not limited to, ANSI, ASTM, SAE, IFI, and purchase order requirements. It is the further expectation of the supplier that they have on hand by possession or electronic means, access to these required specifications.

10.0 CRITERIA FOR SELECTION AS A SUPPLIER

10.1 It is Fastco’s goal that its supply base be compliant to ISO/TS16949:2002. Suppliers that are not compliant shall have a plan in place to achieve compliance. At a minimum, conformity can be demonstrated by third-party certification to ISO 9001:2000 or ISO/TS16949:2002.

10.2 It is recommended that Fastco suppliers have in their possession copies of all applicable AIAG documentation, including but not limited to the AIAG APQP & Control Plan manual, Potential Failure Mode & Effects Analysis, SPC, & PPAP as guidelines for system development. Copies of these documents can be obtained through www.aiag.org.

- 10.3 Suppliers must have access to the internet. Supplier must also have the capability to send and receive e-mail, as a minimum e-Business capability. Suppliers shall be able to download this Supplier Quality Manual from Fastco's website by visiting www.fastco.com.
- 10.4 Fastco must have the ability to contact the appropriate supplier representatives 24 hours / 7 days a week.
- 10.5 Suppliers may be subject to an audit by Fastco.

11.0 APQP PROCESS

- 11.1 Suppliers should be able to provide APQP status reports for new product timing in regards to meeting the objectives of quality, cost, delivery & performance. Suppliers may be asked to supply these documents in a format recognized by Fastco or on a Fastco form.
- 11.2 Fastco recognizes the APQP 5 Phase Process. Suppliers may be asked to use Fastco's APQP Process if one is not developed by the supplier, or is found to not be sufficient. Fastco's suppliers are responsible for managing new product introduction to the guidelines provided in Fastco's own APQP Process, and in conjunction with AIAG format. Contact Fastco Purchasing or Quality for more information on this requirement.
- 11.3 Suppliers shall when applicable, utilize the AIAG format for the creation of Process Flow Charts, Control Plans, PFMEA's, *and other related PPAP documentation.*

12.0 PACKAGING & LABELING

- 12.1 Fastco and its suppliers shall agree upon the appropriate Packaging and Labeling requirements during the APQP Process.
- 12.2 There shall only be one part number inside a container.
- 12.3 Labeling shall include Fastco's part number, with engineering level / part description.
- 12.4 Labeling shall include lot traceability number and manufacturing date.
- 12.5 Labeling shall include heat number if requested.
- 12.6 Labeling shall also include bar coding.

- 12.7 Container shall not have on it any old labels or other labels that are not applicable.
- 12.8 Supplier may be asked to place a label for the special identification of a clean point or other information, in the manner to be described at the time of need by Fastco Management.
- 12.9 Fastco requires that packaging arrive free of outer damage that could result in the damage of parts or the accidental spillage of parts.

13.0 PPAP

- 13.1 *Suppliers shall ensure that the PPAP documentation and related sample submission are in accordance with the AIAG PPAP manual and any Fastco specific requirements, to be determined during the APQP Process. The supplier shall be responsible for knowing these requirements.*
- 13.2 *Suppliers are also responsible for receiving PPAP documentation from any of their sub-suppliers, which includes any sub-suppliers that were customer directed. Suppliers are required to submit where applicable, a sub-supplier PPAP as part of their own submission to Fastco. In the case of raw material sub-suppliers, a material cert may be used. Suppliers are responsible however, to ensure that all Product Validation testing has been conducted and the results are compliant.*
- 13.3 *PPAP submissions may be submitted to Fastco by courier, electronic means, overnight or by U.S. Mail. If PPAP is submitted electronically, an agreed upon arrangement must be made for the receipt of samples.*
- 13.4 *Unless otherwise specified, all PPAP submissions shall be made to Level 3 requirements.*
- 13.5 *Suppliers can expect that annual revalidation will be required. Submission requirements at that time shall be determined by Fastco Management.*
- 13.6 *Suppliers can expect that a minimum of a level 1 submission will be required in the event of any occurrence as outlined in section 4.5.*

14.0 LOT TRACEABILITY

- 14.1 Suppliers shall ensure that they have an effective Lot Traceability system in place. Suppliers shall be readily able to identify any and all Lot Numbers to a specific manufacturing date, shipment date, and where

applicable, shift information. Supplier shall also have the ability to trace back production product to the raw materials and/or components that were involved in production, and have a process in place for mandating this requirement to their sub-suppliers where applicable. Supplier also shall have the ability to identify the machine and all personnel who were directly involved in the production, inspection, audit and release of the product, to better conduct effective root cause analysis, containment of non-conformities, and opportunities for improvement and training.

