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Waterloo, IA 50703
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The Filter Monitoring
Experts

Engineered Products Company

Supplier Quality Manual

Note: Revisions are indicated by highlighted text.

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The QUALITY POLICY of Engineered Products Company (EPC)

“We will continually improve the effectiveness of our Business Management System to fill each customer order with the correct part, on time, and in the required quantity”

At EPC, we recognize the critical role quality plays in our success; therefore, we are committed to meet our customer’s quality needs and expectations with excellence by pursuing continuous quality and productivity improvements. A large segment of our quality performance, of course, depends on you as our supplier.

In this light, quality is a prime consideration for supplier selection at EPC. Your dedication to quality and strict adherence to this Supplier Manual will clearly define your value as a supplier.

This manual should be reviewed and communicated to the appropriate individuals within your organization. Compliance to all requirements listed within this manual is expected.

1.0 Introduction

Scope

The purpose of this manual is to promote a clear understanding of EPC expectations and requirements for suppliers. This manual contains a basic quality format that lays the foundation for an effective quality system.

Acceptance of any and all purchase orders constitutes acceptance and commitment on behalf of the recipient to comply with this manual’s content. This manual establishes minimum requirements, is supplemental to, and does not replace or alter any purchase agreement.

The controlled version of this manual can be found on EPC’s website at:
<http://www.filterminder.com>

Verification Requirements

EPC reserves the right to audit contracted products and applicable processes/systems associated with those products at the supplier’s premises.

2.0 Commercial Requirements

Service

Suppliers are expected:

- To acknowledge Purchase Orders within 24 hours of receipt.
- To notify EPC in advance of any partial shipments or late deliveries.
- Suppliers are expected to notify EPC in advance of any changes in plant operations, capabilities, or process changes. Holiday and predicted shut-downs must be communicated to EPC at the earliest possible time.

All suppliers are required to have a fully trained backup to our primary customer service contact. This person must have a thorough understanding of all EPC requirements.

Lead-Time

EPC and the supplier will agree to the assigned lead-time for the purchased product or service before or during the ordering process. Transit time is to be considered in the development of lead-time.

Delivery

100% on-time delivery performance is required. The required date is not the supplier's ship date; it is the date EPC requires the product delivered to our facility.

Supplier delivery performance is measured against our "Promised Dock" date. Delivery for materials must be made on the required date; shipments received early are subject to rejection/return at the supplier's expense, unless previously authorized by the EPC Purchasing Department. Any delivery of materials received after the required date will be considered late.

Shipment Quantities

Our goal is to receive ONLY the quantity required per the purchase order release, we will allow the following tolerance of + (plus) 5% and – (minus) 0%. Shipments received outside of this tolerance are subject to rejection/return unless previously authorized by the EPC Purchasing Department.

Partial shipments are not allowed unless previously authorized by the EPC Purchasing Department.

Shipping Documents

All shipments must include the following, as minimums:

Packing slip (detailing the contents of the shipment): The EPC part number, shipment (release) quantity, lot (traceability) number, and purchase order number must be printed on the packing slip.

In addition, any documentation to satisfy current governmental and safety constraints on restricted, toxic, and hazardous materials.

Certification of Conformance (C of C) that clearly state compliance to the required specification and revision level as listed on the Purchase Order. Certification must list the EPC part number, purchase order number, lot (traceability) number, and the shipment date

Location and Receiving Hours:

Engineered Products Company Receiving Hours: 7:00 AM – 3:00 PM
2940 Airport Boulevard
Waterloo, IA 50703-9627

3.0 **Supplier Performance & Development**

Supplier Quality Rating System

Suppliers will be rated on the following:

Delivery Performance:

If the supplier is late or delivers before the agreed upon shipment window, the delivery performance report will reflect such discrepancies. Suppliers are expected to maintain 100% on-time delivery.

Quality Performance:

Rating system is in development – implementation timing is TBD

Supplier Performance Reporting

EPC will issue performance reports on a semi-annual basis as a minimum, to select suppliers. Corrective Action Requests may be included with the performance report for those suppliers who have not performed at acceptable levels.

Supplier Control

Suppliers, who fail to meet expectations for three consecutive quarters, or at the discretion of Purchasing and/or Quality, may be placed on New Business Hold.

