

# NON-FERROUS CAST ALLOYS, INC.



## **SUPPLIER** **MANAGEMENT** **PROGRAM**

The NFC A Management Team is committed to optimizing our company's ability to impact the overall success of our customers as well as our ability to attain financial and profit goals. We will do this by identifying and doing business with those suppliers who will provide quality parts and services on time, and at a price that enhances our overall profitability. Our supply base will need to help us satisfy the needs of both our external and internal customers. We will conduct our activities with honesty and integrity and try to provide timely and accurate information to our Suppliers. The Supplier Rating and Approved Supplier list will be used to designate the Suppliers that are to be used for production products and services and their status as a supplier to NFC A.

## **Supplier Development**

All Suppliers that have direct impact on part quality are required to be 3<sup>rd</sup> Party Certified to ISO 9001: 2008 or equivalent unless waived in writing by NFCA or our Customer. Suppliers that are not certified will be required to submit a written plan & timeline of their progress to become certified to NFCA Purchasing. Small Suppliers or those Suppliers without a significant volume of automotive type work may request a waiver and will be addressed based on the impact of their product or service. **Suppliers must provide NFCA with a Copy of their Quality System Certification and updates as Certificates are renewed. – (Supplier responsibility to be current)**

NFCA will reserve the right to onsite verification of supplier products or services and if required, NFCA will provide written notification to the supplier. Supplier rating information will be sent to Suppliers that need to be apprised of their status with NFCA and to drive continual improvement or corrective actions. NFCA will work with Suppliers to help them to meet our expectations.

NFCA Suppliers must notify NFCA Purchasing in writing when there are any changes to senior management responsible for quality, Company ownership, mergers, acquisitions or affiliations associated with NFCA Suppliers. NFCA may require verification of the continuity of the supplier's quality management system and its effectiveness. Suppliers will be asked to provide contact information to NFCA Purchasing.

## **Receiving Inspections**

NFCA performs Receiving Inspection as required in our Quality Management Systems. The entire lot of purchased or outsourced material may be rejected if any nonconforming material is found. Purchasing will determine required actions. NFCA may issue a request for Corrective Action and authorization for sorting, reworking, or returning the parts to the Supplier. Line accumulations of defective components will be reviewed and follow-up actions will be determined by the Quality & Purchasing Managers.

NFCA utilizes a Dock to Stock Program for purchased materials, components and services. Dock to Stock allows products and services from Approved Suppliers to go directly into inventory. All new Suppliers and new purchased components must establish a history of dependable quality prior to being included in the Dock to Stock program.

## **Approval for Production**

NFCA requires Suppliers to comply with the requirements of the current AIAG PPAP Manual unless noted in writing on NFCA Purchasing or Order release documents. The PPAP default level is III. Suppliers may be required to attend or provide information to NFCA APQP meetings. Bulk Materials and Metal are approved as an element of the NFCA PPAP submission to our customer. NFCA Suppliers must have all required PPAP documents available for review by NFCA or our Customers. In order to ensure conformance to specifications and requirements, all production component/parts suppliers are required to perform a complete verification to all requirements annually and have this information available for review upon request. This data must be made readily available to NFCA upon request. Waiver of this requirement may be requested from NFCA purchasing and requires written approval from NFCA.

## **Order Clarification**

NFCA will assume that the requirements of an order are understood if Purchasing/Customer Service is not contacted for clarification. Orders will not require an acknowledgement by the Supplier if not specified by Purchasing. If the order is shipped by the Supplier, the requirements were adequately stated by NFCA and understood by the Supplier.

## **Supplier Categories**

### **Preferred Supplier**

Suppliers in this classification are NFCA's best suppliers. Not only do they meet or exceed our quality and delivery goals, they also support NFCA through flexible scheduling, aggressive lead times, and controlling costs for the benefit of both parties. A preferred supplier has a total rating of 7 or more. Preferred suppliers are our partners and growth with these suppliers will be encouraged.

### **Approved Supplier**

Suppliers in this classification are NFCA's typical suppliers. They usually meet our quality and delivery goals and normally support NFCA through flexible scheduling, aggressive lead times, and controlling costs for the benefit of both parties. An Approved Supplier requires a minimum rating of 6. An Approved Supplier is encouraged to strive to become a Preferred Supplier. Customer Designated or Approved Suppliers and Suppliers with Certified Quality Management Systems will begin in this category.

### **Probationary Supplier**

Suppliers in this classification are either new to NFCA or on probation because of performance issues. NFCA will control the growth of business with suppliers in this classification. A rating of less than 6 will put a supplier into the Probationary classification.

- **New Suppliers** – New Suppliers will begin in this category if they do not have a Certified Quality Management System or are not Customer Designated or Approved Suppliers. NFCA expects that within 12 months, a new supplier will consistently meet the expectations of the Approved Supplier category. Typically, 3 shipments without issues and the supplier can be moved to Approved status. If the Supplier does not perform at, or above those levels, NFCA may begin finding another source for the product or service.
- **Existing Suppliers** – Any supplier having significant and/or continuous performance problems will be placed in this classification with appropriate corrective action required. This may result in alternate sourcing of the product or service. NFCA reserves the right to source to an alternative supplier at any time.

