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| <b>Title: NCS Supplier Quality Requirements Manual</b> |  | Page 1 of 14            | Issue date: 5/04/2020      | Rev. No. 1              |
| <b>Manual</b>  |  | Written by: Evonne Paul | Approved by: Darryl Vitale | Date Approved: 3/4/2024 |

# Supplier Quality Requirements Manual

1. Working Together as a team to achieve Quality and New Business.
2. It is the responsibility of the users to assure that only the latest revision of this standard is used.
3. All previous editions are obsolete and should not be used.
4. The official business language for all documents referenced in this Supplier Quality Requirement Manual must be English
5. Acceptance of New Center Stamping Purchase Order shall be considered as acceptance for meeting the terms and conditions within this New Center Stamping Supplier Quality Requirement Manual.
6. Any deviations must be in a formal written document and approved by New Center Stamping Quality and Purchasing Team prior to New Center Stamping acceptance.
7. It is New Center Stamping policy that our suppliers are to conduct all if it's business in an honest and ethical manner, *and maintain a Company Code of*

*Conduct.* New Center Stamping takes a zero-tolerance approach to bribery, corruption, slavery, human trafficking, *and all applicable child labor laws* in any form.

8. Suspect parts will be scrapped at the cost of the manufacture/supplier if no response or direction is received within 10 working days. New Center Stamping will make every effort to continue communication prior to scrapping.
9. All updated Quality Certifications (i.e. IATF, ISO, etc.) must be provide to New Center Stamping upon receipt.

*10. All Directed suppliers will strive to improve sustainable procurement and work to have a policy or plan in place.*

## **Table of Contents:**

Cover Sheet

General Statements

*Definitions*

Expectations and Philosophy

Section 1- Introduction

- A. Policy and Vision
- B. Purpose
- C. Scope
- D. Responsibility
- E. Manual Distribution

Section 2- New Center Stamping Supplier Requirements

- A. Supplier Selection and Approval Process
  1. IATF 16949:2016/ISO 9001-2015
  2. Supplier Evaluation
  3. Preferred Supplier Lists
  4. Customer directed sources
  5. De-source Policy and Procedure
- B. Supplier Launch Readiness, if required
  1. Advanced Product Quality Planning (APQP)
  2. Production Part Approval Process (PPAP)
  3. Audits/Supplier Assessments
  4. Run @ Rate
  5. Government Regulatory Compliance (C-TPAT)
  6. End of Vehicle Life
  7. Restrictive/Prohibit Material Report.
  8. AIAG M12 Crisis Management for Automotive Supply Chain.

9. Packaging
10. Lot Control/Traceability
11. Continuous Improvement
12. Concern Management/Problem Solving
13. Supplier Request for Engineering Change (SREA)
14. Verification of Purchased Product
15. Error Proofing
16. Preventive/Predictive Maintenance
17. Supplier Charge Back Fees
18. References
19. Revisions

### DEFINITIONS:

- *Directed Supplier – Suppliers directed to us by our customer. NCS cannot change suppliers for these items without customer approval*
- *Outside Processing Supplier – Any supplier who performs work or a service that we do not have the ability or capacity to do in house*
- *Supplier – A company/entity that provides any product or services for deliverable finished goods to our customers*

### EXPECTATIONS AND PHILOSOPHY:

*New Center Stamping competes for business in the most competitive markets. We must constantly improve our performance, our technologies and our costs to remain competitive. Our suppliers are critical to our ability to succeed and must fully support our efforts in these activities.*

*The goals for New Center Stamping and our suppliers are simple; be the very best at what we do. We must have the best quality, and the highest level of customer satisfaction to survive and to ensure profitable growth for all. To achieve this, we must have a highly flexible, highly motivated, and highly robust supplier base.*

*New Center Stamping requires **100% on-time delivery** from all suppliers. We expect “zero” defects or the agreed defect percentage, and rigorous continuous improvement from all our suppliers.*

***New Center Stamping considers our suppliers as valuable team members, to achieve objectives of zero defects, 100% on- time delivery, on-time PPAP, Continuous Improvements we must continuously work together to improve the overall efficiency, communication, and productivity***

*The procedures and policies defined in this manual will help support supplier efforts toward our shared objectives.*

Any special customer requirements will be provided to the supplier by New Center Stamping Purchasing and/or Quality Department.

