



Supplier Guide

Revision 12

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Approved by Paul Molnar – Quality Manager

Davco Fastener is a supplier of products and services to a broad range of customers which include automotive, industrial and various types of businesses. We do not manufacture any of the products we supply, therefore we rely extensively on our suppliers to continuously work to meet or exceed our expectations and those of our customers. In a business that is very competitive and requires quality products, delivered on-time with cost containment, it is essential that Davco cultivates supplier relationships that are beneficial to our customers. Davco must develop key long term supplier relationships that will help both Davco and its customers to be successful.

Davco Purchasing awards business to suppliers based on the total value of the products and services, not price alone. We work with suppliers to develop unique relationships and distribution systems that support our customers. This Guide will provide the requirements that Davco expects all of its suppliers to follow. Davco purchasing and management will use the following criteria in the supplier selection process;

Supplier Resources: Fully utilize supplier resources (Design, Engineering, Product development and Testing) in the development of new products. Suppliers capable of accomplishing both design and production functions are preferred

Proven Suppliers: Focus on utilizing current suppliers where a proven long-term record of accomplishment exists. Continue to reduce the supplier base where possible and give preference to suppliers offering systems or integrated products and services **Total Value:** Award business based on total value, not price alone, including and not limited to:

- Customer Service
- Product Quality
- On-time delivery
- Strategic commitment
- Cost Savings Programs
- Field support
- Engineering and technological
- New product development

Table of Contents

- **Foreword**
 - Use and Nondisclosure
 - Quality Policy
 - Purpose
 - Scope
 - Points of Contact
 - Resources
- **Davco Requirements**
- **Requests for Quotation**
- **Supplier Scorecards**
- **Production Part Approval Process (PPAP)**
- **Supplier Corrective Action**
- **Non-Conforming Material**
- **Packaging, Labeling, Delivery and Terms**
- **Freight Policies**
- **Contact Information**

Use and Non-Disclosure

Davco Fastener Co. quotations include proprietary technical data and confidential information (hereinafter collectively referred to as "Data") in which the uses, modification, reproduction, release, performance, display or disclosure rights are restricted.

In consideration of being furnished with Davco Fastener Co. data, the supplier will only use the data it receives for the purpose of responding to a Davco Fastener Co. quotation request or performing a resultant contract.

The supplier shall not, without prior written and express permission of Davco Fastener Co. provide or disclose any of such data to any other company, person, or entity, except recipient's subcontractors and vendors. However, the supplier agrees that providing or disclosing such data to any such subcontractor or vendor shall be accomplished only for the purpose of responding to Davco Fastener Co. quotation request or to perform a resultant Davco Fastener Co. contract. It is the responsibility of the supplier to protect Davco's data throughout their quotation and production processes.

Any supplier that is removed as a Davco Fastener Co. Approved Supplier agrees to promptly return all of Davco Fastener Co. data. Upon removal Davco Fastener Co. will inform the supplier via mail that data must be returned.

Quality Policy

Davco is committed to continually improve our performance in all aspects of our customers' expectations and experiences with our products, services, and people, while maintaining our commitment to the environment and safety.

D – Dedicated to our customers
A – Always committed to quality
V – Value added services
C – Committed to excellence
O – On-time delivery

Purpose

To inform all suppliers of Davco's quality requirements.

Scope

Includes all suppliers regardless of product or service they provide to Davco.

Points of Contact

If you have questions concerning this Guide or the Davco quality procedures, contact Davco Purchasing or the Quality Assurance Department. Contact information can be found on the last page of this Guide.

Resources

American Society for Quality (ASQ)
800-248-1946

Registration Accreditation Board (RAB)
888-722-2440

International Register of Certified Auditors (IRCA)
+44 (0)20 7245-6833

Automotive Industry Action Group (AIAG)
248-358-3570

Industrial Fastener Institute
216-241-1482

Davco Requirements

Suppliers must meet the following Quality Assurance requirements before business is awarded to them:

- I. ISO/TS 16949, or ISO 9001 registered; or
- II. Completion of the Supplier Evaluation Survey with approval from the purchasing and quality departments.
- III. Compliant with current directives RoHS, REACH, ELV and Dodd-Frank. Suppliers must supply compliance upon request.

Depending on the scope of the business intended, Davco may require an on-site surveillance audit by Davco Quality Assurance or Purchasing.

Certain suppliers may be exempt from certification requirements depending upon the nature and/or quantity of products and services provided.

Davco considers sub-supplier quality the responsibility of the supplier. Third party registration as a part of sub-supplier quality management system development is not a Davco requirement.

