

		SQM		REV D		
		Title: Supplier Quality Manual				
Revision Control						
Rev. Level	Rev. Date	Page No.	Sec. No.	Description	Process Owner	Man. Rep.
A	8/8/2017	All	All	Initial Release, ECN-04473	MH	BLW
B	1/3/2018	2	3.0	Add AS9100D 8.4.3 (m) requirements	MH	BLW
C	2/28/2019	7	17.0	Removed Purchasing Terms and Conditions	MH	TAS
D	01/17/2020	1, 2, 3, 8	1.0, 2.0, 3.0, 5.2	1.0 & 3.0 Removed Revs from AS9001 & AS9100 2.0 Added SQM online and on PO 5.2 Added Sub Tier to right of access Page 8 – delete acknowledgement page	MH	TAS

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1.0 Purpose

The purpose of this manual is to communicate Jonaco Machine (JM) quality requirements and expectations to our suppliers. JM requires our suppliers to have a Quality Management System in place that is based on the requirements of ISO 9001, AS9100 or certified to the standard. Suppliers are expected to provide materials or services consistently to specifications, competitive pricing and in accordance with the defined delivery schedule. Our goal is to grow our suppliers and our company as indicated in our quality policy.

“Success through Excellence”

We will meet or exceed the requirements of our customers as well as any statutory and regulatory requirements by providing products of exceptional quality and value, on schedule. We plan to accomplish this through the use and continual review and improvement of the Jonaco Machine Quality Management System.

2.0 Scope

The contents of this manual apply to all JM suppliers of material and services. The Supplier Quality Manual (SQM) is available on-line at www.jonaco.com. Purchase Orders will reference that Jonaco SQM applies. Do not accept a Purchase Order from Jonaco unless you are fully prepared to meet the requirements of this manual. It is the Supplier's responsibility to assure that they are using the correct revision of the SQM.

3.0 Quality System Requirements

JM encourages suppliers to implement fundamental quality systems that provide continuous improvement and emphasize defect prevention. JM does not require certification to ISO 9001 or AS 9100 but our supplier must implement and maintain a quality management system that reflect requirements of ISO 9001 or AS9100.

Record Retention: No less than 10 years.

The supplier shall retain records in accordance with Purchase Order and shall be available upon request from JM.

Suppliers shall ensure all persons are aware of;

- Their contribution to product or service conformity
- Their contribution to product safety
- The importance of ethical behavior

4.0 Supplier Assessment

New suppliers will be required to complete a supplier self-audit if they are not third party approved (i.e. AS9100 or ISO9001). JM will send out a supplier self-audit to be completed within 14 days and submitted upon completion to the Quality Manager for review.

JM may schedule on-site audits for the following:

- New Supplier
- Supplier rating does not meet requirements
- On-going Quality issues
- Change in process at supplier facility
- Location change

5.0 Advanced Product Quality Planning

Once the supplier has been placed on the approved supplier list (ASL) they may begin formal Advanced Quality Planning activities with JM. APQP is designed to communicate product quality expectations and verify that suppliers have adequate processes in place to provide JM quality product, on time.

5.1 Control Plans

The supplier shall develop Control Plans for the product supplied. The Control Plan shall cover three distinct phases:

- Prototype – a description of the dimensional measurements, material, and performance tests that will occur during Prototype build.
- Pre-launch – a description of the dimensional measurements, material, and performance tests that will occur after Prototype and before full production.
- Production – documentation of product/process characteristics, process controls, tests, and measurement systems that occur during mass production.

5.2 Control Plan review

Control Plans shall be reviewed and updated when any of the following occur:

- The product is changed
- The processes are changed
- The processes become unstable
- The processes become non-capable
- Inspection method, frequency, etc. is revised
- Defects are identified downstream from the point of control

JM will communicate/review the requirements with the supplier in advance of receiving production lots. JM requires its suppliers to submit PPAP documentation as specified on the purchase order. The purpose of the PPAP process is to assure that purchased components meet the drawings and specifications supplied by JM that define the component requirements.

JM, customer or regulatory authorities, has the right of access to Supplier and Sub Tier records/facility at all times. JM may conduct a project launch review with the supplier at their facility. The review could include inspection of supplier's documentation and processes associated with production of material/service prior to production.

If the supplier cannot meet the requirements, written approval or deviation must be obtained from the Purchasing Manager and/or Quality Manager prior to shipment being provided. Without this documentation JM reserves the right to reject material/services provided at the Supplier's expense.

6.0 Process Changes

A process change request form must be submitted and approved (prior to change) if any of the following occur (but not limited to):

- Change in process at supplier facility
- Change in materials
- Location change
- Equipment change
- Use of Sub tier Supplier and/or change in process or materials at Sub tier Supplier

7.0 Engineering Change Request

If the supplier cannot meet the requirements and wishes to request a change they must submit an ECN to JM for review. The information will be communicated to our customer for final approval. The change may require a revision to the print or applicable documentation prior to making the change.

Approval from JM must be obtained prior to any changes being finalized.

8.0 Problem Resolution

When non-conforming product is found the supplier will take swift action to bring resolution to the problem. A supplier must immediately notify the JM Quality Engineer and/or Quality Manager if it is discovered that nonconforming material may have been shipped to JM.

Immediate notification should be made by phone followed by written documentation of the problem, lot identification, shipment date, etc.

8.1 Rejection Policy

Products that fail to meet JM stated requirements will be rejected. JM will make the decision whether stock is to be sorted internally to maintain production needs in which case the cost related to the sort will be negotiated with the supplier, or supplier will be responsible for the sort. The supplier can be asked to sort the product at JM facility depending on severity.

