Warmington Industries
1336 Front NW
Grand Rapids Michigan 49504

Warmington Industries
Supplier Requirements

Ver. 1.1 11/16/06

Quality objectives:

Warmington Industries asks its suppliers to strive to meet the following quality objectives;

Continually improve quality. Reduce defective material with the objective of achieving -0- defective material shipped to the customer.

Strive to achieve compliance to the requirements of ISO-9001:2000 (certification is not a requirement, but is strongly recommended) as it applies to the business, and where compliance makes sound business sense.

Experience zero issue recurrences each calendar year

Delivery objectives:

Every part is important to the assembly that uses it. In most cases, the lack of a part can cause an expensive line stoppage. Suppliers are asked to strive to achieve these delivery objectives:

Achieve a **100% on-time shipping** performance
Achieve **100% correct quantities** (no over-ships or under-ships)
Achieve **0% premium freight**

Suppliers are asked to ship in **full-lot** quantities. If a release is for 10,000 pieces, the supplier is asked to ship 10,000 pieces *according to the scheduled promise date*.

Gross over-shipment is not an acceptable practice. If it should happen that a supplier ships in excess of 5% surplus to an order, **the surplus amount will be deducted from the next purchase order** issued, so that Warmington can manage its on-hand inventory. If the over-shipment is grossly excessive (more than 10%), the excess parts will be received on consignment, and will be paid for at the time they are sold. The end-customers expectations of a part change with time. It is an unreasonable risk to Warmington Industries *and its suppliers* to have an excessive amount of inventory. Every part is subject to design changes by the end customer, and there is no guarantee that obsolescence resulting from these changes will be born by the customer.

Cost and quoting objectives:

Warmington Industries asks its suppliers to work collectively with Warmington to remain strong and competitive to **achieve the lowest total life cycle cost** of its parts. This recognizes that poor quality, needless inspection, excessive storage and handling of over-shipped quantities, expedited freight and repackaging / re-labeling increase the final cost of a part.

Quotations are to be **made for the part as-designed and as-communicated** in the engineering record. Each quotation should be accompanied with a letter of feasibility. A form is available from Warmington for this purpose. Feasibility should be reported as follows:

Feasible as-is without change
Feasible with minor changes to capability requirements or dimensional tolerances.
Unfeasible. The design cannot be made within the constraints of the supplier's process and methods.

3. If a different material, manufacturing method or set of design constraints represents a preferred condition; this should be presented as a separate quote accompanying the original request.
Quotations are our tool to provide access to our customers markets. They need to be accurate, and timely. The suppliers quotation is needed at the time requested.

General requirements and considerations:

All communication of intent to purchase parts from a supplier will be made by **purchase order only**. Suppliers are strongly discouraged from accepting verbal orders without a purchase order. Any verbal order must be confirmed by a written purchase order or by conveyance of a purchase order number by hand-written order. Failure to comply with this requirement may result in administrative delays in processing payment.

Purchase orders are **for the quantities required only**. A lack of or delay in receipt of material may cause a costly shut-down at a customer facility. Persistent over-shipment or under-shipment may result in administrative delays in payment or a charge to the supplier for resulting expedited freight cost or line-stoppage penalties.

Some purchase orders may be made for economic fabrication quantities, with several releases to ship over a period of time. Suppliers must **ship ONLY the quantity due for each release** date, at the time required, and any past-due material from the previous release. Quantities received against future releases may be refused at the dock.

Initial and date_____

Suppliers are expected to notify Warmington Industries by fax to 616-458-8352 when parts leave the suppliers dock for delivery to Warmington. Where possible, twenty four hours notice is preferred. At a minimum, advance notice of shipment should be made at time of departure from the suppliers dock.

A few words about defective material

Our customers expect only good parts from Warmington, and in general pay only for good parts. What this means to our suppliers is that *quality matters*.

Warmington employs a two tier system of managing inbound quality that recognizes the special needs of high-speed / high-volume industries;

Warmington routinely sorts product for defects before distribution to our customers. During this sorting process, we will isolate and set-aside accumulations of defective material. These accumulations will generally be no more than 1% of the total number of parts received. Accumulations will be reported to the supplier each month as advice of inbound quality.

If the percentage of defects found in any lot of material exceeds 1%, a material nonconformance report will be issued to the supplier, requesting an analysis of root cause and development of some form of corrective action to prevent future failure. *A charge for the value of the defective material may be issued* depending on the rate of rejection experienced. This can be negotiated between the suppliers account manager and the supplier upon notification.

If the percentage of defects is found to be profuse, affecting a large percentage of the parts received, Warmington will ask the supplier to authorize a return of the entire lot for correction or disposal. If this occurs, the supplier will be asked to schedule the production of conforming replacement material as soon as possible. *The time available to provide replacement material may be limited* if the rejection impacts on the ability of the customer to continue production.

Measurements of success:

High quality, competitive price, and on-time delivery are the basic keystones of effective management. A company that is producing a quality part at a good price, and is getting it to the customer on-time, is almost assured continued good business relationships. At Warmington, we value all of our suppliers. Our goal is to do business with suppliers that exhibit extraordinary value by providing good quality, good price, and good delivery. Our goal is also to help suppliers that are struggling with reaching

high levels of performance to improve.

*Suppliers to Warmington Industries are asked to measure **quality, cost and delivery performance** each month, and record it in a way that is effective and useful to the business. Suppliers are encouraged to use this information to guide improvements in methods and processes.*

Quality Planning:

Warmington Industries is an ISO-9001:2000 company that trades with the automotive Tier 1, 2, and 3 supply base. The automotive marketplace requires certain quality planning tools to be used by its suppliers. Warmington Industries encourages its suppliers to use the tools listed below, having identified them as sound business practices that provide a benefit to the organization using them:

1. **APQP (Advance Quality Planning Process)** This is a recognized system used to plan and control activities during the development and launch of a new part, or during change to a new part.
   PPAP (Production Part Approval Process) This process is a critical tool for any company. The PPAP is a written "contract for quality" and defines the part that the supplier is going to provide to the customer. Used correctly, it requires a conclusive, written answer to any product question that remains unresolved at the time of submission.

Initial and date _____

3. **SPC (Statistical Process Control)** This is one of the oldest quality tools. Used effectively, this tool helps a company anticipate product and process failures, control processes, and plan maintenance.
4. **FMEA (Failure Mode Effects Analysis)** The FMEA is a preventive action tool that is used to identify possible process failures that might yield defective parts, assigns a potential risk of failure to any identified failure mode, and creates a framework for risk reduction.
   ISO-9001:2000. Warmington Industries strongly encourages its suppliers to seek certification to this standard. ISO-9001:2000 provides a set of tools that are effective business management methods that almost certainly help a company improve its strength and performance.

For suppliers providing automotive content, these guidelines become urgent necessities, as the automotive market demands advance planning and understanding of product quality and quality issues.

Warmington Industries is dedicated to working in a supportive and cooperative relationship with its suppliers. In order to stay competitive and healthy in the present marketplace, good organization and control of costs is imperative. Any supplier that requires assistance in meeting or tracking these objectives should ask for assistance. Warmington has never been an advocate of customer mandates and directives without at least the offer of help where needed. Suppliers are encouraged to contact their respective

account manager to ask for specific help in addressing these requirements.

We look forward to the coming year as one of growth and prosperity. We look forward to sharing both with our suppliers.

Regards,

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Warmington Industries Inc.

Warmington Industries Supplier Requirements Manual version 1.1

Please sign and date below to confirm that you have received and read this manual. Fax this page only to 616-458-8352

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Signature	Date	Company name