## **SECTION 1- Introduction:**

### **A. Policy and Vision:**

It is the policy of New Center Stamping to utilize only those suppliers that can fully support our competitive goals, fully embrace the concepts of continuous improvement, and strive to be “world class” in quality, and delivery.

It is our vision that by utilizing suppliers that share our sense of urgency and profound desire to be the best, we will continue to be leaders in our service marketplace, and we will continue to provide products and services with exceptional value to our customers, our employees, and our stakeholders.

### **B. Purpose:**

The purpose of the New Center Stamping Supplier Quality Requirements Manual is to clearly define the expectations and adherence of the policies for suppliers to New Center Stamping.

### **C. Scope:**

This manual applies to all direct material suppliers to New Center Stamping. In addition, many of the policies and procedures defined in this manual apply to indirect material and service providers when indicated on the purchase order.

### **D. Responsibility:**

1. Suppliers are responsible for meeting the requirements defined in this manual; the IATF 16949:2016 standard and other requirements that may be specified by New Center Stamping.
2. Failure to meet these requirements may result in loss of existing or future business with New Center Stamping. Any/all costs associated with supplier failures will also be the responsibility of the supplier.
3. Suppliers are responsible for 100% on-time delivery and “Zero” defects or agreed defect percentage.
4. Suppliers are responsible for supporting New Center Stamping continuous improvement activities.

5. Suppliers are responsible for reporting to New Center Stamping Purchasing Department any potential delivery failures and any suspect nonconforming product as far in advance as can be possible. The report should provide part number(s), ship dates, quantities, and lots for products with quality defects, and plans for mitigation and length of time before issues are resolved internally for delivery failures.
6. Suppliers are responsible for developing and implementing part specific and executable contingency plans for ensuring continued delivery of product and services in the event of unplanned events including catastrophic events.
7. Suppliers are responsible for adhering to all applicable governmental regulations and industry safety and health standards.

**E. Manual and Internet Distribution:**

1. All printed copies of the New Center Stamping Supplier Quality Requirements Manual will be “Uncontrolled Copies”. New Center Stamping will ensure all updates are made available to suppliers. It is the supplier’s responsibility to ensure they have the most current revision.
2. Downloadable copies of the New Center Stamping Supplier Quality Requirements Manual are available on our website: <https://www.newcenter.net>

**SECTION II – New Center Stamping Supplier Requirements:**

**A. Supplier Selection and Approval Process:**

**1. ISO/IATF 16949-2016 Registration:**

- Suppliers to New Center Stamping must be 3<sup>rd</sup> party certified (at a minimum) to ISO 9001-2015.
- Suppliers to New Center Stamping shall be 3<sup>rd</sup> party registered to IATF 16949-2016 or ISO 9001-2015.
  - *Suppliers who are not certified must complete the Supplier Self Evaluation and be approved by New Center Stamping prior to any business being awarded.*
- Copies of ISO 9001/IATF 16949 registration certificates need to be submitted to New Center Stamping Purchasing/*Financing* team. Should the status of any accepted accreditation change (I.e. new certification, de-certification, or reassessments and etc.); the supplier shall notify New Center Stamping Purchasing and Quality Team.
- Suppliers must also satisfy the appropriate AIAG standards. Some examples: Production Part Approval Process (PPAP), Advanced Product Quality Planning (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement Systems Analysis (MSA) and Statistical Process Control (SPC).  
These AIAG standards are included in the “5 Pack” available from AIAG.ORG. Suppliers are required to have the latest editions of these items.