When a rejection occurs the Supplier will be notified immediately by the Materials Manager or Commodity Manager at JM and request that an RMA (Return Material Authorization) be given at that time, and the product will be returned at the Supplier's expense. Inventory at the Supplier's facility will be contained until it is dispositioned. The non-conformance will be noted on the Supplier's Quality Rating that will be issued monthly through Jonaco scorecards.

8.2 Corrective Action Process

Upon receipt of non-conforming product, JM may issue a Supplier Corrective Action Request (SCAR), depending on the severity of the occurrence. The corrective action initial response must be communicated to the Quality Manager at JM within 24 hours, and must return the completed Corrective Action to JM within 15 business days of the date of issue (unless specified).

If the due date cannot be met, it is the supplier's responsibility to communicate this to JM Quality Manager and a new due date will be agreed upon.

8.3 Prevention of Counterfeit material and/or parts.

Jonaco Machine has implemented a Counterfeit material and/or parts policy. If any parts are deemed counterfeit the supplier of the suspect material and/or parts will be responsible for all cost and recovery of material and/or parts. Supplier will ensure that all material and/or parts shipped to Jonaco Machine meet our purchase order requirement and/or print requirements. No substitutes allowed or changes to approved designs as indicated 7.0.

8.4 Problem Solving Expectations

The Supplier will be given a corrective action form to determine the root cause and corrective action that will prevent reoccurrence.

Method of verification must be noted on the Corrective Action.

8.5 Cost Recovery – Domestic Suppliers

Suppliers will be responsible for costs incurred by JM when receiving defective materials or insufficient documentation. Costs that will be negotiated with the supplier may include but are not limited to:

- Administrative
- Rework charges
- Sorting
- Freight charges
- Production downtime
- End customer performance penalties

8.6 Cost Recovery – Offshore Suppliers

JM has incorporated a charge back policy for failure to provide required documentation and samples. If the Offshore Supplier fails to comply with the requirements as specified in JM purchase order then charge back will occur. JM will promptly notify offshore supplier of the non-compliant shipment and reason for the charge back.

9.0 Procurement Quality Requirements (Certified Domestic Suppliers)

Every shipment must contain packing slip with JM purchase order number

Certificate of Analysis and Mill Certificate is required for all raw material to be delivered with product.

Certificate of conformance is required for all outside processing. When applicable, certification must show compliance with RoHS, Reach, etc.

All products must have manufactured date and expiration date (if applicable) on the label or documentation.

All orders must be confirmed back to JM by Email. Confirm dock date, method of shipping, quantity, description of product and/or services and verify price.

Receiving hours are Monday through Friday 7am to 3:30 pm.

9.1 Offshore Suppliers

All new (first time shipments) and repeat orders will require a C of C or Certificate of Analysis or a Mill Certification.

Every shipment must contain a packing slip.

9.2 Delegation of Product Verification

JM delegates product verification to our Suppliers to provide product ready to use, and that all required testing shall be completed prior to shipment being received by JM. A Certificate of Conformance or Certificate of Analysis or Mill Certificate must accompany each shipment certifying the product is acceptable.

9.3 Special Requirements – Offshore Supplier

The general expectations and special requirements listed above will be conveyed to Offshore Supplier prior to shipments being made. All documentation/sample requirements will be noted on the purchase order.

Enclosed is a list of the charge back description and dollar amount. These charge backs will be applied as a debit to the invoice that corresponds with the non-compliant shipment.

The Offshore Supplier may be required to complete Corrective Action for the non-conformance and will follow the requirements set forth in section 8.2 and 8.3 of this document.

10.0 Charge Backs Description and Fees for all Suppliers

Missing Documentation: \$50.00 (Including but not limited to: C of C) report)

*Each shipment will be monitored and every occurrence within that shipment will be subject to charge back.

11.0 Delivery Requirements

Suppliers are required to achieve 100% on-time delivery. If a supplier will not be able to deliver product by the required due date, it is the Suppliers responsibility to notify JM Materials Manager or Commodity Manager as soon as possible to schedule an acceptable delivery due date.

12.0 Packaging Requirements

Packaging requirements will be determined and agreed upon.

Approving authority prior to shipment being sent to JM:

- Material Manager
- Commodity Manager
- Engineering
- Sales
- End Customer
- Purchase Order

13.0 Supplier Flow down responsibility to sub-tier suppliers

The supplier commits to flow down any applicable requirements including key characteristics.

14.0 Supplier Performance Review:

- Supplier performance will be monitored on a routine basis.
- Supplier reviews will monitor on-time delivery and quality of product received (PPM).
- Underperforming suppliers may be addressed by Corrective Action Requests or On-Site Supplier Audits of product, process, or system.

15.0 Continual Performance:

Maintain 90% or greater on a 6 month rolling average

Performance will be monitored on a 6 month rolling average and scorecards will be assessed quarterly. Suppliers must maintain a rating of 80% or higher. Falling below 80% may result in the issuance of a corrective action. An Unsatisfactory rating for 2 consecutive quarters may result in disqualification of vendor "Approved" Supplier status.

16.0 Performance Goals:

OTIF Preferred: 90% or higher

Satisfactory: 81-89%

Unsatisfactory: 80% or lower

PPM Preferred: 750 or less

Satisfactory: 751 to 1500

Unsatisfactory: 1501 or higher

17.0 Terms and Conditions

Suppliers are paid with the negotiated terms.