



# METALFAB MANUFACTURING INCORPORATED



## QUALITY SYSTEM QUALIFICATIONS

### Goal of the Quality Management System

It is the goal of Metalfab's Quality and Purchasing Departments for each supplier to be compliant or preferably 3<sup>rd</sup> party registered/certified to a Quality Management System (QMS) based on the ISO 9001 or IATF 16949 latest editions. Additionally, other standards share the same requirements and are built on the ISO 9001 framework and are acceptable as long as all Metalfab Customer Requirements can be met including the APQP and PPAP Process requirements supported by the AIAG Core Tool Manuals at the latest edition.

### ISO/IATF QMS Certifications

If a supplier/subcontractor is ISO 9001/IATF 16949 latest edition 3<sup>rd</sup> party registered/certified, a copy of their certificate must be submitted to the Quality Department for our records. It is the responsibility of the supplier/subcontractor to send the Quality Department copies of any renewed certifications once they have been issued. It is also recommended that electronic copies be placed on the supplier's website for availability.

Metalfab keeps records of the status of all suppliers and subcontractors and their efforts towards ISO 9001/IATF 16949 compliance and 3<sup>rd</sup> party registration/certifications. Based on the Risk Assessment conducted for all suppliers, your organization will be informed of the requirements for work with Metalfab Manufacturing to provide products and services required. Compliance will not be accepted for some supplier based on products, services and our customer-specific requirements as flowed to Metalfab Manufacturing by our customer.

### Non-3<sup>rd</sup> Party Suppliers

Metalfab does not currently require some suppliers/subcontractors to be ISO 9001/IATF 16949 3<sup>rd</sup> party certified such as tooling, equipment, and support products. If a supplier is not ISO 9001/IATF 16949 3<sup>rd</sup> party registered/certified, they are required to fill out a "Metalfab Quality System Assessment Form". This assessment must be filled out at the request of the Purchasing Manager. Failure to submit a quality system assessment will affect the Supplier's Performance Information and lead to removal from the Approved Supplier List.

For compliance to be fully granted, all requirements of the Supplier's Quality Management System found in ISO 9001/IATF 16949 latest editions will be verified by a Metalfab Authorized 2<sup>nd</sup> Party Auditor who will perform an in-depth audit in line with the ISO 9001/ ISO 9001/IATF 16949 Standard. All requirements must be fully addressed, and records maintained in order to be "Compliant." Metalfab may make an on-site audit of supplier's QMS at any time with sufficient notification to conduct a 2<sup>nd</sup> Party Audit of the non-registered Supplier QMS. This will be under the control of the Quality Manager, Purchasing Manager, or the Supply Chain Director.

## Quality Expectations

In our current business environment, we maintain a minimum of on-hand inventory, as do our customers based on cost and increased efficiencies. A quality issue or delivery problem immediately becomes an urgent priority with very serious consequences. Any shortfall in deliverable product for any reason automatically becomes a crisis. The real expense of each one of these is becoming more and more clear to us, including containment time, troubleshooting, investigation, material handling, sorting, supply chain coordination, etc.

Our customers have zero tolerance for such interruptions. In addition to the mandate of 100% total cost chargebacks to Metalfab Manufacturing they have also adopted a policy whereby any defect or escape event where Metalfab is responsible in our supply chain our customer will mandate that our product must be sorted and inspected by a 3rd party Quality Source Inspection resource, effective until they are satisfied with the effectiveness of the Corrective Action which is at Metalfab's expense.

We have determined that we cannot absorb the cost of Supplier quality and delivery problems. Please be advised that for any interruption of non-conforming material, either on quality or delivery where we confirm supplier responsibility, Metalfab will charge back 100% of the cost of managing the event to our direct supplier. In addition, where we assess that we are at risk, or where warranted, by supplier performance, we will also require that your parts go through a 3rd party, at the Supplier expense, for our protection and that of our customer. Unless agreed and documented prior to any individual PO acceptance or a blanket Part Number(s)/ Commodity specification is on file, Metalfab has an expectation of less than 50 DPPM. It is absolutely crucial for any such events, immediate responsiveness and timely corrective action become the standard. Our current business climate demands timeliness of response be measured not in business days but in hours or minutes as follows:

- Acknowledgement within four hours of notification. This includes the assignment of a supplier contact to manage the event at the supplier's location. - Full containment, including material in transit, within 24 hours.
- An assessment within 24 hours of the possible scope of the problem for our containment, as well as any applicable traceability information.
- Initial Corrective Action investigation within 5 working days, and final completion within 14 working days.

