

STONE PLASTICS AND MANUFACTURING

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Supplier Quality Manual

Stone Plastics and Manufacturing, Inc.
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ISO 9001:2015 Certified

Manager Approval Signature

A handwritten signature in black ink, appearing to read "Carl Peters".

Approval Date

12/19/17

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Revision History

Date of Change	Change Summary
1/3/2014	Added Revision History
1/3/2014	Added Receiving Hours
1/3/2014	Added Hazardous Material section
1/3/2014	Updated Supplier rating
1/3/2014	Added Material Certification section
1/3/2014	Added Incoming Inspection section
6/19/14	Update Supplier rating – corrective action
6/19/14	Updated Supplier Assessment scoring
6/19/14	Removed SCAR form
9/21/17	Updated for ISO 9001-2015
12/1917	Update ISO 9001-2015 certification

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1.0 Introduction

1.1 Purpose

The purpose of this manual is to define the requirements and expectations of the partnership between Stone Plastics and our suppliers. This manual outlines and explains the required quality standards for purchased commodities and services from suppliers.

1.2 Scope

This manual is available to all existing and potential suppliers of purchased goods and services to Stone Plastics. It outlines the process for becoming a supplier to Stone Plastics and explains the expectations and requirements regarding delivered products and services.

1.3 Quality Policy

Stone Plastics and Manufacturing, Inc. will supply the highest quality product on time while applying innovative solutions to continuously improve through:

- Management's commitment to satisfy all customer, internal, regulatory and statutory requirements and,
- The establishment and tracking of metrics and associated action plans that support our continuous improvement philosophy

1.4 Environmental Policy

All material delivered to Stone Plastics shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials. Environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale are also required of the supplier.

2.0 Supplier Approval Process

2.1 Suppliers to Automotive Programs

Suppliers to automotive programs are preferred to be registered to the latest revision of ISO 9001 through an accredited third party registrar. The supplier should reference the current Automotive Industry Action Group (AIAG) manuals for the most up to date policies and procedures.

2.2 Suppliers to Non-Automotive Programs

Suppliers to non-automotive programs are preferred to be registered to the latest revision of ISO 9001 through an accredited third party registrar. Provisions will be made for suppliers that are not ISO certified but show a fully implemented quality system.

2.3 New Supplier Assessment

New suppliers can be added to the prospective supplier list with the following:

- Submittal of a Third Party Registrars' certificate that is valid to the current applicable ISO family standard or automotive industry standard.
- If not certified to the current ISO standard, by completing and returning a Supplier Self-Assessment Questionnaire that is then reviewed by Stone Plastics representatives. An on-site visit may be requested upon review of the assessment.
- If Stone Plastics customer requests the new supplier be used.

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2.4 Assessment Results

Upon review of the Supplier Self-Assessment Questionnaire, 5 points will be awarded to each acceptable response. The results will categorize the supplier as acceptable or disqualified. Descriptions are as follows:

Acceptable: This classification will be used to those who score 75 points and above.

Disqualified: This classification will be used to those who score 74 points or below.

3.0 Performance Rating and Monitoring

3.1 Supplier Evaluation

Each supplier will be evaluated by utilizing our supplier rating system. The supplier will be rated on Quality Incidents, the number of corrective actions issued, corrective action response time, PPAP delivery timing, and delivery incidents. The results of the evaluation will be used to rank the supplier for the potential award of new business. Below is an example of the rating tables used for the evaluation. Representatives from Customer Service, Program Management, Quality, Tooling and Metrology will be part of the supplier evaluation. F-288 will be used for the tracking purposes of the supplier evaluation.

Supplier Rating Tables

Raw product suppliers are identified as resin suppliers, colorant suppliers, packaging suppliers and commodity suppliers. A maximum score of 100 points total is achievable in the areas of quality incidents, number of corrective actions, PPAP delivery time, delivery incidents.

The breakdown for each area is as follows;

- 35 points – Quality Incidents
- 20 points – Corrective Actions
- 10 points – PPAP Delivery Time
- 35 points – Delivery Incidents

Service Suppliers are identified as tool/mold shops, gage suppliers, calibration suppliers and sorting companies. A maximum score of 100 points total is achievable in the areas of Quality of service and Delivery.