The Supplier Audit will be used in lieu of third party registration in order to access a supplier's ability to provide products and services to Davco. Below are items that must be considered when accessing Quality Management Systems.

- Quality Systems Elements
- Management Responsibility
- PPAP
- Purchasing
- Process Control
- Final Inspection
- Raw Material Control
- Statistical Process Control
- Handling, Storage, Packaging and Delivery
- Continuous Improvement

Requests for Quotations

We are continuously working to increase our business which results in a flow of new items to be sourced and quoted to our customers in addition to existing items to be reviewed for cost savings. Most of the items are special, made to print items, and must be reviewed closely by our suppliers to determine best costs and estimated lead times.

It must be recognized by our suppliers that prompt and accurate responses to RFQ's are critical. Our expectations for response times are as follow:

- Off the shelf, standard type items should be quoted in a 24hour time frame.
- Items to print being supplied domestically should be responded to in 2working days.
- Items being made overseas should be responded to within 3 working days.

Results are tracked and complied on a monthly basis as part of our Business Management System.

Unless any type of deviation is noted on your response, we will assume that all critical points and material specs have been reviewed and the quote will be to specifications outlined on the print and applicable quote request. It is very important that any required deviations or exceptions are clearly spelled out on your quote.

Lead times are also important. We base our delivery expectations to our customer on the information being provided by our suppliers. It is very important that the lead times quoted are accurate and that both Davco and our customers can be confident that parts will arrive as indicated on your quotations.

If you are sent a request for quote that lacks clarity or needed information, please advise the individual that sent this to you. If you have requested additional information or clarity, the quote turnaround measurements will not begin until you receive the needed information.

The majority of Davco purchases are handled by issuing long term blanket purchases with product being released as needed and/or forecasted. Please review the requirements of our quote request and submit your quote accordingly. If you have any questions, please inquire with the individual who submitted the quote request to you.

Getting new business almost always requires us to go through the quoting process. While our goal is to close as many orders as possible, we, like so many of our competitors, land only a percentage of what is quoted. We rely on our suppliers to provide best pricing the first time around so we can respond with confidence that we are offering a competitive price. Your support and assistance during the quoting process is appreciated.

An Advanced Product Quality Planning-APQP worksheet may be required after an RFQ is received by Davco. It is critical that the worksheet be filled out and returned promptly.

Supplier Scorecards

In conjunction with the release of this Supplier Guide Davco will institute a supplier scoring system. Not every supplier will be evaluated, Davco will choose suppliers based on spend and shipment volumes. A supplier will be evaluated for a minimum of 1 year. Suppliers will receive scorecards quarterly. The scorecards will provide monthly and rolling totals, a monthly score, a quarterly score, and a rolling score. Davco will evaluate the quarterly and rolling score. Suppliers will receive information as to how their score relates to other suppliers being evaluated.

The scorecard is broken down in 4 categories:

On-time Delivery	40% of the total score
Parts Per Million	50% of the total score
Late CAR responses	5% of the total score
Rejections Issued	5% of the total score

Any negative instances in any of the above categories will have an impact on a suppliers score. On-time delivery and parts per million are scaled whereas CAR responses and Rejections will cause a point reduction for each instance. The scores translate to the rating structure below:

100 – 90%	Acceptable performance
89 – 75%	Marginal performance
74% and below	Unacceptable performance

Corrective action is required for any quarter that a supplier receives an Unacceptable rating or any 2 consecutive quarters with a Marginal rating. If corrective action is required it will be submitted with your score card.

Parts per Million (PPM) is the measurable used to indicate how many defects can be expected in every million pieces delivered. The number is computed as follows;

$$\text{Defects} / \text{Parts Shipped} \times 1,000,000 = \text{PPM}$$

If we have 250pcs rejected from ABC Company and 30,000pcs are shipped, PPM would calculate as follows;

$$250 / 30,000 = .0083 \times 1,000,000 = \mathbf{8,333 \text{ PPM}}$$

ABC Company could expect to receive 8,333 defects for every 1,000,000pcs shipped.

Davco has currently set the PPM goal of each supplier not to exceed 750PPM. This goal will be adjusted by 15% yearly. It is important to note that 0 PPM is desirable.