100% conforming product, 100% on time, is the bottom-line goal for Metalfab Manufacturing and our suppliers. Suppliers of Metalfab are also expected to manage their sub-suppliers of products and services to ensure compliance with the requirements defined within this manual and any flow down requirements that are documented in the Purchase Order or other related purchasing information.

Thank you for your support!

### **Supplier Rating Criteria**

Metalfab Manufacturing is an approved ISO 9001/IATF 16949 automotive supplier who is required to monitor and evaluate the performance of our suppliers that have effect on the Product and Product Processes. The Goal is less than 3 Late Orders and less than 3 Incidents of Nonconforming Product per Quarter for each Supplier and 0 Premium Freight Incidents. Suppliers who do not meet the identified goals will be contacted either by Purchasing Personnel or Quality Personnel to supply Root Cause & Corrective Action for the identified issues. Failure to resolve the issue will result in the supplier being put on probation, shown as high risk or removed from the Approve Supplier List.

#### **1. Applicable-Non-Assignability**

The contract resulting from the acceptance of this order shall be subject to the laws of the State of Michigan. This Purchase Order or any portion of this Purchase Order or any duty or right herein for any claim arising hereunder shall not be assigned by the Seller without the prior written consent of Metalfab Manufacturing Purchasing or Management Personnel. Any unauthorized assignment or attempted assignment by the Seller shall constitute a breach of this Agreement and the order cancelled without penalty or incurred costs. This Purchase Order may be re-assigned by Metalfab.

#### **2. Delivery**

Delivery shall be made in quantities and at the times specified by Metalfab. Metalfab shall not be liable for goods delivered in quantities in excess or lack of greater than 3% deviation from purchase order / material release. Metalfab may from time to time change the specified delivery time or direct temporary suspension of shipments. The Seller shall not be liable for delay or defaults in deliveries due to causes beyond its control and without its fault or negligence. If at any time the Seller has reason to believe that deliveries will not be made as scheduled, written notice setting forth the cause of the anticipated delay will be given immediately to Metalfab. Metalfab reserves the right to return at the Seller's expense any shipments received contrary to its instructions. ***The due date as shown on the purchase order is the date the product is due on the dock at Metalfab, not the ship date from the supplier location.***

#### **3. Price**

Substitution or changes in the price shown hereon must have Metalfab's approval before delivery. If the order is unpriced, it is understood and agreed that the price is no higher than the last quotation of billing or current market price whichever is lower.

#### **4. Cancellations**

Metalfab reserves the right to cancel this Purchase Order, or any part thereof, at any time, even though the Seller is not in default hereunder, by giving written notice to the Seller. In the event of such cancellation, Metalfab, shall pay for all goods and services delivered and completed and an equitable settlement shall be arrived at for costs incurred by the Seller for goods and materials in process not to exceed the aggregate committed quantity and/or price specified in this Purchase Order. Upon receipt of any notice of cancellation hereunder, the Seller shall, unless otherwise directed, immediately discontinue all work in progress and immediately cancel all orders or subcontracts given or made pursuant to this Purchase Order.

Exercise by Metalfab of the rights of cancellation reserved in this paragraph shall give rise to no liability on the part of Metalfab except as specified in this paragraph and shall not have the effect of waiving damages Metalfab might otherwise be entitled to.

**5. Inspection**

All goods shall be received subject to Metalfab's inspection and rejection. Defective and nonconforming goods will be held for the Seller's instructions and at the Seller's risk and will be returned to the Seller only at the Seller's expense. No goods returned shall be replaced unless authorized by Metalfab. Any payment for goods prior to inspection shall not constitute acceptance thereof. Metalfab may elect to retain rejected material and remedy any defects or nonconformity to specifications, drawings, or samples. The remedy shall be negotiated between the parties and the price to be paid by Metalfab shall be adjusted accordingly. Metalfab or Metalfab's customer shall be afforded the right to verify at the Seller's premises that purchased materials conform to specified requirements.

