The Cold Heading Company

Supplier Quality Assurance Manual

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Supplier Quality Assurance Manual

1. INTRODUCTION

The Cold Heading Company is committed to providing the highest quality products to its customers. As an international fastener supplier, primarily to the automotive industry, it is imperative that all of The Cold Heading Company suppliers recognize their role in achieving this goal and only those suppliers willing to make the same commitment will be considered for a potential relationship with The Cold Heading Company.

2. PURPOSE

The Cold Heading Company provides this manual with the minimum requirements toward establishing and maintaining a supplier relationship. All suppliers are expected to meet the minimum standards set by ISO and AIAG; however, there are additional requirements and processes that this document will provide that are specific to The Cold Heading Company. Those requirements and processes shall be adhered to at all times.

3. SCOPE

The Cold Heading Company applies this document to only those suppliers whose products/services affect final product quality or customer requirements. These suppliers include, but are not limited to the following:

- Raw Material Suppliers
- Component Suppliers
- Heat Treat Suppliers
- Plating/Coating Suppliers
- Adhesive/Sealant/Patch Suppliers
- Sort Suppliers
- Any Miscellaneous Supplier who machines or processes our products prior to shipment to the customer

4. GENERAL REQUIREMENTS

The Cold Heading Company has established several preliminary requirements that all suppliers must maintain or pursue to be considered eligible to develop business a relationship.

- Confidentiality: Any and all information received from The Cold Heading Company regarding its business practices, products, and customers is considered confidential and shall be strictly protected.
- Commitment: Potential suppliers will only be considered if they can commit to the lifetime of a part including any potential service part support that may be required unless otherwise expressed by the purchase order.
- Access: The Cold Heading Company will have access to all manufacturing areas associated with the product or service provided by the suppler unless a proprietary process or patented technology prohibits.
- Technical Support: Potential suppliers will support the engineering and design of the part including meetings/visits with The Cold Heading Company customers if required.
- Contact: Supplier must designate a quality contact who is available 24 hours, holidays, and weekends.
- ISO/ IATF: The Cold Heading Company holds ISO/IATF 16949 certification, as such, only suppliers who maintain ISO 9001 at minimum will be considered for supplier status.
- Quality Management System: Suppliers will maintain a quality management system that is certified with ISO 9001: CURRENT REVISION. Pursuant to the IATF 16949 requirements, on case-by-case basis, suppliers may be required to begin transitioning to the higher standard required by the automotive industry.
- Statutory and Regulatory requirements: Suppliers are expected to meet all statutory and regulatory requirements of their local, state, and federal governments as well as any requirements of their respective industries.
- Terms and Conditions: Supplier Terms and conditions are located on The Cold Heading Company website: coldheading.com

5. APQP

AIAG provides the Advanced Product Quality Planning and Control Plan (APQP) reference manual. A cross-functional team is expected to contribute to the process if required. Lean manufacturing, Kaizen, Six Sigma, Poka Yoke, Error proofing, and 5S are examples of disciplines that should be considered during APQP.

6. PPAP

As a supplier to The Cold Heading Company, all suppliers must conform to the PPAP guidelines set by the AIAG. This includes providing all documentation required for submission. See the table below for PPAP submission requirements.

- Level 1: Warrant only (and for designated appearance items, an Appearance Approval Report) submitted to the customer.
- Level 2: Warrant with product samples and limited supporting data submitted to the customer.
- Level 3: Warrant with product samples and complete supporting data submitted to the customer.
- Level 4: Warrant and other requirements as defined by the customer.
- Level 5: Warrant with product samples and complete supporting data reviewed at the organization's manufacturing location.

PPAP Submission Requirements

Requirement	Level 1	Level 2	Level 3	Level 4	Level 5
Design Record -for proprietary component/details -for all other components/details	R	S	S	*	R
Engineering Change Documents, if any	R	R	R	*	R
Customer Engineering Approval	R	S	S	*	R
Design FMEA	R	S	S	*	R
Process Flow Diagrams	R	R	S	*	R
Process FMEA	R	R	S	*	R
Control Plan	R	R	S	*	R
Measurement System Analysis Studies	R	R	S	*	R
Dimensional Results	R	S	S	*	R
Material, Performance Results	R	S	S	*	R
Initial Process Studies	R	R	S	*	R
Qualified Laboratory Documentation	R	S	S	*	R
Appearance Approval Report		S	S	*	R
Sample Product	R	S	S	*	R
Master sample	R	R	R	*	R

Checking Aids	R	R	S	*	R
Records of Compliance with Customer-Specific Requirements	R	R	S	*	R
Parts Submission Warrant Bulk material Checklist	S	S	S	S	R