Any items on the scorecard may be disputed; Davco does not want to penalize a supplier for mistakes that we may have caused. Davco is analyzing data that is entered into our system. If agreements between a supplier and Davco are not adjusted in the systems it will affect a suppliers' score. Please contact Davco Quality or Purchasing when an item is to be disputed. Scorecards will be adjusted for any resolved dispute. Davco may choose to evaluate any supplier at any time to ensure that performance levels are being met. If you do not receive a scorecard and desire to have an evaluation please contact Davco Quality or Purchasing.

Production Part Approval Process (PPAP)

Davco does not require PPAP submissions as a general rule to ensure part compliance to design records or industry standards. It is a suppliers' responsibility to ensure that Davco receives products that meet the specified requirements.

Davco does require PPAP when it is specified by any of Davco's customers. In the event that a PPAP is required notification will be indicated on the Request for Quote (RFQ). Davco will supply a PPAP Checklist with requirements for submission level and documentation. The checklist should be used as a Guideline when submitting PPAP to Davco.

Davco follows the AIAG PPAP Guide, 4th Edition. The PPAP Guide can be purchased from AIAG, a link to their website is provided in the resources section.

It is important to note the following;

- All certifications associated with material composition, performance requirements and surface treatments must come from an ISO Guide 17025 accredited lab with an accredited logo and registration number. **If a PPAP is submitted without accredited certifications the submission will be rejected and returned for correction.** If Davco has to send the product to an outside lab to procure the accredited certifications the supplier will be responsible for all costs associated with obtaining the correct documentation.
- Although there are not critical dimensions called out on every design record a capability study of at least 1 dimension is required when submitting a level 3 PPAP. In the event that there is not a critical specified on the print the supplier will pick a dimension to study. The study must have a CpK of 1.67> for the PPAP parts and 1.33> for the production parts.

Production parts should not be shipped to Davco prior to PPAP approval. In some cases it may be necessary to ship production parts with the PPAP due to timing issues; Davco will provide authorization to ship parts prior to PPAP approval.

It is the suppliers' responsibility to become educated in the PPAP process and purchase the required reference material and forms associated with a PPAP submission. Davco will assist in answering any questions that you have concerning the process. Rejected PPAP submissions will have an effect on a suppliers' scorecard.

Supplier Corrective Action

When issues concerning product quality or service levels exist with a supplier a Request for Corrective Action may be issued. It is important that when an action is issued the response is received in a timely manner. Corrective action is important to the continuous improvement philosophy of Davco. Davco monitors the corrective action process as it affects the overall performance of the company.

Davco uses the 7 Discipline (7D) format for corrective action responses. The format is based on a team concept in analyzing the root cause of a problem and taking measures to eliminate the problem. Following the implementation of any action, the action must be verified as effective. The verification process is often overlooked but is important in ensuring that the problem has been resolved. Davco will supply the form when corrective action is required.

Below are the steps to follow when preparing Corrective Action response to Davco:

- Formulate a team
- Problem Description
- Interim / Containment Actions
- Root Cause Analysis
- Permanent Corrective Actions
- Verification
- Closure

It is important that these steps are followed to insure that problems and potential problems are solved.

Non-Conforming Material

Davco relies on its suppliers to provide products that meet the quality standards of customer design records or published consensus standards. Davco's customers apply extreme pressure to supply 0 defects. Although the concept of 0 defects is highly unlikely; Davco and its suppliers must strive to meet the goal of 0 defects.

In the event that non-conforming material is detected by Davco or one of its customers the expectation is a timely response and disposition of the material. Davco must receive disposition within 48 hours of issuing a rejection. If the rejection is a result of a customer issue an accelerated response may be required including material replacement. Davco will issue a rejection for any material that does not meet customer design records or published consensus standards. Corrective actions may be issued in conjunction with any rejection, refer to the section on Supplier Corrective Action for requirements.

Any sorting that is to be performed as a result of non-conforming material is the responsibility of the supplier. If Davco has to sort either at a customer location or at one of its facilities or contract sorting the supplier responsible for the rejection will be debited the costs associated with the sort.

A \$50.00 handling charge may be debited for rejections in the following categories:

1. Defective parts
2. Incorrect parts received
3. Shortages
4. Over shipments
5. Early shipments
6. Incorrect shipping location
7. Incorrect shipping method

A deviation may be requested for product that does not meet the required specifications. Prior to shipping product to Davco that is out of spec a request for deviation must be submitted and granted in writing by Davco for the items that do not conform. Not all deviations will be approved as deviated material must be accepted by Davco's customers. Please make all requests to Davco Purchasing.

Rejections may also be issued for shipping defects such as over shipments, early shipments and short shipments but not limited to these mentioned. Although shipping defects may be accepted they will have a negative impact on a supplier's scorecard. It is important to ship to the purchase order requirements.