**2. New Center Stamping Supplier Evaluation:**

- All potential suppliers to New Center Stamping must meet the minimum requirements defined in *New Center Stamping Supplier Self-Evaluation Survey*.
- All potential suppliers will complete a “self-assessment” utilizing the New Center Stamping Supplier Self - Evaluation Survey. Upon review of the evaluation documents, New Center Stamping *Financing or* Purchasing/Supplier Quality will decide whether to accept the results of the self-assessment or conduct an “onsite” evaluation at their facility.

### **3. Preferred Supplier Lists:**

- New Center Stamping Purchasing will maintain an “Approved Suppliers List” which will be used to determine supplier status, based on quality and performance results. These lists will be used when looking for suppliers to respond to our RFQ’s. Suppliers not meeting or maintaining a high level of quality and delivery *may* be placed on “New Business Hold” by the *NCS Management Team*.
- Suppliers will be considered for new business based on their current status on our Approved Supplier Lists and the current rating (if applicable).
- New Center Stamping *may review* supplier scorecards once a year. If score is not acceptable, supplier may be asked to join the New Center Stamping team at *our* facility to discuss any *potential* action plan.

### **4. Customer Directed Sources:**

- Must comply with the requirements defined in this manual unless otherwise directed by New Center Stamping.

### **5. De-source/Re-Source Policy and Procedures:**

- Suppliers that can not or do not comply with the requirements defined in this manual, and/or poor *quality or delivery* performance may be removed from the Approved Supplier Lists and *may* not be allowed to quote or receive new business pending *re-approval*. The process for removing suppliers can include:
  - a) Probation/ New-business Hold
  - b) Formal containment activities including 3<sup>rd</sup> party audits or Customer audits.
  - c) To be placed back on the Approved Supplier List the supplier will need to meet certain requirements as directed by the Quality and Purchasing departments before a final decision is made.

## **B. Supplier Launch Readiness, if required:**

*Directed Suppliers and Outside Processing Suppliers* will be required to follow formal procedures for launching new product. The procedures will include the steps identified in IATF 16949:2016 and the appropriate AIAG guidelines. Successful launches and submitting launch documentation on time will be a key performance metric for suppliers. Examples of some of the requirements include:

### **1) Advanced Product Quality Planning (APQP):**

Suppliers must meet the requirements defined in the AIAG APQP Manual- (Current Edition).

**2) Production Part Approval Process (PPAP):**

Suppliers must submit parts and processes for approval, when required by New Center Stamping Purchase Order. *This will include a PSW at minimum, but may include other documents such as dimensional reports, material certifications and/or more depending on the type of product and the complexity of the parts.*

**3) Audits/Supplier Assessments-Audit Conditions:**

- a. Supplier Monitoring (Quality/Delivery) performance
- b. Supplier Quality Management System Development
- c. Product Audits
- d. Engineering Changes
- e. Process Changes
- f. Plant location changes (tooling transfer or different manufacturing location).

**4) Run @ Rate:**

Suppliers may be required to submit Run @ Rate data to New Center Stamping when required per the Purchase Order. *(GP-9 Run @ Rate Summary)*

**5) Government Regulatory Compliance:**

Suppliers shall comply with all applicable governmental regulations and safety standards. Registration to ISO 14001 for manufacturers is strongly recommended. At a minimum, suppliers shall have a formal process in place to ensure compliance to government regulations, health and safety of employees and a positive impact on the environment.

**6) End-of-Vehicle Life Directive (ELV):**

The European Commission implemented the End-of-Life Vehicle Directive (ELV), which prohibits the use of mercury, lead, cadmium and hexavalent chromium in vehicles and components. The Directive is intended to minimize the impact of “end-of-life” vehicles on the environment. This is mandated for all European Union (EU) Member States and is also required by North American and Japanese vehicle manufacturers.

**7) Restrictive/Prohibit Material Reporting:**

North American OEM companies *as well as Volkswagen* requires all suppliers supply detailed information for all Restricted and/or Prohibited materials found in

their products. The format for this is either the International Material Data System (IMDS) or the AIAG Compliance Connect™ Spreadsheet. The IMDS can be found at [www.mdssystem.com](http://www.mdssystem.com) and the AIAG Compliance Connect™ Spreadsheet can be found at [www.aiag.org](http://www.aiag.org).