The breakdown is as follows:

- 50 points for Quality of service
- 50 points for Delivery of product

Raw Material Supplier

Quality Incident:

The following table represents the point breakdown for Quality Incidents issued to a supplier. If no Quality Incidents are issued to the Supplier, an automatic score of 35 will be awarded.

<u># Incidents</u>	<u>Points</u>
0 Incident	35
1 Incident	25
2 Incidents	10
3 Incidents	0

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Corrective Actions/Response/Communication:

The following table represents the point breakdown for the Corrective Action Requests (CARs) issued to the supplier. Informal corrective action request requiring a response needs to be communicated back to Stone Plastics within 24 hours. If no Corrective Actions are issued to the Supplier, an automatic score of 20 will be awarded.

<u>Aspect</u>	<u>Points</u>
Initial 24 Hour Response Time	5
Completed 8D(s) On Time	5
Less than 2 CARs issued within 6 months	5
Corrective Action(s) Effectiveness	5

PPAP Delivery:

The following table represents the point breakdown of late PPAP deliveries. If no late PPAP Incidents are issued to the Supplier, an automatic score of 10 will be awarded.

<u># Late PPAP's</u>	<u>Points</u>
0	10
1	5
2	0

On time Deliver:

The following table represents the point breakdown for Delivery Incidents issued to a supplier. If no Delivery Incidents are issued to the Supplier, an automatic score of 35 will be awarded.

<u># Incidents</u>	<u>Points</u>
0 Incident	35
1 Incident	25
2 Incidents	10
3 Incidents	0

Service Suppliers

The following table represents the point breakdown for Quality and Delivery incident issues for tooling suppliers, gage suppliers, sorting companies and calibration suppliers. If no Incidents are issued to the Supplier an automatic score of 50 will be awarded.

<u>Quality of service</u>	<u>Points</u>
0 Incident	50
1 Incident	30
2 Incidents	15
3 Incidents	0

<u>Delivery of service</u>	<u>Points</u>
0 Incident	50
1 Incident	30
2 Incidents	15
3 Incidents	0

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3.2 On-Site Audits and Inspections

As a development tool, Stone Plastics reserves the right to conduct random supplier audits. An agreed upon time will be negotiated with the supplier and an on-site visit will be conducted.

Stone Plastics also retains the right to inspect product at the Supplier for part verification. This may include Stone Plastics employees performing the inspection to verify the product's conformity and release.

3.3 Incoming Inspection

All new suppliers are put on incoming inspection for a minimum of 3 consecutive shipments. Product must match all Stone Plastics requirements before being removed from incoming inspection and moved to Dock to Stock.

4.0 Production Part Approval Process (PPAP)

4.1 New Components

All suppliers of automotive parts are required to submit a level 3 PPAP. Non-automotive parts will require a PPAP if it is required by Stone Plastics customer, or deemed otherwise necessary.

4.2 PPAP Timeliness

Once a PPAP request is submitted to the supplier, they will have 2 weeks to submit their PPAP for annual validations or other changes and 3 weeks for new programs. If the requested due date cannot be met, the supplier must contact Stone Plastics with an acceptable date. If a due date is missed without notification, the supplier rating score will be affected.

4.3 Annual Revalidation

A Level 4 annual revalidation is required for all current component suppliers to Stone Plastics. Annual validation will include salt spray testing for all plated metal components. Revalidation request must be submitted within 3 weeks from requested date.

4.4 Other PPAP Situations

Other situations that will require a PPAP:

- Engineering Changes
- Tool moves or additional production facilities
- Tool Inactivity (over 1 year)
- Change to Optimal Construction or Material
- Sub Supplier or Material Source Change
- Significant Process Changes

Required PPAP levels will be discussed with the supplier and Stone Plastics depending on customer requirements.

4.5 Supplier Product or Process Changes

Automotive Products-

Stone Plastics must be notified in writing of any changes in process, material, design, tooling or any other factors that could potentially affect the fit or function of the product.

A PPAP must be submitted to Stone Plastics for any of these subsequent changes.

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Non-Automotive Products-

Stone Plastics must be notified in writing of any changes in process, material, design, tooling or any other factors that could potentially affect the fit or function of the product.