- 14.2 Whenever possible, suppliers should segregate material by lot number in their facility.
- 14.3 Suppliers shall exhaust all material of a particular lot prior to shipment or inclusion of another lot of material.
- 14.4 Whenever possible, suppliers shall exercise effective First In/First Out methodologies to better facilitate containment in the event of a discovered non-conformance.

15.0 SPECIAL CHARACTERISTICS

- 15.1 Suppliers shall implement process controls for Special Characteristics as identified on a drawing as significant or critical, and report them as a PpK value. For any characteristics that do not achieve a minimum of 1.67 PpK at Launch or a 1.33 CpK for production, steps shall be implemented to properly contain and further inspect the material for dimensional conformity, either through sorting or some form of mistake proofing. The minimum acceptable sample size for variable data is 100 pieces. The minimum acceptable sample size for attribute data is 300 pieces. Fastco shall be provided with an initial capability study during the APQP process, and a capability study on production intent material, *to be included with PPAP documentation.*

16.0 PROTOTYPE, QUALITY EVALUATION, PRE-PRODUCTION PROCESS CHANGES.

- 16.1 For the manufacture of prototype or pre-production material, the supplier shall utilize the planned production process as much as possible. The associated process and controls shall be documented, as per the APQP Process. Suppliers can expect that Fastco will request a prototype or pre-production flow chart and control plan, along with the associated PFMEA.
- 16.2 Any changes or improvements deemed necessary shall be consulted first with Fastco Management, and reflected in subsequent documentation as

per the APQP Process. Fastco may require dimensional or capability data to show initial compliance to requirements, or other related documentation (such as material certs) as necessary. This includes but is not limited to any occurrences described in section 4.5.

16.3 Prototype and Pre-Production material supplied shall conform to Fastco's Lot Traceability requirements, as outlined in section 14.0.

16.4 Prototype and Pre-Production material shall be identified as such as required by Fastco.

17.0 SAMPLE INSPECTION & APPROVAL

17.1 On request of Fastco, initial samples prior to shipment may be required. When initial samples are required, samples must be produced from production tooling and set-up. Samples must be approved by Fastco prior to shipment of production quantities.

17.2 After determining by testing and inspection that initial samples from production tooling and set-up meet all Fastco specifications, the supplier shall provide Fastco with a layout inspection report showing that the samples meet all specifications.

17.3 Evaluation of initial samples shall be performed by Fastco. Approval of the initial samples shall be communicated to the supplier by a Fastco Representative, who will authorize shipment of production quantities in accordance with established schedules. This inspection may be performed at the supplier facility by representatives of Fastco Threaded Products, Inc.

17.4 Shipments of parts made without initial sample approval (when required) shall be returned to the supplier at the supplier's expense.

18.0 CORRECTIVE ACTIONS / CONCERN NOTIFICATION

18.1 Upon receiving a concern for quality or delivery, the supplier shall respond with their interim action within 24 hours of notification. The supplier shall use a systematic problem solving method such as 8D, 5-Why, 5 Phase, or Fishbone diagram in their analysis and reporting. It is expected, that no more than 14 calendar days shall pass between notification and final closure. Fastco recognizes that some corrections require the purchase of new equipment or machine repair, where more than 14 days may be required. In this event, the supplier shall notify Fastco of their progress and reason for delay. The supplier can expect to be asked to report the status on a regular basis of root cause and closure

activity. Fastco Management at their own discretion, may choose to leave a concern open until completion of an acceptable verification period.