**6. Quality**

Metalfab Manufacturing expects all suppliers to provide only quality products and services to our organization. Products must be in conformance to all specifications, standards, drawings, and documented requirements. Metalfab may require suppliers to utilize and conform to the AIAG Core Tool Manuals at the current level as part of the manufacturing, quality and inspection process planning including submission of a PPAP with a Source Warrant. Nonconforming product will be communicated to the supplier and will have an effect on the Supplier's Performance information for the supplier. The Supplier does not have MRB rights or authority for any acceptance or use of Metalfab Products and cannot make any type of decision to "Ship as Is". All products must be to documented product & quality requirements.

**7. Warranties**

The Seller expressly warrants that at the time of delivery thereof the supply provided for under this Purchase Order will be merchantable, free of any defects in material or workmanship, and will conform to the requirements of this Purchase Order. Notice of such defects or nonconformance shall be given by Metalfab to the Seller within one (1) year of the delivery of such supplies. If required by Metalfab, the Seller shall promptly correct or replace the defective or nonconforming supplies both at Metalfab and at the Metalfab customer locations. Shipping costs from Metalfab's plant to the Seller's plant and return shall be borne by the Seller. This warranty shall then continue as to the corrected or replaced supplies until one (1) year after the date of that delivery. If Metalfab does not require correction or replacement, the Seller shall repay any portion of the contract price of said supplies as is equitable under the circumstances.

**8. Patents**

By accepting this Purchase Order, the Seller agrees to defend, protect and save harmless Metalfab, its successors, assigns, customer and users of its products against all suits in law or in equity, and from all damages, claims and demands for actual or alleged infringement of and United States or foreign patent or copyright by reason of the use or sale of the goods ordered.



**9. Material Furnished by Metalfab**

All supplies, materials, facilities, tools, jigs, dies, fixtures, patterns, equipment blueprints, drawings, sketches, and the like furnished to the Seller by Metalfab in furtherance of this Purchase Order shall remain the property of Metalfab and shall be returned to Metalfab upon the completion of this Purchase Order unless otherwise provided. This includes any materials purchased or produced by the Seller and paid for by Metalfab in the furtherance of this Purchase Order. All such materials shall be held in confidence by the Seller, shall be fully insured by the Seller against any loss and shall not be used directly or indirectly in any way detrimental to Metalfab's business. All furnished material is to be identified, protected, and stored to preserve its quality. Any lost, damaged, or unusable product shall be recorded and reported to Metalfab Quality Manager for disposition and return is applicable

**10. Compliance with Laws**

The Seller, in performance of this Purchase Order shall comply with the provisions of all applicable international, federal, state and local laws, regulations, rules and ordinances from which liability may accrue to Metalfab from any violation thereof by the Seller. If this Purchase Order covers the performance of labor for Metalfab, the Seller agrees to require its employees to comply with all safety and health regulations and company safety practices applicable to this contract. In the case of a violation of the laws, regulations, rules or ordinances mentioned above, due to the seller, the seller shall be responsible for payment of any fines or penalties incurred.

**11. Indemnification and Insurance**

The Seller agrees to indemnify and hold Metalfab harmless against all liabilities, claims or demands for injuries or damages to any person or property growing out of the performance of this contract, Metalfab's sale of products incorporating goods sold hereunder, and the use of Metalfab's products by its customers. The seller agrees to provide Metalfab such certificate of insurance in such amounts for such coverages as Metalfab may require.

**12. Insolvency**

In the event of any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against the Seller, the inability of the Seller to meet its debts as they become due, or in the event of the appointment, with or without the Seller's consent, of an assignee for the benefit of creditors or of a receiver, then Metalfab shall be entitled at its option, to cancel any unfilled part of this Purchase Order without any liability whatsoever and to be reimbursed for any payment for materials and services not rendered.

**13. Shipping and Billing**

All goods shipped at the expense of Metalfab shall be suitably packed, marked and shipped in accordance with the requirements of common carriers in a manner to secure the lowest transportation costs; no additional charge for such packing or marking or shipping or for the drayage or storage shall be made unless otherwise stated herein. The Seller shall properly mark each package with Metalfab's order number, factory, plant and/or dock number, part number, quantity, EC level and where multiple packages comprise a single shipment, each package shall also be consecutively numbered. Purchase Order number, part number, package number, and plant and/or dock number shall be shown on packing slips, bills of lading and invoices. Two copies of the Seller's packing slips must accompany each shipment and the original bill of lading.

