

# JAY INDUSTRIES, INC. – METALS SUPPLIER GUIDE

## **PURPOSE:**

The purpose of this guide is to inform potential and current Suppliers to Jay Industries, Inc. of our policies, as well as quality and performance requirements.

## **APPLICATION:**

This guide applies to all potential Suppliers interested in qualifying for our Approved Supplier List, as well as current Suppliers who undergo periodic re-evaluation.

## **REFERENCES:**

- ISO 9001:2015 / IATF 16949 Quality Management Systems
- PPAP – Product Part approval Process (PPAP) 4<sup>th</sup> Edition, *Version 04.00, 03/06*
- APQP – Advanced Product Quality Planning & Control Plan (APQP) *Version 01.00,06/94, 2<sup>nd</sup> Printing, 02/95*

## **RESPONSIBILITY:**

Jay Industries' QMS requires all sub-tier suppliers to be approved for placement on the Approved Supplier List.

## **SUPPLIER QUALIFICATION:**

Suppliers for production material or services may be qualified for the list in one or more of the following ways:

- Compliance to ISO 9001 through 2<sup>nd</sup> party audits
- Certification to ISO 9001 through 3<sup>rd</sup> party audits
- Certification to ISO 9001 with compliance to other customer-defined QMS requirements
- Certification to ISO 9001 with compliance to IATF 16949 through 2<sup>nd</sup> party audits
- Certification to IATF 16949 through 3<sup>rd</sup> party audits

## **Quality System Requirements and Evaluation:**

Suppliers are responsible for establishing, documenting, and maintaining a quality system which ensures that product conforms to specified requirements. A quality manual must be prepared which includes, or references, quality system procedures and outlines the structure of the documentation used in the quality system.

Documented procedures must be prepared and effectively implemented. The procedures are to define how the requirements for quality will be met and documented. The procedures may make reference to work instructions that define how an activity is performed. Suppliers will be monitored / reviewed for compliance with these requirements, including Minimum Automotive Quality Management System Requirements (MAQMSR), as applicable.

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## QUALITY EXPECTATIONS

The Supplier's management with executive responsibility must review the quality system at defined intervals sufficient to ensure its continuing suitability and effectiveness. A procedure for planning and implementing internal quality audits must also be established and maintained to verify whether quality activities and related results comply with planned arrangements, and to determine the effectiveness of the quality system.

## ADVANCED PRODUCT QUALITY PLANNING (APQP):

Suppliers are responsible for establishing and implementing an advanced product quality planning process, calling on internal multi-disciplinary teams to prepare for production of new or changed products. Team actions should include:

- Development / finalization of special characteristics
- Development and review of Failure Mode and Effects Analysis
- Establishment of actions to reduce the potential failure modes with high-risk priority numbers
- Development or review of Control Plans
- Mistake Proofing

## PRODUCT APPROVAL PROCESS:

Suppliers must utilize a part approval process to determine if all customer engineering design record and specification requirements are properly understood by the Supplier, and that the process has the potential to produce product consistently meeting these requirements during an actual production run at the quoted production rate.

## MAINTAINING PROCESS CONTROL:

Suppliers must maintain (or exceed) process capability or performance as approved via Product Approval Process. To accomplish this, the Supplier must ensure that a Control Plan and Process Flow Diagram are implemented including, but not limited to, adherence to the specified:

- Measurement technique
- Sampling plans
- Acceptance criteria
- Reaction plans when the acceptance criteria is not

Suppliers must initiate the appropriate reaction plan from the Control Plan for characteristics which are identified on the Control Plan and are either unstable or non-capable. Reaction plans should include containment of process output and 100% inspection. A corrective action plan shall then be completed indicating specific timing and assigned responsibilities to assure that the process becomes stable and capable. The plans are to be reviewed with, and approved by, the customer when so required.

Suppliers must provide advance notice to Jay Industries in the event of any quality or delivery issues found at the supplier site.

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## CONTAINMENT:

Containment plans must include provisions for subsequent shipments to be 100% inspected and clearly identified as conforming product. If con-conforming product is at Jay Industries, Inc., the Supplier will be contacted for disposition. Disposition may include:

- Jay Industries, Inc. certifies stock at the Supplier's expense
- Supplier hires an independent source to certify stock
- Supplier sends their representative(s) to Jay Industries, Inc. to certify

## CORRECTIVE AND PREVENTIVE ACTION:

Suppliers must establish and maintain documented procedures for implementing corrective and preventive action. Any action taken to eliminate the causes of actual or potential nonconformities must be appropriate to the magnitude of problems and commensurate with the risks encountered.

Suppliers must use disciplined problem-solving methods when an internal or external nonconformance to specification or requirement occurs. When external nonconformances occur, the Supplier must respond in a manner prescribed by the customer.

