

**SPD-00002**

**Revision 11**

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## **Supplier Requirements Manual**

**Supplier Requirements Manual Signatures**

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Purchasing Manager Corporate Quality Manager

**Quality Policy**

**“We are committed to quality in everything we do.**

**We believe that quality is more than just a policy but a way of life.”**

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# INTRODUCTION

This manual provides the supplier requirements necessary to ensure a successful business relationship with Penn United Technologies Incorporated (aka Penn United). Communication and cooperation are key elements in achieving these goals.

# SCOPE

This manual defines the minimum quality management system requirements for suppliers of materials or services to Penn United.

# III. DEFINITIONS

1. Certificate of Analysis (C of A)

A certificate provided by a supplier that reports and certifies the actual chemical and/or physical results of the tests performed on a shipment of products or materials

1. Certificate of Conformance

A certificate provided by a supplier confirming the lot conforms to all applicable specifications

1. Supplier Management

Team of Purchasing and Quality personnel, who approve, manage and monitor suppliers

# IV. REQUIREMENTS

1. New Suppliers
2. Go to [www.pennunited.com](http://www.pennunited.com), Supplier Information to review our Terms and Conditions.
3. Suppliers are encouraged to earn registration to ISO 9001 or equivalent national standard. Suppliers of automotive products and services must be at a minimum ISO 9001 certified or have a certification plan.
4. Contact Penn United Purchasing if you believe your materials or services would be a good fit for us.

B. General Requirements

1. Materials must be RoHS compliant where specified.

2. Penn United work is not to be subcontracted from your facility without written approval from Penn United. This does not relieve the original supplier of responsibility for meeting the PO requirements.

3. Handling and Storage Requirements - The supplier is responsible for the proper handling and storage of all raw material and components supplied or consigned to Penn United.

4. The supplier must provide prior written notice to Purchasing at Penn United when certification status changes or when product, process or manufacturing location changes are proposed. These changes must be approved by Penn United prior to implementation. Some changes of this type could affect the quality of the product and Penn United must weigh the potential effects of any such changes.

5. For manufactured product, the supplier shall maintain and provide traceability for each lot back to the original material.

6. For outside processing:

* All finished product shall meet the requirements of the purchase order.
* The supplier shall maintain traceability for each lot back to the original trace numbers on the product received.
* Flow down applicable requirements including customer requirements.

7. Verification of Quality:

* The supplier may be required to submit test or inspection data.
* Penn United may perform receiving inspection per PO requirements.
* If required, Penn United verification may occur at the supplier’s location.

8. The supplier is responsible for the quality of any process that affects the configuration, assembly, heat treatment, plating, and/or metallurgical properties of Penn United material.

9. Ensure packaging is in accordance with PO requirements. If not specified, products shall be packaged to prevent damage and contamination.

10. There shall be only one heat number per pallet/skid of material. If orders contain multiple heat numbers then they must be separated accordingly.

11. Labels shall include (at a minimum):

Penn United PO number

Penn United part number per the PO

Product revision level (when appropriate)

Lot number

Quantity

12. Packing list shall include (at a minimum):

Penn United PO number

Part number per the PO

Quantity

Date

C. Calibration System

Standard measurement and test equipment used to verify product must be calibrated in accordance with ISO 10012, ISO 17025 or equivalent national standard.

D. Document Control

1. The supplier is responsible to maintain control of all drawings, specifications, and documents provided by Penn United.

2. Upon receipt of a new revision the supplier shall review the changes and determine their ability to manufacture to the new revision. (Any product in inventory or in-process shall be reviewed for conformance to the new revision. Purchasing at Penn United shall be notified of any discrepancies.)

E. Quality Records – The supplier shall maintain the following records for a minimum of 20 years unless otherwise specified.

* Contract Review
* Incoming material certificates
* Process records
* Inspection records
* Certificates of Analysis or Certificate of Conformance
* Approval documents

F. Process Control

1. Apply necessary controls during manufacturing to ensure the quality of the product is both known and controlled.

G. Purchase Order Requirements

1. The Purchase Order (PO) requirements are to be fulfilled as written. Any disagreement with the PO is to be resolved prior to acceptance or performance of work.

2. Prior to acceptance of the PO, the supplier shall review all drawings and documents to ensure the revision levels agree with the PO.

3. Notify Purchasing at Penn United of any errors or omissions on the PO. The PO will be corrected as necessary.

4. Acceptance of the purchase order constitutes agreement to Penn United Terms and Conditions and the Supplier Requirements Manual.