*New Center Stamping requires submissions for all material and/or parts to be submitted via IMDS. New Centers Stamping MDS code is 20634.*

#### **8) AIAG M12 Crisis Management for the Automotive Supply Chain:**

Suppliers to New Center Stamping must also comply with the AIAG M12 *or equivalent*- “Crisis Management for The Automotive Supply Chain”. This standard ensures suppliers are prepared for natural disasters and man-caused events that can disrupt business practices.

Suppliers must prepare for unplanned emergencies and document the preparation using the forms and checklists found in AIAG M12 *or equivalent*. The contact lists required by the AIAG must be always kept current, including alternate contacts. These lists will be forwarded to New Center Stamping Purchasing Director.

#### **9) Packaging – European/Asian Supply Base:**

Basic requirements will include:

- All packaging must have a proper label that complies with AIAG barcode label guidelines.
- Packaging must be robust enough to protect the component/ materials and prevent damage or contamination during shipment.

#### **10) Lot Control/Traceability:**

Lot control and traceability are essential requirements for suppliers. The size of the lot reflects the amount of risk the supplier is taking take should a problem with product occur and therefore must be managed accordingly. Traceability ensures quick and effective retrieval of information for containing concerns and for problem solving.

Suppliers must have effective lot control systems in place for ensuring incoming materials to New Center Stamping is Lot controlled, easily identified on all containers and all documents.

#### **11) Continuous Improvement Process:**

New Center Stamping will establish Supplier “ratings” by tracking their performance in quality and delivery. The standard requirements will include Zero Defects or agreed upon defect percentage as measured in Parts Per Million (PPM) and 100%



on-time delivery. Suppliers may also have specific objectives for cost improvement, engineering support and EDI support. The supplier shall implement continuous improvement efforts throughout their entire organization. Results of the continuous improvement process shall be documented and retained at the supplier's location and available upon request.

#### **1. Plan Do Check Act- (PDCA)**

Suppliers must incorporate the Plan, Do, Check and Act process for monitoring key performance indicators (KPI).

**Plan-** Establish the objectives and processes necessary to deliver results in accordance with customer requirements and the organization's policies.

**Do-** Implement the processes as planned

**Check-** Monitor the processes and product against policies, objectives and requirements for the product and report the results.

**Act-** Take actions to continually improve process performance.

#### **12) Concern Management/ Problem Solving:**

New Center Stamping expects our suppliers to be able to promptly assist in any and all problem solving (8D's) assigned by the customers as a result of discovery of non-conforming product. This 8D must be returned in the customers format to meet both New Center Stamping and customer approvals. The 8D is expected to show both corrective and preventative actions that have been implemented and verified then signed to prove verification.

The following are examples of causes for rejection, but not limited to:

- a. Excessive Lube
- b. Excessive Oil
- c. White Rust
- d. Dings/Dents
- e. Buckles/Waves
- f. Splits
- g. *Handling Damage*
- h. Improper pack or packaging
- i. Dimensional issues
- j. Missing components and/or mis-located components
- k. Cold weld
- l. Burn through
- m. High/Lows
- n. Incorrect material
- o. Incorrect Mechanical and Chemical properties
- p. Dried Lube or oil on parts

- q. Orange peel
- r. Chatter/*Buckshot*
- s. Material Delamination
- t. *Incorrect/missing PPAP*

**Containment:**

- a. Containment within 24 hours (1 calendar day including weekends and holidays) of notification by New Center Stamping Quality *or Purchasing* personnel. Any verbal communication must be followed up with written documentation.
- b. Containment actions must include all affected material in the supplier's control, in transit to New Center Stamping, in the possession of New Center Stamping facilities, and the finished product shipped to New Center Stamping's customer.
- c. The supplier shall notify New Center Stamping's Quality Department on certified material availability.