Exit criteria from New Business Hold could have the supplier complete one or more of the following:

- Submitting a corrective action with verified effectiveness.
- Successful completion of a surveillance audit from EPC.
- Concurrence from EPC Purchasing and EPC Quality Department.

Formalizing Your Quality System

EPC suppliers are expected to be certified to ISO-9001:2008, at a minimum, unless waived.

Conformance is demonstrated through
ISO 9001:2008 registration or
TS 16949 registration or
ISO 17025

4.0 Quality Requirements

Advanced Product Quality Planning (APQP)

EPC performs APQP on its products and asks that its suppliers participate with EPC in this endeavor. The supplier and EPC must understand and agree on all applicable quality standards and requirements. Agreement must be reached on all critical quality characteristics, control items, check fixtures, packaging requirements, and all other quality-related matters.

APQP Tools

EPC requires that supplier use the advanced quality planning techniques (as they apply) described in the AIAG Advanced Product Quality Planning and Control Plan manual.

Packaging

Suppliers are asked to suggest packaging that will allow conformance to the deliverable product specifications. Suppliers are expected to promote certain packaging methods based on experience.

Guideline Samples

Suppliers are responsible for maintaining reference materials for cosmetic issues. This shall include OEM paint chips, texture, and plating “master” samples. The samples will be approved by EPC prior to shipping questionable product to EPC.

Production Part Approval Process (PPAP)

Procedure

EPC suppliers may be responsible for creating Control Plans, Process Flow Charts, and Process Failure Mode Effects Analysis (PFMEA) in order to substantiate conformance to all applicable product requirements. You are not authorized to begin production or ship product to EPC prior to approval of these elements.

Submission Level/Due Date

All submissions will be specified by EPC at the commencement of the EPC Advanced Product Quality Planning process (APQP). If submission is requested the default will always be the following: PSW, Control Plan, Flowchart, PFMEA, and material tests performed by an A2LA accredited laboratory unless otherwise communicated by the EPC Quality Department. The EPC Quality Department will establish the due date for requested documentation.

Problem Resolution

EPC suppliers are responsible for providing defect-free product to EPC and ultimately our customers. When quality issues occur, the supplier is required to initiate problem-solving techniques and corrective action to resolve the issue and to prevent recurrence.

This section covers the EPC specific requirements for problem solving and corrective action reporting. It is designed to guide EPC suppliers in the development of a corrective action system that will meet EPC's minimum requirements.

- EPC requires that a systematic problem-solving method be utilized.
- Supplier is required to implement short-term and long-term corrective action plans and verify the effectiveness of the corrective action taken.
- Initial response/containment is required within 24 hours, and final response is required within 14 calendar days. The EPC Quality Manager must approve further extensions.
- Suppliers should include opportunities to mistake-proof the process and apply the corrective actions to all EPC components (as applicable).

Supplier Response

Once the supplier has been notified of a nonconforming issue, they are required to:

- Identify and implement short-term containment and corrective action plan.
- Identify and implement permanent root cause/corrective action.
- Verify the effectiveness of the corrective action.
- Update all relevant documentation that is affected to standardize corrective actions into the quality system. For example, Process FMEA, control plan, and job instructions.

Handling Nonconforming Product

EPC suppliers are viewed as being fully responsible for the quality of their products. Therefore, they must ensure that all materials are produced in conformance to the required standards. It is our expectation that EPC will receive defect-free product. It is the supplier's responsibility to request an authorization to deviate from the purchase orders or the supplier manual before shipping the product. Failure to do so may result in a formal request for a corrective and preventive action from the supplier and/or debit cost incurred.

When a supplier detects or suspects nonconforming material, they are expected to contact the EPC Quality Engineer before shipment. The EPC Quality Department may initiate a deviation upon a supplier's request to accept the nonconforming product.

Nonconforming product received from a supplier may be handled in any of the following ways:

- Sorting/rework
- EPC Quality Department must approve the sorting method. Sorted product must be identified as agreed upon by EPC and the supplier. Nonconforming parts are to be segregated from normal production.
- Deviation request.
- Reject the entire lot.
- Disposition for nonconforming product
- It is the supplier's responsibility to disposition nonconforming product identified at a EPC location promptly. Nonconforming product held at EPC for more than one week after determination and conformation of the nonconforming condition will either be returned freight collect to the supplier or scrapped at EPC. EPC does not provide scrap credit to suppliers.