H. Penn United Property

1. All drawings, data, designs, specifications, tools, materials, and other property furnished by Penn United shall be confidential.

2. All Penn United property shall be used by the supplier only in the performance of the purchase order.

1. No changes shall be made to any Penn United property.
2. The supplier assumes all risk of loss or damage and shall return above items to Penn United in the same condition as when received excepting reasonable wear and tear.

I. Nonconforming Material or Product

1. Isolate any material or product that is found to be nonconforming.
2. Determine if any nonconforming product has been shipped to Penn United. If so, contact Purchasing at Penn United as soon as possible.
3. The supplier is liable for nonconforming product found during processing at Penn United or by our customer unless specified shelf life has been exceeded.
4. Any cost associated with scrap, rework or sorting of product due to supplier nonconformance may be charged back to the supplier.

1. Nonconforming material shall be dispositioned by the supplier. Possible dispositions may be scrap, rework, sort or deviate.

J. Inspection

1. The supplier is responsible to insure acceptable product throughout the production run.

2. Lot inspection data shall be provided upon request.

K. Corrective Action

1. Corrective Action may be requested by Penn United when requirements are not met.

L. External providers ensure that persons are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

# V. SUPPLIER EXPECTATIONS, MONITORING & DEVELOPMENT

A. Expectations - Penn United expects its suppliers to have the following business philosophies:

1. Work toward zero defects

2. Provide 100% on time delivery

1. Be committed to continuous improvement.
2. Performance Evaluation (Pertains to Laboratories, Material and Outsourcing suppliers)

1. Supplier performance is evaluated quarterly.

2. Evaluation breakdown:

Delivery Percent (%) of lots received on time (0 days late) 40 points

Receiving

Quality Percent (%) of lots received correctly 25 points

In-Process

Quality Nonconformance found in process 30 points

Support &

Service Quoting issue, delayed response or service concern 5 points

Total 100 points

Minimum Acceptable Rating is 85 points.

3. Supplier performance reports are provided to suppliers with orders totaling $10,000 or more in the quarter or if their performance is below the minimum acceptable rating.

4. Supplier performance reports with ratings < 85 points:

* Are reviewed by Supplier Management at Penn United to determine actions needed.
* Corrective action may be requested to address any deficiencies.

5. Supplier ratings less than 70 points for two consecutive quarters may be subject to removal from the Approved Supplier List. Suppliers removed from the Approved Supplier List must be re-evaluated to be returned.

C. Development - Supplier development may be achieved through conference calls, meetings, training, audits and/or corrective/preventive actions. These actions may be implemented with suppliers on a selective basis.

# APPENDIX A Requirements for Suppliers

Laboratories must be certified to ISO 17025 or equivalent.

All other suppliers - A certified quality system is a good indication to us that our work will be managed according to established standards. Although, not being certified is acceptable as long as delivery, quality & service are acceptable. This requirement is necessary to promote consistency and conformance. The quality system shall address the following elements at a minimum:

|  |  |  |
| --- | --- | --- |
| Suppliers must provide documentation to support the following elements if requested. | | |
| **Scope of Manufacturing** | **Element** | **Explanation** |
| **All Suppliers** | 8.1 Contract Review | Have a process to verify product revision to purchase order. |
| **As Needed** | 8.1 Tracking, scheduling and routing process | Have a process for scheduling jobs through the shop.  Document manufacturing steps to be followed for each product.  **For Die Builds only:**   * If requested, provide a timeline to Penn United Purchasing * Track and document timeline to detect any delays in meeting schedule. * Notify Penn United Purchasing if timeline falls behind. |
| **All Suppliers** | 8.2.4 Change control | Have a method for managing drawing revisions when changes are made. |
| **If designed by Supplier** | 8.3 Concept review, Design review and Final review | Each of the three reviews requires Penn United engineering approval before proceeding.  If Penn United engineer rejects changes, documented action is to be submitted to purchasing. |
| **All Suppliers** | 8.4 Control of externally provided products, processes and services (except raw material) | Penn United must be notified prior to outsourcing any work.  Supplier must manage external providers. |
| **Production (as requested)** | 8.5.1 Production Process | Have a Control Plan and a Manufacturing Plan |
| **All Suppliers** | 8.5.2 Material Traceability | Maintain traceability and provide C of A for all materials when required per purchase order. |
| **All Suppliers** | 8.6 Inspection | Provide inspection results when requested using calibrated equipment. |
| **Production (as requested)** | 8.6 Part Approval Process | Meet all requirements above and provide the following:  First Article Inspection Report includes 100% of dimensions  Gage R&R and Capability study on critical characteristics per PO  Sample production parts  Part submission warrant (PSW) if required |

