



Supplier Quality Manual

SUPPLIERS POLICY AND VISION

It is the vision of Precision that suppliers will strive:

- To drive continual improvement in the 6 Fundamentals of Manufacturing:
 - Quality, Delivery, Production Effectiveness, Safety, Waste Elimination and Housekeeping systems.

PURPOSE

The purpose of this Supplier Quality Manual is to specify Precisions quality system requirements for our suppliers. These requirements extend from the point of supplier qualification, through new product development, and on through production.

SCOPE

This manual applies to all external direct material/service suppliers, including sub-tier special process suppliers, i.e., heat treat, coating, plating, etc. This manual applies to indirect material/service suppliers only when required by a Precision Purchase Order.

RESPONSIBILITY

Suppliers are responsible for meeting the Precision supplier **quality** manual requirements. Failure to meet these requirements may result in the loss of existing and/or future Precision business, in addition to reimbursement of the cost to Precision resulting from those failures. Suppliers shall adopt the standards of Zero Defects and 100% On Time Delivery to Precision. Suppliers shall understand that any established PPM target is not an Accepted Quality Level, but represents an intermediate continual improvement step toward shipment of components/materials meeting the Zero Defects requirement.

Undetected nonconforming product that reaches our production line constitutes the following reaction: Upon notification, the supplier will have 2 hours to supply an (employed) company representative and/or approved sorting service to contain/sort product. During the first two hours, we will contain product with a containment fee of \$50.00 per hour. We expect the supplier to supply the company representative or our approved Sorting

Service no later than 2 hours following notification. If the supplier does not respond after 2 hours, we will call in the approved service, charging the supplier for the services supplied, with the responsibility of the Sorting Services actions with the supplier.

TERMS AND CONDITIONS

***Supplier agrees to the Precision terms and conditions (T&C).
Suppliers can access the terms and conditions and the supplier quality manual on the Precision web site located at <https://precision-mw.com/supplier-documents/>***

ISO9001:2015 COMPLIANCE

Suppliers to Precision shall have a plan to achieve conformity to ISO9001:2015. Unless otherwise specified by our customer, conformity may be demonstrated by third party certification. Note that certification to this specification will only be accepted when issued by a recognized registrar. The scope of the requirement affects subassembly, sequencing, sorting, re-work, and calibration services in addition to direct material suppliers.

Additionally, suppliers shall, at minimum, maintain and update their certification status once per year. Suppliers shall immediately communicate any change in certification or status to their respective commodity manager.

LOT TRACEABILITY

All suppliers to Precision shall have an effective Master Maintained in PLEX Master Maintained in PLEX lot definition and traceability procedure. The shipper number will be linked to the lot traceability procedure in such a way that the delivered product, unless otherwise approved in writing by the Precision Supplier Development Engineer, can be traced back to the raw material.

SHIPPING INSTRUCTIONS

Individual items weighing less than 70 pounds should use U.P.S. or cheapest mode possible unless otherwise instructed.

Suppliers shall show our purchase order number, Precision Part number, and number of shipping case on each package, your packing slip, bill of lading and invoice. Shipments not including proper marking, correct quantity, and or delivery date are considered non-conformances.

Purchase Orders shipping to locations other than Precision, Preston Hwy or Almond ST, Louisville, KY must have notice of, and proof of shipment sent to Precision Preston Purchasing within 24 hours of the shipment to be processed for Payment.

No charge will be allowed for handling, crating, or boxing unless stated herein.

All demurrage charges caused through your failure to send us notice of shipment date will be billed back to you. When requested, shipping notices should be addressed to the attention of the Purchasing Department.

DELIVERY

100% on time

SUPPLIER MONITORING

Supplier performance shall be monitored through the following indicators:

- Delivered product quality.
- Customer disruptions including field returns.
- Delivery schedule performance (including incidents of premium freight).
- Special status customer notifications related to quality or delivery issues.

NOTICE OF DELAY

In the event of any anticipated delay in the delivery of the materials, you shall notify us promptly of such anticipated delay and the cause and expected duration, and we will have the right, at our option, either to cancel the order or any portion not yet filled or to agree to the expected delay in delivery.

PATENTS

You represent that the sale or use of the goods will not infringe any United States or foreign patents, and undertake to indemnify us against all judgments, decrees, costs, and expenses resulting from such alleged infringement. You also covenant that you will, upon request from us, and at your own expense, defend, or assist in the defense of any suite or action brought against us or those selling or using any of our products by reason of any alleged infringement of any patent in the sale or use of your product.

SUSPENSION OF DELIVERY

In the event of interference with or interruption of our business due to causes beyond our control, such as, but not limited to strikes, differences with workers, governmental regulations, orders or proclamations, laws,

acts of public enemies, mobs, or rioters, or acts of God, deliveries hereunder may be suspended or partially suspended during the continuance of such interruption.