S= The organization shall submit to the customer and retain a copy of records or documentation items at appropriate locations.
R= The organization shall retain at appropriate locations and make available to the customer up on request.
*= The organization shall retain at appropriate locations and submit to the customer upon request. (AIAG, 2009)

7. SPC

Basic statistical concepts, such as variation, control (stability), process capability and over-adjustment are understood and utilized throughout The Cold Heading Company. This is achieved by a combination of background (education and experience), internal training (documented procedures, special training such as Six Sigma training, etc.) and external training led by consultants, local institutions or training services. Statistical concepts are applied as applicable in the context of process control, continuous improvement, new product development and corrective and preventive actions.

The Cold Heading Company may request SPC data on a lot by lot basis depending on the customer requirements and current status of the supplier.

8. ENGINEERING CHANGES

The Cold Heading Company has a process to assure the timely review, distribution and implementation of all customer engineering standards/specifications and changes based on customer-required schedule. This process is managed by Product Development. Timely review should be as soon as possible, and shall not exceed two working weeks.

A change in these engineering standards/specifications will trigger an updated customer PPAP approval when these specifications are referenced on the design record and when they affect the documents of production part approval process, such as control plan, FMEAs, etc. Appropriate records of the updated PPAP are maintained. See the table below for instances where these changes may occur.

Criteria for Notification

Criteria for Notification	Examples
1. Use of other construction or material than was used in the previously approved part or product.	For example, other construction as documented on a deviation (permit) or included as a note on the design record and not covered in the PPAP section of this manual.

2. Production from new or modified tools (except perishable tools), dies, molds, patterns, etc. including additional or replacement tooling.	This requirement only applies to tools, which due to their unique form function, can be expected to influence the integrity of the final product. It is not meant to describe standard tools (new or repaired), such as standard measuring devices, drivers (manual or power) etc.
3. Production following upgrade or rearrangement of existing tooling or equipment.	Upgrade means the reconstruction and/or modification of a tool or machine or to increase the capacity, performance, or change its existing function. This is not meant to be confused with normal maintenance, repair or replacement of parts, tec. For which no change in performance is to be expected and post repair verification methods have been established. Rearrangement is defined as activity that changes the sequence of product/process flow from that documented in the process flow diagram (including the addition of a new process). Minor adjustments of production equipment may be required to meet safety requirements such as installation of protective covers, elimination of potential ESD risks, etc.
4. Production from tooling and equipment transferred to a different plant site or from an additional plant site.	Production process tooling and/or equipment transferred between buildings or facilities at one or more sites.
5. Change of supplier for parts, non-equivalent materials, or services (e.g., heat-treating, plating).	The organization is responsible for approval of supplier provided material and services.
6. Product produced after the tooling has been inactive for volume production for twelve months or more.	For product that has been produced after tooling has been inactive for twelve months or more: Notification is required when the part has had no change in active purchase order and the existing tooling has been inactive for volume production for twelve months or more. The only exception is when the part has low volume, e.g., service or specialty vehicles. However a customer may specify certain PPAP requirements for service parts.
7. Product and process changes related to components of the production product manufactured internally or manufactured by suppliers.	Any changes, including changes at the suppliers to the organization and their suppliers that affect customer requirements, e.g., fit, form, function, performance, durability.
8. Change in test/inspection method—new technique (no effect on acceptance criteria)	For change in test method, the organization should have evidence that the new method has measurement capability equivalent to the old method.
Additionally for bulk materials: 9. New source of raw material from new or existing supplier. 10. Change in product appearance attributes.	These changes would normally be expected to have an effect on the performance of the product.

(AIAG, 2009)

Any changes that meet the requirements above should be reported to The Cold Heading Company in advance using the "Supplier Change Request" form.

9. PROCESS CONTROL

Supplier processes (heat treat, plating, patch, etc.) shall be validated at the supplier via in process monitoring (setup, hourly, end of run inspections per the supplier's control plan), in addition to any specified lot certification testing requirements called out by The Cold Heading Company print or The

Cold Heading Company specifications. These instructions should be derived from sources such as the purchase agreement, quality plan, the control plan and the product realization process if applicable. Data collection worksheets are at the discretion of the supplier unless otherwise required.

10. TRAINING

Suppliers are responsible for the training of personnel affecting product quality towards competence in their assigned job functions. This may be accomplished through a combination of internal class room and hands on training, external training via consultants or educational organizations, or background/experience. Personnel not fully competent in a specific job or task should be supervised, given restricted duties, paired with an experienced associate, or otherwise handled with extra attention until competence is achieved.