# APPENDIX BContractor on-site Safety Requirements

A. Contractors are responsible for ensuring that their employees and any subcontractors they employ adhere to applicable federal, state and/or local safety and environmental requirements when performing work for Penn United Technologies, Inc. Prior to performing work on-site at Penn United Technologies Contractors are required to complete a Hold Harmless Agreement, provide Proof of Insurance, and complete FM-00591; Contractor Safety Assessment. These documents must be submitted to Penn United Technologies. Suppliers will not be able to perform work if the Hold Harmless Agreement and Proof of Insurance are not received.

B. Contractors are responsible to notify Penn United Technologies of all work they sub-contract that will be taking place on any Penn United campus.

C. Safety violations by Contractors constitute non-compliance with provisions of the terms and conditions of the purchase order may result in immediate removal from Penn United premises.

D. Contractors are to train their employees on the safety, health, environmental, and fire prevention requirements for the work they are to perform and enforce adherence to safe work practices and procedures.

E. While working at/on any Penn United campus all Contractors shall follow, as a minimum, these safe work practices, complying with applicable Penn United safety procedures, OSHA regulation or industry standard that is applicable to the work being performed:

1. Good Housekeeping

2. Personal Protective Equipment

3. Hazard Communication

4. Respiratory Protection

5. Confined Space Entry

6. Electrical Safety

7. Lockout / Tagout

8. Arc Flash Protection

9. Elevated Work

10. Personal Fall Protection

11. Hearing Conservation / Protection

12. Ladder Safety

13. Aerial Lift / Boom Truck / Scissor Lift

14. Powered Industrial Trucks (Fork-lifts)

15. Welding and Cutting

16. Compressed Gas Cylinders

17. Hot Work

18. Portable Power Hand Tools

19. Power Cords / Hoses / Walking Surfaces

20. Excavation and Trenching

21. Portable Cranes and Lifting Devices

22. Handling / Working with Flammable or Hazardous Materials

23. Area / Machine Guarding

F. Contractors will wear long pants and a shirt, hard toe shoes and ANSI approved safety glasses as a minimum. Construction work that includes overhead work will require Contractors to use hard hats. Barricades need to be constructed to prevent nonessential personnel from entering areas where overhead work is performed.

G. If an excavation is required to execute your contract, access to all open areas shall be controlled with an immovable barricade to prevent nonessential personnel from entering the work site. Shoring must be used if employees are entering the dig and the walls of the trench are over 4 feet in height.

H. Any equipment brought onsite by Contractors must be used, inspected, and maintained as directed by the manufacturer’s (or Operations Manual) instructions, and by applicable federal and state safety, health, and environmental regulations. If a conflict exists, the more stringent requirement takes precedence.

I. All job site Contractors must maintain good housekeeping. Any hazardous material must be used in accordance to manufacturer's recommendations and any excess or non-usable material removed from Penn United premises when the job is complete. Disposal is not permitted in any on-site receptacles.

J. Penn United Technologies reserves the right to require Contractors provide documentation for training for the safety standards listed above or others that are required to safely perform specific tasks.

K. Serious injuries to Contractor must be reported to the Penn United representative that is managing the work. Contractors must notify Penn United of employees who have obtained outside medical treatment for an alleged Penn United site related injury or illness. Contractors must submit an accident report to the Penn United project within 24 hours of the occurrence.

L. Penn United reserves the right to request the Contractor perform drug testing under any of the following circumstances:

1. Accidents due to safety violations; following an occupational injury requiring treatment by a physician, an accident or incident involving safety rule violation, damage to equipment or property, careless acts, or in instances where the accident or incident was due to a failure to wear prescribed protective equipment while working on Penn United premises.

2. Reasonable suspicion of illegal drug use; when reasonable suspicion exists that an employee exhibits signs of intoxication, drug influence, or other behavior causing a prudent and reasonable person to have concerns for the safety of the employee, other employees, or the public.

3. Discovery of illegal drugs or drug paraphernalia; where an employee is found to be in possession of illegal drugs or drug paraphernalia, or when these items are found in an area controlled or used exclusively by employees.

4. Harassment, including sexual harassment, verbal abuse, or threats will not be tolerated. Violation of this policy may result in immediate removal from Penn United premises.

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