A PPAP may be required for any of these subsequent changes.

5.0 Shipping and Receiving

5.1 Packaging

All products should be packaged in adequate containers to insure the safe arrival of the material. Once the shipment arrives it will be inspected for any damage that may have occurred during shipping. If an issue arises with the quality of the packaging Stone Plastics will non-conform the damaged product and contact the supplier for further instructions.

5.2 Labeling

All products should be identified with a minimum of:

- Part Number
- Description
- Quantity in container
- Date of manufacture
- Lot Number

5.3 Material Certification

The Purchase Order from Stone Plastics will have a box marked stating if Material Certification is needed. All Material Certifications must be sent with shipment. Stone Plastics will not accept an electronically sent Material Certification. If Material Certification is not with shipment, product may be returned at supplier's expense until proper Material Certification is available.

5.4 Shelf-life Identification

A 100% shelf life guarantee from date of receipt is required. Product that is perishable must have the shelf life expiration date indicated on the label.

5.5 Sample Product

Sample product has the same packaging and labeling requirements as production material. Product should be marked as "Sample" and the name of the person that requested the product indicated on the label.

5.6 Receiving Hours

Stone Plastics hours for receiving are 6am and 4pm, Monday through Friday. If unable to deliver during these times, you must contact Stone Plastics to make alternate arrangements.

5.7 Hazardous Material

Suppliers must follow all relevant Health, Safety and Environmental regulations. MSDS / SDS sheets must be provided in accordance with state and federal regulations. Ensure all proper markings are on containers and proper paperwork is supplied before you deliver.

Stone Plastics reserves the right to refuse any delivery that does not conform to these delivery conditions.

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6.0 Delivery

6.1 On-time

Stone Plastics requires that shipments will be received on the date specified on the purchase order. If Stone Plastics has not been notified and did not approve a different delivery date, the shipment will be considered late and will affect the supplier's rating.

6.2 Quality and Accuracy

All products shall meet the quality standards as agreed upon by Stone Plastics and the supplier. The quantity of material will be accurate for all shipments.

7.0 Corrective Action Process

7.1 Initiating Corrective Action

When defective material is identified by Stone Plastics, a Supplier NCM tag is initiated. Once an investigation of the discrepant material is completed and Stone Plastics has proven the issue is not related to any of Stone Plastics' processes, the supplier will be notified. A Corrective Action Request will be generated and forwarded to the supplier representative immediately along with any samples of the non-conforming parts, if available. Interim action will be discussed by Stone Plastics and the supplier to determine the necessary steps that need to take place to protect our customer until the Corrective Action is verified and accepted.

The non-conforming material will be identified and held pending investigation. Once the material is recognized as non-conforming it will be documented and communicated to the supplier. A Return Material Authorization (RMA) number will be requested for the suspect material that is returned to the supplier at their expense unless other arrangements have been discussed. The material will then be debited from the supplier's account unless agreed upon otherwise.

7.2 Corrective Action Response

The supplier is required to follow an Eight Discipline (8D) format for the corrective action response. Once a Corrective Action Request Form is issued to a supplier it is Stone Plastics expectation that an initial response that covers containment action will be submitted within 24 hours. The root cause, corrective action, preventative action, systematic action, and verification activities are to be completed and submitted to Stone Plastics within 14 business days of issue date. If this deadline is not feasible, Stone Plastics must be notified and a new due date must be agreed upon. If a deadline is missed without notification, the supplier's rating will be affected.

7.3 Accountability and Cost of Quality

Suppliers are expected to provide quality, defect-free products, provide expert knowledge of the product and proactive support. Suppliers may be held accountable for any and all costs incurred due to defective material produced by the supplier and shipped to Stone Plastics. These costs may include, but not limited to:

- Costs due to an automotive recall
- Downtime at customer facilities
- Overtime hours at Stone Plastics
- Downtime at Stone Plastics
- Expedited freight charges and air shipment expenses

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- Third party testing
- Scrap or reworking of finished goods
- Labor costs for sorting and/or reworking at end customer
- Labor costs for sorting and/or reworking finished goods
- Labor costs for sorting and/or reworking raw stock
- Labor costs for third party sorting and/or reworking

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