## **Corrective Action**

Corrective Action will be as follows:

- 1<sup>st</sup> incident may prompt verbal communication and CAR based on severity.
- Repeat issues, will prompt expectation of a written CAR.

It is important that nonconforming product and delivery issues have prompt resolution communicated to NFCA. Failure to comply or continued non-improvement may result in:

- Rescinding Approval status
- If delivery is the problem, supplier absorbs all premium freight including freight to our customer.

## **Rating Guidelines**

<b>Score</b>	<b>Quality</b>	<b>Delivery</b>	<b>Administrative Support</b>
<b>Excellent</b>	<b>3</b> Consistently of high quality. Only very rarely is a problem encountered.	Consistently meets or exceeds requirements	>Always very friendly, helpful and polite. >Prevention-based attitudes. Eager to please, even when requests are unreasonable. Works very hard at customer satisfaction. Reacts quickly and proficiently to resolve problems. >Technical support on existing & new materials. Makes recommendations for cast reduction ideas.
<b>Good</b>	<b>2</b> Occasional problem, but typically individual rather than batch issues. Defects are typically minor in nature and do not dramatically affect processing or use.	Usually delivery is on time. Only occasionally a due date is missed. Typically there is notification if a problem is anticipated.	>Generally friendly and polite. >Accounting/payment terms support. >Usually accommodating, but sometimes resistant to out of the ordinary requests. >Key personnel available when needed? >Reactions to problem solving is usually adequate, but not exemplary. >Normally follows procedure.
<b>Fair</b>	<b>1</b> Quality is inconsistent and unpredictable. Often product is useable but borderline acceptable.	Performance is inconsistent, so it is difficult to be confident. Promises are not always kept.	>Not always friendly, polite and/or accommodating. >Special needs can commonly not be met. >Problem solving is not taken seriously
<b>Poor</b>	<b>0</b> Frequently sub-standard and requires replacement and/or repair or rework is needed in order to function adequately.	Frequently products are not delivered on time.	>Communication is difficult. >Customer satisfaction is a low priority >Does not follow procedure.

### **Quality**

We expect absolute quality in the products we receive from our suppliers. A log of all quality concerns is maintained. We will track incidents of Non-conforming lots for purchased parts or services

### **Delivery**

It is required that product arrive 100% on time. Last date agreed upon by NFCA and the Supplier is the date scheduled for delivery. Delivery window is stated in the Purchasing documents. Typically: a) due week of mm/dd/yy; or b) date due. Early delivery is generally not a problem. Supplier responsible premium freight is tracked by NFCA Customer Service and may be charged back to the supplier if the supplier caused NFCA to be late.

## **Packaging**

Parts are normally delivered in NFCA provided packaging. Parts are expected to be returned to NFCA in NFCA containers neatly packed as to protect the product. Any plated/painted product shall be cell packed or wrapped to protect the finish. It is the supplier's responsibility to insure they have NFCA packaging to package NFCA product. Any deviation from this procedure must be approved in writing from NFCA.

## **Scrap**

NFCA understands that parts are needed for machine operation set-up. Based upon this need we will provide up to 5 pieces per lot for process set-up. Anything consumed by the supplier above and beyond this amount may be charged back to the supplier for the cost of the casting. Any scrap produced is to be shipped back with the order in a separate container, identified as "scrap".

## **Administrative Support**

We require all suppliers to help us sustain a competitive advantage. Supplier innovation and support of existing programs are essential to our success. The following areas are representative of the expected administrative support from our supply base:

- Technical Support of existing and new materials.
- Cost reduction ideas. We expect our supply base to be aggressively pursuing legitimate alternatives that will provide both processing and material cost reductions.
- Accounting/Payment terms support.
- Availability of key personnel. This includes technical, customer service, sales and financial individuals. Is Supplier in full support of **NFCA**?

## **Supplier Ratings**

These performance indicators are monitored throughout the year. As needed, corrective action may be requested. Where a downward trend shows, the supplier may be placed on Probationary Supplier Status until issues have been resolved.

Performance Ratings shall be calculated semi-annually. Suppliers shall be notified of their ratings and any required action(s) based upon performance. Overall responsibility for providing Supplier performance information along with responsibility for this manual shall be the NFCA Purchasing Manager.

## **Summary**

NFCA recognizes our success is dependent upon the valuable contributions made by our Suppliers. Only through effectively communicating our needs to our Suppliers will we be able to develop a relationship that allows us to move forward together. Our objective with the Supplier Management Program is to enhance this relationship.

The Supplier Management Program is a guideline for developing successful business relationships with our Suppliers and will continue to develop and change over time. Please contact NFCA Purchasing should you have any questions and/or comments.

As part of the NFCA Supply Base, your suggestions to help improve the program are appreciated.

Revisions table

<b>Date</b>	<b>Section / Page</b>	<b>Revision</b>
1/10/12		Initial release
11/26/12	Pg. 2, 5,	Revised & added responsibility

Acceptance/Acknowledgement page:

SUPPLIER: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Please provide a current list of KEY contact personnel for our records:

President/Owner: \_\_\_\_\_

Customer Service: \_\_\_\_\_

Quality contact: \_\_\_\_\_

Please provide name, phone number/extension and e-mail address.