**Certified Material:**

- a. All shipments of affected material must be "certified", in compliance with the containment actions, until corrective action issues are formally closed by New Center Stamping's Quality Department.
- b. All containers must be identified as 100% certified and communicated with the New Center Stamping's Quality Department on what the identification will be.

**Initial Response:**

- a. A written initial response must be submitted to NCS Quality Department within 48 hours of the formal notification of the concern. The initial response must have at the minimum:
  - i. Problem Description
  - ii. Containment Action
  - iii. Containment action verification (quantitative results)
  - iv. Certified material shipments dates and identification.
  - v. Root Cause analysis status.

**Formal Corrective Action Report:**

- a. A formal corrective action report and supporting evidence, (at a minimum listed below), must be submitted no later than 15 working days.
- b. Root Cause of the concern and verification
- c. Corrective Action
- d. Verification of containment and corrective action.
- e. Preventive measures for lessons learned and applicable to similar products and processes. These measure actions must be proactive and predictive intention with the focus on avoiding re-occurrences.

- f. FMEA, Control Plans, Working Instructions, and other appropriate documentation that has been revised to address the changes resulting from the concern.

**Controlled Shipping:** If supplier containment actions are not effective, progressive process will be implemented. New Center Stamping Quality and Purchasing Department will define the exit criteria, any re-occurrence will result in a **30-day inspection period to start over.**

- a. **Controlled Shipping Level 1 (CS1):** The supplier or New Center Stamping will implement 100% inspection for a period not less than 30 days with no re-occurrences. If New Center Stamping initiates the Controlled Shipping process, all cost associated will be passed through to the supplier.
- b. **Controlled Shipping Level 2 (CS2):** CS1 containment process was ineffective at containing a nonconformance. A containment process under customer controlled. Containment conducted at the customer site, supplier or third-party location at the supplier's expense. The supplier will implement a 200% inspection for a period of not less than 30 days without a re-occurrence of the issue.

If a supplier's parts are found to be defective (do not meet one or more specified requirements) a charge back may be incurred. These charge backs may include material, shipping or handling, direct and indirect labor, contracted services, living and travel expense, and costs incurred by New Center Stamping's customers. Additionally, all incoming parts from the manufacturer for the next 3 shipments will be under 100% sort to verify no ongoing non conformances are discovered.

This procedure applies to all suppliers of production material, parts, subassemblies or services. This is the procedure suppliers will utilize for resolving any/all issues including quality related problems, delivery related problems, and late submissions and other issues identified in this manual and on the New Center Stamping purchase order.

### **13) Supplier Request For Engineering Change:**

Any changes to process or product MUST be approved by New Center Stamping prior to implementation of the change. Failure to obtain approval before any change is implemented can result in immediate business "hold" and removal from New Center Stamping Preferred Suppliers List, it can also result in immediate loss of existing business.

### **14) Verification of Purchased Product:**

New Center Stamping representative and/or our customer's representative shall be afforded the right to verify at the supplier's premises and other tier suppliers that the product/services conform to specified requirements. Such verification shall not be used by the supplier as evidence of effective control of quality by the supplier. Verification by New Center Stamping/our customer shall not absolve the supplier

the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

15) **Error Proofing:** Results of error proofing shall be documented and retained at the supplier's location. The information needs to be made available upon request from New Center Stamping.

16) **Preventive / Predictive Maintenance:** The supplier shall implement a preventive / predictive maintenance program for process equipment, and machinery. The supplier shall document and maintain this program and it shall be available upon request.

17) **Supplier Charge Back Fees:** can be included but not limited to defective material, late responses to corrective action request, documentation issues and delivery issues.

*EACH incident: Cost of the part(s) plus any additional costs that may be incurred by New Center Stamping including, but not limited to the following:*

- a. Administrative fees for each corrective action.
- b. All hourly fees are subject to overtime rules.
- c. All freight for product returned or replaced due to supplier related defect, including expediting fees.
- d. 3<sup>rd</sup> party sort company
- e. In house sorting costs.
- f. Any warranty cost incurred from *our* customer.
- g. Missing, and or late documentation.
- h. Delivery issues.
- i. Suspect parts will be scrapped at the cost of the manufacturer/supplier, if no response or direction is received within 10 working days. New Center Stamping will make every effort to continue communication prior to scrapping.
- j. Defects that do not meet customer requirements, some examples, but not limited to listed under section 12.