EPC reserves the right to invoke Level II containment with each lot of material to verify that corrective actions are implemented and conformance maintained. Under Level II containment, the supplier will absorb all the costs associated with re-certifying the material at an EPC certified sorting house. The supplier will be furnished data from the sort, for the condition (mixed part, missing treatment) that warranted the sort.

To exit Level II containment, the supplier must:

- Submit a corrective action, which is verified effective by the EPC Quality Department.
- Supply defect free product based on a mutually agreed upon plan.

Charge Back Policy

Costs associated with supplier part quality or delivery issues and PPAP rejection issues, that are deemed the supplier's responsibility, will be charged back to the supplier. Costs may include customer-imposed charges if the quality or delivery issue results in a late order or quality complaint from our customer.

Traceability

Material Traceability

The supplier's quality system shall ensure that all products are traceable to raw materials or settings used in the manufacturing process, production operation, date of manufacture, spec change level, and records of evaluation of conformance. All products shall have a positive identification at all times to address these requirements via date codes, lot numbers, or other means.

Record Traceability

The quality system shall ensure that all applicable quality records and data are traceable to the appropriate drawing revision level.

Industry Links

Please refer to the Automotive Industry Action Group (AIAG) website for information and manuals for further details at www.aiag.org.

American Society for Quality (ASQ) is the world's leading membership organization devoted to quality, for further details at www.asq.org

For further explanation of the EPC Supplier Manual, contact the EPC Quality Department.

Number ONE

123 EASY STREET
PO BOX 113
LITTLETON, IA 50648
319-827-5995 Fax: 319-827-5324

86949-01

8/4/2010

Bill To:

ENGINEERED PRODUCTS COMPANY
2940 AIRPORT BLVD.
WATERLOO IA 50703-9627
USA

Ship To:

ENGINEERED PRODUCTS COMPANY
2940 AIRPORT BLVD.
WATERLOO IA 50703

Date Shipped	Ship Via	F.O.B.	Terms Description
8/4/2010	USF HOLLAND	ORIGIN	1% 10 Days, Net 45

Back Log	Shipped	Item Number / Description	PO Number	Lot Number
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2,800	EACH 1350-23	Revision: 1	B01350-23	14883
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HOUSING, 1/8-27 NPT

7 ctns @ 400 pcs

EPC Part Number

EPC Purchase Order Number

EPC Shipment
(release) Quantity

EPC Lot
(traceability) Number

The EPC part number, shipment (release) quantity, lot (traceability) number, and purchase order number must be printed on the packing slip.

ENGINEERED PRODUCTS CO.

The FILTER MINDER - Expertly Monitoring Filters for Over 30 Years

www.filterminder.com

BEST SUPPLY CO

SUPPLIER NO: 100472

ATTENTION:

2010 LUXURY DRIVE

ANYTOWN, USA

PHONE NO 800-295-5510

FAX NO: 800-295-5571

E-MAIL:

2940 Airport Blvd.

Waterloo, IA 50703-9627

Phone: 319-234-0231

800-689-7803

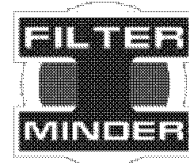
Fax: 319-234-8922

Email: info@filterminder.com

Website: www.filterminder.com

Buyer: Brian Anderson, x25

E-Mail: banderson@filterminder.com



The Filter Monitoring Experts

DELIVERY PERFORMANCE REPORT FOR: BEST SUPPLY CO

Receiving History Date Range
5/1/2010 to 6/1/2010

PO No.	Item No.	Description	Line No.	Promised Date	Last Receipt Date	Days Over/Under	Quantity Ordered	Quantity Received	Quantity Over/Under
050510-12	9775-517	BOX-	3	5/6/2010	5/4/2010	-2	75	75	0
050510-12	9775-517	BOX-	5	5/6/2010	5/6/2010	0	75	75	0
050510-12	9775-510	BOX-	7	5/6/2010	5/6/2010	0	50	50	0
050510-12	9775-509CC	BOX-	8	5/6/2010	5/6/2010	0	50	50	0
050510-12	9775-516	BOX-	6	5/6/2010	5/6/2010	0	60	60	0
050510-12	9775-509	BOX-	9	5/6/2010	5/6/2010	0	50	50	0
051310-02	9775-517	BOX-	5	5/17/2010	5/17/2010	0	25	25	0
051310-02	9775-509	BOX-	2	5/17/2010	5/17/2010	0	100	100	0
051310-02	9775-509	BOX-	3	5/17/2010	5/17/2010	0	25	25	0
051310-02	9775-510	BOX-	4	5/17/2010	5/17/2010	0	50	50	0
052610-BA	9775-517	BOX-	5	5/27/2010	5/27/2010	0	50	50	0
052610-BA	9775-515	BOX-	3	5/27/2010	5/27/2010	0	25	25	0
052610-BA	9775-516	BOX-	4	5/27/2010	5/27/2010	0	60	60	0
052610-BA	9775-510	BOX-	2	5/27/2010	5/27/2010	0	50	50	0
052610-BA	9775-509	BOX-	1	5/27/2010	5/27/2010	0	50	50	0

Delivery Performance Report Based On 15 Total Line Items

On-Time	Early	Late
14	1	0
93.33%	6.67%	0.00%



ENGINEERED PRODUCTS CO.

2940 AIRPORT BLVD • WATERLOO, IOWA 50703

Telephone: 319 234 0231 • Fax: 319 234 8922

email: jforry@filterminder.com • web site: www.filterminder.com

8D CORRECTIVE ACTION FORM

(1) SUPPLIER INFORMATION

CUSTOMER INFORMATION

Name:	Using Plant: WATERLOO, IOWA
Location:	Contact: JIM FORRY
Contact:	Phone No.: (319) 234-0231 EXT. 21
CAR# from Access:	R.A.#
Part No.:	Date Received:
Part Description:	P.O.

(2) PROBLEM (What happened?)

--

(3) CAUSES (Why did it happen?)

--

(4) INTERIM ACTIONS (including containment activities)

--

(5) LONG RANGE ACTIONS (systemic impact)

--

(6) VERIFICATION OF PROBLEM FIX (objective evidence required)

--

(7) PREVENT RECURRENCE (error-proofing)

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This form in a MS Word document is available upon request.



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8D CORRECTIVE ACTION FORM

(8) TEAM

Quality:	DATE:
Manufacturing:	DATE:
Production:	DATE:
Engineering:	DATE:
Sub-Supplier:	DATE:

PREPARED BY:	DATE:
COMPLETED BY:	DATE:

DATE APPROVED BY MATERIAL TEAM:

ADDITIONAL COMMENTS, LISTING OF ATTACHMENTS, SKETCHES, ETC.

PLEASE COMPLETE ALL PAGES AND RETURN BY :



ENGINEERED PRODUCTS CO.

2940 AIRPORT BLVD • WATERLOO, IOWA 50703

Telephone: 319 234 0231 • Fax: 319 234 8922

email: jforry@filterminder.com • web site: www.filterminder.com

Review the following documents / systems			
Document	Accountability	Completion Date	
		Planned	Actual
Business Management System Manual			
Procedures Manual			
Manufacturing Work Instructions			
Inspection Work Instructions			
Set-up Manual			
Flow Charts			
Control Plans			
Design FMEA			
Process FMEA			
Gages/GR&R's			
PPAP			
Engineering Change Approval			
Manufacturing Order [TEXT]			
Customer Order [TEXT]			
Manufacturing Forms (logs, √-sheets)			
Inspection Forms			
LPA Forms			
Maintenance Forms			
Return Authorization Log			
Customer Satisfaction Log			
DVP&R			
Lessons Learned			

GENERAL NOTES

Any shipments not meeting the following requirements may be returned at supplier expense or assessed a fee for non-compliance to these requirements.

Packaging for all products must be sufficient to provide suitable protection against nonconforming conditions. Freight must be packaged in a manner that is safe for all parties to handle without injury to the handlers or the product.

Maximum sizes and weights:

- Overall dimensions are not to exceed 56" tall x 46" wide x 49" deep.
- Individual containers are not to exceed 35 pounds gross weight.
- Unit loads (palletized containers) are not to exceed 2,000 pounds gross weight.

If product is required to be skidded, then the skids must have a minimum of 3 inch slot for forklift access. Product or containers are not to overhang the edge of a palletized load.