## REJECTED PRODUCT:

Suppliers will be held financially responsible for the effects of any defective product, material, assembly, or workmanship delivered to Jay Industries, Inc. or its customers. This may include costs associated with lost production time, rework, sorting, freight, and scrap. Specific charges will be assessed at the time of the incident and communicated to the supplier with the intent of debiting or charging the supplier.

## HEAVY METALS:

Suppliers are prohibited from using "Heavy Metals" (Hexavalent Chromium, Lead, Mercury and Cadmium) in products supplied to Jay Industries.

## PRODUCTION TOOLING:

Suppliers are responsible for maintaining all Jay Industries' and Jay Industries customers' owned tooling located at the supplier's facilities. Maintenance records will be made available to Jay Industries upon request. The ability to provide service parts at production prices must be maintained until a formal notice of cancellation has been issued, or ten years.

## CONFLICT MINERAL:

Suppliers to Jay Industries are prohibited from using "conflict minerals" (tin, tungsten, tantalum, & gold) which originate in the Democratic Republic of the Congo (DRC) and adjoining countries. This is in keeping with H.R. 4173, the Wall Street Reform and Consumer Protection Act, Section 1502.

## COBALT /MICA:

Suppliers to Jay Industries are prohibited from using cobalt or mica in their products unless an Extended Mineral Reporting Template (EMRT) has first been submitted and approved. This action supports the exercise of due diligence in accordance with the Organization for Economic Cooperation and Development (OECD).

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## ORDERING AND DELIVERY EXPECTATIONS

### QUOTATIONS:

Potential suppliers of goods or services will be contacted with a request for quote. Submitted quotations will be evaluated upon receipt. Suppliers must meet all criteria of the Supplier Approval Process and Quality Expectations (including Product Approval Process) in order to be considered for quotation acceptance.

### PURCHASE ORDERS:

A purchase order is issued to a Supplier at the time of quotation acceptance. The purchase order defines and describes materials or services in terms of part number, engineering revision level, quantity, price, delivery, and compliance to governmental standards and regulations, as applicable. The purchase order may also stipulate requirements for the supply of material certification of any material used in the production of a part. The supplier is notified in the event that a revision to the purchase order becomes necessary, such as a design change.

### DELIVERY:

Suppliers are required to achieve 100% on-time delivery performance. Product is to be adequately packaged and identified (labeled). Product is to be adequately protected during shipment. The supplier will be notified of any defective or nonconforming product and will be asked to furnish a corrective action proposal, if applicable. All material requiring an MSDS must be shipped with an updated form.

## CONFIDENTIALITY

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Suppliers will maintain confidentiality regarding customer specific designs, prints, and math data. The supplier will request written authorization from Jay Industries, Inc. when it is necessary to share such information with other entities.

## GLOBAL WORKING CONDITIONS

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Recognizing that our supply chain spans many different regions around the globe, Jay Industries is committed to maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations, as well as those of our supply chain. It is, therefore, Jay Industries' expectation that our suppliers will have appropriate policies, procedures and systems in place, to support the following standards:

- Child labor shall not be utilized. Underage labor, as defined by local labor law, will not be utilized unless it is part of a government approved training or apprenticeship program that clearly benefits the participants.
- Any form of forced or compulsory labor is prohibited **as is any form of human trafficking**.
- Workers, without fear of reprisal, intimidation or harassment should be able to communicate openly with management regarding working conditions. They shall also have the right to associate freely and join labor unions and workers' councils in accordance with local laws.

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- Workers shall be protected against any form of harassment and discrimination in any form, including but not limited to gender, sex, age, religion, disability, and political beliefs
- Workers shall have a safe and healthy workplace that meets, or exceeds, all applicable standards for occupational health and safety.
- This should also apply to the implementation of policies regarding infectious disease protocol with workplace contingency plans.

It is our expectation that all of our suppliers will maintain these global working conditions in all their facilities.

## CORPORATE RESPONSIBILITY:

Suppliers are responsible for defining and implementing policies which include, at a minimum, anti-bribery, employee code of conduct, and ethics escalation (“whistle-blowing”).

| Revision Date: | Nature of Change:   | By:       |
|----------------|---|-----------|
| 1/31/18        | Changed bullet points to show the new Standards and added Corporate Responsibility.   | C. Buck   |
| 8/21/18        | Added Heavy Metals  | C. Buck   |
| 4/22/20        | Added bullet for "Implementation of Policies regarding Infectious Decease Protocols".   | D. Miller |
| 7/10/20        | Added COBALT section.   | D. Miller |
| 9/7/22         | Updated Responsibility, Quality Systems Requirements and Evaluation, Quality Expectations, and Cobalt.  | D. Miller |
| 7/13/23        | Added “as is any form of human trafficking” to Global Working Conditions and removed “Due Diligence Guidance for Responsible Supply Chains of Minerals for Conflict Affected and High-Risk Areas” from COBALT / MICA. | D. Miller |