18) **Potential Associated Costs:** *Costs may be charged back at rates below for each occurrence. Some rates may fluctuate depending on the issue.*

**A. PACKING SLIP VIOLATION**

- *Not shipped with merchandise* *\$100.00*  
*(per occurrence)*
- *Packing slip different than quantity shipped* *\$50.00*
- *P.O # missing or incorrect* *\$50.00*

**B. CARTON MARKING VIOLATIONS**

- *P.O # missing or incorrect* *\$100.00*
- *Carton not marked with number or qty* *\$50.00*
- *Multiple P.O. 's in same carton* *\$50.00*
- *Other missing information required* *\$50.00*

**C. SHIPPING VIOLATIONS**

- *Oversized carton/ overweight carton* *\$50.00*

|                                     |  |                                 |
|-------------------------------------|--|---------------------------------|
| ●                                   | <i>Shipped to wrong address</i>  | <i>\$50.00</i>                  |
| ●                                   | <i>Multiple P.O.'s on same pallet</i>  | <i>\$50.00</i>                  |
| <b>D. <u>BILLING VIOLATIONS</u></b> |  |                                 |
| ●                                   | <i>P.O. # missing or incorrect on invoice</i>                                | <i>\$50.00</i>                  |
| ●                                   | <i>Multiple P.O.'s on single invoice</i>                                     | <i>\$100.00</i>                 |
| ●                                   | <i>Total units not on invoice</i>  | <i>\$50.00</i>                  |
| ●                                   | <i>No invoice #</i>  | <i>\$50.00</i>                  |
| ●                                   | <i>Invoice cost does not match P.O. cost</i>                                 | <i>\$50.00</i>                  |
| E.                                  | <b><u>VIOLATIONS NOT SPECIFIED ABOVE</u></b><br><b><u>LEAST \$100.00</u></b> | <b><i>1% OF INVOICE, AT</i></b> |
| F.                                  | <b><u>LATE OR MISSING IMDS</u></b>   | <b><i>\$150.00</i></b>          |
| G.                                  | <b><u>LATE OR MISSING PPAP</u></b>   | <b><i>\$350.00</i></b>          |
| H.                                  | <b><u>ADMINISTRATION FEE</u></b>   | <b><i>\$250.00</i></b>          |

**19) References:**

**IATF 16949:2016 Technical Specification International Automotive Task Force**

**ISO 9001: 2015 International Standard Organization**

**AIAG Production Part Approval Process (PPAP) Current Edition**

**AIAG Advanced Product Quality Planning and Control Plan (APQP) Current**

**AIAG Potential Failure Mode and Effects Analysis (FMEA) Current Edition**

**AIAG Statistical Process Control (SPC) Current Edition**

**AIAG Measurement Systems Analysis (MSA) Current Edition**

**AIAG M-12 Crisis Management for the Automotive Supply Chain**

**AIAG M-9 Materials Operation Management Guidelines**

**New Center Stamping Terms and Conditions**

**Plus all requirements and standards referenced on the print that may include:**

**ASME - SAE – ASTM – ISO – DINS - CQI-9, CQI-11, CQI -12**

| 19.0 REVISIONS |          |  |          |    |
|----------------|----------|--|----------|----|
|                | Rev      | Description  | Date     | By |
|                | 1/8/2021 | <i>1-8-2021 – Revised Section 1 D 5 to state that suppliers are responsible for notifying NCS as soon as possible upon suspect nonconforming product or delivery failure, expectation section. section 12 for example of defects, section 17, and added certification requirements #9.</i> | 1/8/2021 | EP |
|                | 1        | <i>Reviewed and updated entire document. See Green Italicized for changes</i>  | 3/4/2024 | DV |
|                |          |  |          |    |