Effectiveness of training should be evaluated as the responsibility of the employee's contribution towards achievement of quality and productivity goals and adherence to safety guidelines increases. Employees in positions directly affecting product quality should be made aware of the relevance and importance of their contribution to quality objectives.

Records of education, training, skills and experience should be tracked for the length of employment with the supplier and updated at regular intervals.

11. TRACEABILITY

The Cold Heading Company designates an internal CH number for all parts. This number is specific to the requirement of both The Cold Heading Company and its customers; as such, the supplier shall use this number as the designated part number.

Additionally, The Cold Heading Company raw materials are given unique lot numbers, which are matched and traceable to unique Cold Heading lot numbers. Work in process materials are tagged at all stages of the process with the assigned lot number and status as to which operations are completed. The supplier will use The Cold Heading Company lot number or their own internal lot number; however, The Cold Heading Company lot number must be returned to the container prior to being delivered to its next operation. Incoming material is not moved to the next operation until status is verified. Suppliers shall validate all processes by providing certificates and/ or signatures to the bin tags associated with each unique lot.

12. PRESERVATION OF PRODUCT

Suppliers shall guarantee the conformity of products during internal processing and delivery to the intended destination. This preservation includes adequate identification, handling, packaging, storage and protection.

General guidelines, where practicable:

- Skids of bulk material shall not be over-filled
- All material shall be identified properly with the original Cold Heading Skid tag

13. FIRST IN, FIRST OUT (FIFO)

In order to detect deterioration, the condition of product in stock is assessed at appropriate planned intervals. The Cold Heading Company uses an inventory management system to optimize inventory turnover time and assure stock rotation, such as "first-in-first-out" (FIFO). All suppliers are expected practice FIFO in order to ensure that The Cold Heading Company has no interruptions in their production scheduling or deterioration of product condition.

14. DELIVERY

The Cold Heading Company practices just-in-time delivery to its customers. As such, suppliers can directly affect shipments to The Cold Heading Company customers; therefore, they will be monitored, and delivery ratings will be assessed and accumulated. Any supplier who fails to meet the requirements will be subject to possible probation, or suspension. Suppliers who continue to receive poor delivery ratings will be removed from The Cold Heading Company's Approved Vendor List.

15. NON-CONFORMING PRODUCT

Suppliers are responsible for containing all non-conforming material found at their facility. Non-conforming product shall consist of product or components that are unidentified, suspected to be non-conforming, or do not meet The Cold Heading Company specifications (including received material from an outside supplier). Any suspect or non-conforming product discovered prior to shipment to The Cold Heading Company will be reviewed by supplier quality. Any product found to be suspect or non-conforming after shipment to The Cold Heading Company will result in a DMR which will be summarized quarterly.

16. ADVANCED NOTIFICATION

Suppliers will notify The Cold Heading Company SQA immediately (E-mail: CHCQuality@coldheading.com) prior to shipping when any non-conforming material or condition is discovered. This includes any discovery of any non-conformance produced by another supplier.

17. DISCREPANT MATERIAL REPORTS (DMR)

The Cold Heading Company will issue a notification that a Discrepant Material Report is created to suppliers found responsible when a non-conformance is discovered at any of The Cold Heading Company facilities or found at another outside process. Cold Heading Company quality will notify Suppliers on a quarterly basis of the top 3 quality concerns discovered within CHC/other outside processes. Suppliers will be expected to provide an 8D that supplies the root-cause and corrective-action for the top 3 concerns provided. The final 8D with verification of the corrective action must be supplied within 30 days of the initial contact from The Cold Heading Company. A plant visit from The Cold Heading Company and/or its customer may be required in order to verify the corrective action and close the DMR.

Corrective actions on The Cold Heading Company 8D form with verification must be supplied within 30 days of the initial top 3 concerns reported from The Cold Heading Company quality.

18. SUPPLIER RESPONSIBILITIES/CHARGEBACKS

Suppliers will be responsible for all costs associated with material that is found non-conforming whether discovered at a The Cold Heading Company facility or at a The Cold Heading Company customer. This includes, but is not limited to rework, logistics, The Cold Heading Company customer chargebacks, The Cold Heading Company sorting, third party sorting, and any other costs incurred by The Cold Heading Company resulting from the non-conformance. The supplier will be notified of any non-conformance as soon as the responsible party has been determined. Any chargebacks to the supplier will include proper documentation from The Cold Heading Company, which may include:

- Debit memo with a tracking number (DMR / CQCR).
- Human resource hours.
- Third-party sorting fee.
- Rework charges.