It is important to note that Davco maintains inspection departments at its facilities. The inspection departments are a benefit to our customers not our suppliers. Inspection is an appraisal cost that increases the costs of our products but is an essential service to our customers. It is expected that all suppliers to Davco ensure that products meet the required specifications prior to shipment to Davco. Davco does not offer inspection services to our suppliers.

Packaging, Labeling and Delivery

Packaging

Products must be packaged in sturdy containers to prevent damage. Containers must be packaged to prevent excessive product movement. Any open air in the containers should be filled with dunnage to minimize product damage during shipping. Many of the products that Davco purchases will have threads, excessive movement during transportation causes thread nicking which in turn causes installation issues. Products that have excessive oil on them should be packed in plastic bags to prevent oil leakage. Containers should not weigh more than 40 pounds.

Items such as carton height and width have not been developed but may be at a later time. Pallet dimensions are not currently addressed.

Labeling

All cartons must be labeled to include

- Davco part number
- Part description
- Quantity
- Manufacturers lot number
- PO number

An AIAG barcode label is ideal but not required.

Delivery

It is essential that products are delivered on the agreed upon dates and quantity requirements specified on the PO. **Over shipments of any kind will not be accepted without prior written authorization from Davco.** Davco allows products to be shipped up to 1 week early and 0 days late. Shipments will be considered late if they are delivered past the agreed upon date on the PO. If there are issues with agreed upon date please contact the purchasing department to see if the date may be pushed out. Late deliveries have a negative effect on a supplier's scorecard.

Any expedited freight required due to a late delivery will be billed at cost to the supplier responsible. Any line down situations caused by late deliveries will also be billed at cost to the supplier responsible.

Terms: Net 60

Freight Policies

eShipping handles all of Davco's freight arrangements for international shipments. Please note that eShipping is to be contacted approximately 3 weeks prior to shipments being ready so that they can schedule shipments accordingly. Jessica Stucky is the primary contact for eShipping; her contact information is listed on the last page of this Guide.

CH Robinson is the secondary forwarder for international shipments. CH Robinson is only to be used for shipments when instructed. Mandy Yurgalewicz is the primary contact for CH Robinson, her contact information is listed on the last page of this guide.

Please be sure that Tariff Codes are noted on all invoice copies.

Listed below is the updated Davco Fastener freight policy which we are asking all suppliers to review and take whatever steps necessary to ensure compliance. This freight policy should apply only to shipments where Davco will be responsible for the freight. Supplier prepaid shipments are to be handled at the discretion of the supplier.

- Ground package shipments weighing under 150 lbs. should always be shipped **UPS Ground Collect** using the following Davco Fastener account numbers:

* Twinsburg, OH	44X675
*Houston, TX	T73T98

*Davco purchase order numbers should always be entered into your UPS manifest system as a reference number.

- Twinsburg Ohio shipments requiring LTL (greater than 150 lbs.) from outside of the Cleveland Ohio area should be arranged through **www.eshipping.biz**. For shipments originating within the Cleveland Ohio area, please contact the Davco Twinsburg Warehouse for shipping instructions; contact information is on the last page of this Guide.
- Houston Texas shipments requiring LTL (greater than 150 lbs.) from outside of the Houston area should be arranged through **www.eshipping.biz**. For shipments originating from within the Houston area, please contact the Davco Warehouse for shipping instructions contact information is on the last page of this Guide.

This change is to take place with all shipments effective Feb. 15, 2017, and will override any instructions on open PO's that you have.

This policy is maintained in the Davco Supplier Guide which can be viewed by going to the Davco Fastener web site (**davcofastener.com**) and clicking on the About/Supplier Information connection.

All freight bills will be monitored closely, and any excess charges resulting from non-compliance will be debited back to the supplier.

If there are any questions, please do not hesitate to call. Please be sure that this information is communicated to the responsible area within your organization.

Contact Information:

Davco Fastener Co. – Twinsburg, Ohio facility
Phone - 330-405-3838

Davco Fastener Co. – Houston, Texas facility
Phone - 713-937-0080

eShipping
Jessica Stucky
Phone - 816-505-5043
E-mail - jessicastucky@eshipping.biz

CH Robinson
Mandy Yurgalewicz
Phone - 440-234-7811 x 10706
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Worldwide Express
Freight Customer Support Team
Phone – 888-544-3321
E-mail – cleveland@wwex.com
Fax – 216-573-2786

*You must use the Worldwide Express BOL that is sent to you