**14. Title**

Title to the goods shall remain with the Seller until acceptance thereof by Metalfab.

**15. Waivers**

Failure of Metalfab or the Seller to insist upon performance of any of the terms and conditions or requirements of this purchase order shall not be construed as a waiver of such terms, conditions or requirements and shall not affect the right of either party thereafter to enforce each and every term, condition, or requirement thereof. All waivers for any exceptions for any reason to an order must be presented in writing and be approved by Metalfab Management Personnel.

**16. Acceptance**

The Purchase Order constitutes Metalfab's offer to the Seller upon the terms and conditions stated herein and shall become a binding contract on the terms and conditions set forth herein when accepted by the Seller's acknowledgment or performance. This Purchase Order expressly limits acceptance to the terms and conditions stated herein. Any additional or different terms or conditions imposed by the Seller are objected to and hereby rejected. Any reference on this Purchase Order to the Seller's quotation or proposal does not imply acceptance of any terms or conditions in that quotation or proposal. Upon acceptance, this Purchase Order shall constitute the entire agreement between Metalfab and the Seller. The Purchase Order may not be altered or modified except in writing duly executed by an appropriate representative of each party.

**17. Entire Agreement**

These terms and conditions, and any other special conditions contained in the schedule and any specifications or other documents referenced in the schedule hereto constitute and represent the complete entire agreement between Metalfab and the Seller and supersede all previous communications, either written or verbal, with respect to the subject matter of this Purchase Order. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any terms used in this Purchase Order.

Acceptance or acquiescence in the course of performance rendered under this Purchase Order shall be relevant to determine the meaning of this Purchase Order.



**Supplier Manual Acknowledgement & Questionnaire**

MetalFab Manufacturing Incorporated (hereinafter “MetalFab”) requires completion of the following supplier questionnaire and signed acknowledgment that your organization understands and intends to honor the terms and requirements of this manual. Please contact MetalFab’s Supplier Quality Manager noted below with any questions.

Please return pages 8 & 9 with the approval signature and date as well as other certificates of accreditation, licenses, applicable CQI assessment forms, non-use of conflict minerals, and/or REACH statement, and other documents as requested) to:

**Supplier Quality Manager**  
**Melissa Rumph**  
**Phone: 989-826-2301**  
**Fax: 989-826-2242**  
**E-Mail: [mrumph@metalfabmanufacturing.com](mailto:mrumph@metalfabmanufacturing.com)**

***Supplier Questionnaire***

Supplier Name:	
Main Address:	
Accounts Payable Address: if not Main Address	
Manufacturing Ship from Address:	
Supplier Quality Contact and Phone Number:	
Supplier Accounts Payable Contact and Phone Number:	
Sales/Acct Management Contact and Phone Number:	
Shipping/Receiving Contract and Phone Number:	
Executive Management Contact and Phone Number:	
Emergency Contact and Phone Number:	



ISO 9001 Latest Edition 3 <sup>rd</sup> Party Registered?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
IATF 16949 Latest Edition 3 <sup>rd</sup> Part Registered?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
ISO/IEC 17025 Accredited Internal Laboratory?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Use of External ISO/IEC 17025 Accredited Laboratory?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Conformance to Conflict Minerals Section 1502 of the Dodd Frank Act?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Capable of providing completed PPAP Submissions with IMDS?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Capable of providing Material/Process/Quality Certifications with each shipment?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Certify that all Government and Safety requirements on restricted, toxic and hazardous substances are in conformance?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Capable of Team Oriented Corrective Actions for nonconforming products or failure to meet purchase order requirements?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
The Supplier understands and will support the goal of Zero Defects and 100% on time delivery?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Supplier has a Final Inspection Process for all products delivered to Metalfab Manufacturing?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Supplier understands "Document/Record" Retention must be a minimum of 3 years for all manufacturing and inspection records of product supplied to Metalfab?	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>

Supplier Acknowledgement and Agreement:  Yes  No

Signature of Supplier Representative: \_\_\_\_\_ Date: \_\_\_\_\_