All incoming packages must be individually labeled per Appendix "Y" - Bar Coding requirements

Packing slip detailing the contents of the shipment: The EPC part number, shipment (release) quantity, lot (traceability) number, and purchase order number must be printed on the packing slip.

In addition, any documentation to satisfy current governmental and safety constraints on restricted, toxic, and hazardous materials.

Unless otherwise specified, parts returned from outside operations must be delivered back to EPC in their original container and the quantity per container should approximate the original container quantity.

If supplying multiple part numbers per container or unit load, then container or unit load must be identified with a brightly colored 8 ½ x 11 paper label stating "MIXED PRODUCT" and listing the quantity of containers for each part number.

RETURNABLE CONTAINERS

All returnable containers are to have duplicate labels; one label to be inserted in the label pouch (end of the tote), the second label is to be placed inside the container on top of the product. All returnable containers are to be loaded so you see the sides of the containers from the fork entry side, per photo (next page).



If returnable containers are not immediately available for your scheduled shipment then a similarly sized non-returnable container may be substituted. There shall be no mixed unit loads of returnable and non-returnable containers.

All containers on top layer of unit load to have tie straps regardless of number of layers. Do not put tie straps on any other containers on the skid that are below the top row. All EPC returnable containers are to ship on EPC returnable pallets. Shrink wrap pallet with cardboard horizontal supports and strap 4 ways to secure load to pallet.

Place a large 8 ½ x 11 Master label on fork side of the load centered near the top with the part number, P.O. number, and the delivery date in BOLD print (minimum of 3" tall lettering).

You must supply a separate packing slip stating how many 9500-04 (small) returnable totes and 9500-05 (large) returnable totes per shipment. Please notify us immediately if you have any lost or damaged totes either in your facility or in transit. EPC will monitor how many returnable containers are in your locations and send the appropriate amount of empties back as necessary.

NON-RETURNABLE CONTAINERS - (i.e. cardboard) unit load or individual container

All non-returnable containers require two bar code labels per container, on adjacent sides. Do not place bar code label on the top of container. Load containers on pallet so bar code label is visible from the fork entry side of a palletized load.

Palletized unit loads are required to be shrink-wrapped with cardboard horizontal supports and strapped 4 ways to secure load to pallet.

GENERAL NOTES

Any shipments not meeting the following requirements may be returned at supplier expense or assessed a fee for non-compliance to these requirements.

The following details are required on bill of lading/packing slip and invoice; part number, description, quantity, purchase order number and line number.

LABEL REQUIREMENTS

The size of the standard label shall be 4.0 in. x 6.5 in. The label paper shall be white in color with black printing.

Bar codes shall be Code 39 symbology and shall conform to the AIAG Bar Code Symbology Standard.

The part number, container quantity, and purchase order number are required to be displayed in both human readable characters and bar code symbols. The maximum length of the bar code symbol should not exceed 3.5 inches and a minimum of .50 inches in height. All human readable characters to be a minimum of .35 inches in height with the exception of ship to, ship from, and data titles.

Data areas shall be separated by horizontal thin lines and shall contain their respective titles in the upper left-hand corners as shown in the example. Vertical separation lines and outer borders are optional. In the absence of vertical separation lines, human readable data in adjoining fields shall be clearly separated. Titles should be printed at a minimum of 0.10 inch high letters. The data area titles are: SHIP TO, SHIP FROM, PART NO, DESCRIPTION, MATERIAL, QTY, REV, P.O., LINE, and LOT (date code, lot number, production run or current method of traceability). Additional empty areas are for supplier usage.

A data identifier shall be used as per the following list. A data identifier immediately follows the start character of the bar code symbol and is used to identify the information to follow. The data identifier shall not be included in the human readable interpretation of the bar code symbols.

- (P) PART NUMBER
- (Q) QUANTITY
- (N) PURCHASE ORDER NUMBER

SAMPLE LABEL

SHIP TO:
ENGINEERED PRODUCTS
2940 AIRPORT BLVD.
WATERLOO, IA 50703

SHIP FROM:
SUPPLIER A
123 CERTIFIED DRIVE
COMPLIANCE, TS 16949

PART NO

1899-26-85

DESCRIPTION

8.5IN-FM10

MATERIAL

PC3025

QTY

5000

REV

10P.O. **072908-02**LINE **003**LOT # **EPC2955**