- 18.2 When the supplier discovers that it may have shipped non-conforming or suspect material, Fastco shall be notified immediately. This notification shall include all traceability information, and risk to other previous or any upcoming shipments. Any remaining material inside the supplier's facility shall be contained. Fastco Management, on a case by case basis, will choose to either accept or reject the material upon receipt, based upon the situation. Product ultimately deemed as suspect or non-conforming shall be returned to the supplier at the supplier's expense. Fastco may also choose at management discretion, to return material immediately to the supplier prior to any further determination. Fastco may also exercise any action as outlined in section 4.3.

19.0 ANNUAL VALIDATION

- 19.1 *Suppliers can expect that Fastco will require an Annual Validation of all supplied product to the PPAP level requested by Fastco.*

20.0 OFF-LINE REWORK

- 20.1 Any production material that requires rework not normal to the production process, shall be communicated to Fastco and documented on the current Control Plan. Fastco Management may ask for related documentation such as operator instructions and visual aids used in the conduct of the rework. Product receiving rework, either as part of an identified concern or internal observation, shall be noted as such on the outside of the shipping container. Supplier will exercise any and all steps to minimize rework, and any potential variation. Reworked product at the discretion of Fastco Management, may require additional inspection or certification.

21.0 AUTHORIZED DEVIATIONS

- 21.1 *Fastco recognizes only one type of deviation; those that are authorized. Production parts requiring shipment prior to PPAP shall be clearly identified as such, on a label with the initials "DEV" in bold letters, with the associated deviation number, or "Ship To The Attention Of" notification.*

- 21.2 In the event that the supplier notifies Fastco of a potential product quality or packaging issue prior to shipment, an Authorized Deviation shall be required. Suppliers shall recognize that this process may involve Fastco's customer base, and that additional evidence, or specific actions to be taken, may be required. The supplier shall understand, that samples may be needed by Fastco, for scrutiny prior to the deviation being authorized.
- 22.0 SUPPLIER AUDITS
- 22.1 The supplier with prior notice, shall allow Fastco representation to visit their facility to review, and audit their processes as appropriate. Fastco reserves the right to utilize a third-party in the pursuit of this. For activities that cover specific customer concerns, the associated costs for these visitations may be the responsibility of the supplier, at the discretion of Fastco Management.
- 23.0 CUSTOMER OWNED TOOLING
- 23.1 The supplier shall retain a Supplier Tool Record list of any customer owned tooling, gages, or equipment that is in possession of the supplier. The supplier shall clearly identify all customer owned tooling, gages or equipment by a permanent means to ensure ease of identification.
- 24.0 CONTINGENCY PLAN
- 24.1 Suppliers shall develop a contingency plan for potential catastrophes that disrupt product flow to Fastco. The supplier shall notify Fastco at the earliest moment this potential is discovered. In the event of an actual catastrophe, the supplier shall permit Fastco to have access to any customer owned tooling.
- 25.0 DOCUMENTATION & PRODUCT SAMPLE RETENTION
- 25.1 The supplier shall maintain product samples and related documentation for the life of the program (as long as the product is being supplied), plus 15 years. Master Samples from each tool or die shall be retained *from approved PPAP samples* and be dated and identified as such to Fastco's approval date of the sample submission.

26.0 PROPRIETARY INFORMATION & CONFIDENTIALITY AGREEMENT

26.1 Any data that is transmitted to the supplier remains the property of Fastco Threaded Products. Suppliers shall not under any circumstances, transfer to another organization (other than pertinent data to a sub-supplier) information in regards to design, tooling, production, cost, or information concerning Fastco's customer base. Communications between Fastco, its suppliers and its customers are also considered proprietary and confidential, and remain the property of Fastco Threaded Products, Inc.

27.0 CHANGES TO THIS MANUAL

27.1 Fastco Threaded Products, Inc. reserves the right to revise this manual as necessary without prior consent, input or approval from its supply base. Fastco retains no responsibility in the notification of its supply base of any changes to this manual. It is the responsibility of the supplier to visit Fastco.com periodically to ensure that they are operating to the most up to date requirements, under the most current revision. Printed copies of this document are uncontrolled and are for reference only. The electronic copy available from Fastco.com should be used when making any internal decisions within the supplier's organization. It is also the supplier's responsibility to notify Fastco Management immediately if they cannot continually comply with any of the requirements outlined in this manual.

TABLE OF REVISIONS

Section	Description of Revision	Date of Revision	Revision Level