PROPERTY OF BUYER

In the event that you shall ever have possession of any of our property, such as patterns, goods for repair, or any other kind of property belonging to us, then you agree that you will at your expense, protect said property from damage, fire and casualty of every kind and will return the same to us free from all damage and injury, and you shall, at your expense insure said property against damage to the amount of the full insurable value thereof in our name and for our benefit, and you shall indemnify us for all loss and damage which may happen to said property while in your possession from any cause whatever.

COMPLIANCE WITH LAWS AND REGULATIONS

You agree to comply always with the applicable provisions of the Fair Labor Standards Act (29 U.S. Codes, Sections 201-219, together with all amendments thereto), and to render, on the invoices which you submit covering the goods shipped under this purchase order, a written assurance that in the production thereof you have complied with all the applicable provisions of said Act.

Additional conditions may be included by endorsement hereon or attachment hereto.

Acceptance of an order indicates compliance with OSHA Hazard Communication Rule (Federal Registrar Volume 48 No. 228, Nov. 1983) and required supplier to furnish Material Safety Data Sheets on the materials included in that order. Product containers must be identified with the appropriate labels as prescribed in the above rule. The Material Safety Data Sheets are to be mailed to the address shown on the face of the purchase order.

ISO/IATF16949 / ISO9001:2015 COMPLIANCE

Automotive product suppliers to Precision shall have a plan to achieve conformity to ISO/IATF 16949:2016. Unless otherwise specified by our customer, conformity may be demonstrated by third party certification. Note that certification to this specification will only be accepted when issued by an IAQB recognized registrar. This is consistent with the expectations of Precisions customers and our business system that complies with ISO/TS 16949:2016 requirements. The scope of the requirement affects subassembly, sequencing, sorting, re-work, and calibration services in addition to direct material suppliers.

Suppliers who are identified as special process providers are to adhere to the specific requirements as set forth in the AIAG manual.

Non-automotive suppliers shall have a plan to achieve conformity to ISO 9001:2015.

Additionally, suppliers shall, at minimum, maintain and update their certification status once per year. Suppliers shall immediately communicate any change in certification or status to their respective commodity manager.

Precision recommends that its suppliers continue using the latest Automotive Industry Action Group (AIAG) version of the Advanced Product Quality Planning and Control Plan (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement System Analysis (MSA), Production Part Approval Process (PPAP), and Statistical Process Control (SPC) manuals as guidelines for their system development. For these publications, visit <http://www.aiag.org>.

Automotive product suppliers shall ensure that their direct material/service suppliers comply with the requirements of ISO9001:2015.

PRODUCTION PART APPROVAL PROCESS (PPAP)

Suppliers shall ensure that Level 3 PPAP documentation and sample submissions are in accordance with the requirements of the latest edition of the Automotive Industry Action Group (AIAG) PPAP Manual. Suppliers shall only submit PPAP packages for production-released drawings, and a copy of this drawing shall be included in the submission package. Each supplier is responsible for meeting all these requirements before submission to Precision, including obtaining Precision approvals for any change requests.

NOTIFICATION OF CHANGE:

Suppliers shall submit a written request to Precision for proposed product or process change. In addition, suppliers shall ensure they receive acknowledgement of receipt from Precision and obtain approval prior to implementing the change. This includes changes at sub-suppliers and throughout the supply chain.

CRITICAL PROCESS MANAGEMENT

Suppliers to Precision shall ensure they audit and manage critical processes such as heat treating and plating and when directed, use the designated format. Special process audits are to follow AIAG's CQI-9 (Heat Treat), CQI-11 (Plating), CQI-15 (Welding) and CQI -17 (Soldering) requirements.

INTERNATIONAL MATERIAL DATA SYSTEM (IMDS) REPORTING & VERIFICATION

To ensure compliance with the various legal and customer requirements, Precision requires its automotive suppliers to report material and substance information for all types of purchased materials, components or items supplied to Precision. All substances and/or materials shall be reported to Precision using the International Material Data System (IMDS) (www.mdsystem.com).

Suppliers shall submit the required IMDS to Precision as soon as possible upon award of new business, but in any case, prior to the PPAP submission. The supplier IMDS information shall be subject to Precision review and approval. Once approved by Precision, the supplier of the material or component shall indicate such approval in the PPAP documentation supplied to Precision, regardless of submission level requested. Refer to Production Part Approval Process (PPAP) for further explanation of the submission requirements.

The supplier shall also implement procedures or controls necessary to prevent the introduction of prohibited and restricted substances in materials as specified herein into the final product (component supplied to Precision).

Certificates of conformance from raw material suppliers may be used to guarantee the absence of prohibited materials if an analysis is made of the entire manufacturing process to ensure that all areas of opportunity for material introduction are included.