19. CONTROLLED SHIPPING

Controlled shipping will be considered a part of any non-conformance recovery plan. Suppliers will provide the level of certification necessary to fulfill the requirement supplied at the time of non-conformance.

- Controlled Shipping Level 1 (CS1): The supplier will contain all suspect material and certify that it is 100% defect or non-conformance free prior to shipping. The Cold Heading Company quality will determine the number of shipments that will require this level of certification, which may depend on the supplier's ability to provide a root-cause and verified corrective action.

- Controlled Shipping Level 2 (CS2): Should the supplier fail to contain the non-conforming material or fail to properly implement the corrective action and incurring an additional non-conformance for the same concern, CS2 will be implemented. The magnitude of this controlled shipping level will be determined by The Cold Heading Company quality and may include, but is not limited to a third-party sort, additional certified lots, or paid sorting supervision by The Cold Heading Company designee.

20. SUPPLIER ASSESSMENT

Annually, suppliers will be assessed as to their effectiveness and efficiency in meeting The Cold Heading Company's goal of providing the highest quality products to its customers. Key Supplier performance shall be monitored through the following indicators:

- Delivered product conformity to requirements (Internal Quality Concerns).
- Customer disruptions including product returns (External Quality Concerns).
- Delivery schedule performance (Late Shipments).

Key suppliers shall be determined by Corporate Management based on the frequency of shipments by the supplier, and the relevance of the product or service to final bolt quality. These key suppliers shall be monitored on a monthly basis. All customer quality issues caused by a supplier shall be recorded and addressed as required by incident.

21. SUPPLIER SELF-ASSESSMENT

The Cold Heading Company requires the supplier to perform an annual self-assessment using an AIAG CQI Self-Assessment. In addition, a self-assessment will be provided in the first quarter of the calendar

year. The results of the assessment will be calculated, and any action required will be determined according to the following summary chart:

Supplier Rank	Score	Action Required
A	80-100	No C/A and/or improvement plan required. If YELLOW elements, they will be directly audited the next period. If red elements, C/A required
B	50-79	YELLOW and/or RED elements require C/A
C	0-49	Supplier shall submit an overall Improvement Plan.

The only exceptions for self-assessment are as follows:

- Suppliers that provide calibration services will only be required with the corresponding certification up to date.

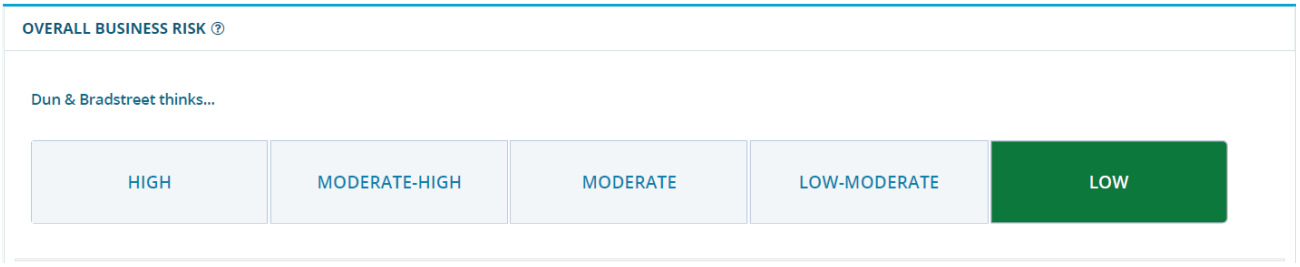
22. SUPPLIER PERFORMANCE EVAVUALTION

Key suppliers (Top 10 in shipments) will be evaluated at The Cold Heading Company Quality Council Meeting.

The quality performance is the number of external quality concerns per 1000 shipments, and the delivery performance is estimated based on the % of on-time deliveries.

23. SUPPLIER FINANCIAL ASSESSMENT

Annually, in the first quarter of the year, Cold Heading Company will pull D&B reports to assess financial stability of each sub-supplier and raw material suppliers. Cold Heading Company's decision on whether a supplier's financial stability is at risk will correlate with the scale shown on the D&B report. Risk level according to the D&B is recorded on the Approved Vendor List. The Cold Heading accounting department will retrieve the reports, send them to Corporate Quality Department, and the Quality Department will record the Risk Levels in the Approved Vendor List. Score must show "MODERATE" or better.



24. CONTINUOUS IMPROVEMENT

In conjunction with the requirement of ISO 9001, all suppliers may be expected to provide examples of continuous improvement. In addition, The Cold Heading Company may have continuous improvement requirements that the supplier will be expected to perform.

25. CONTINGENCIES

A supplier must have a contingency plan for events that may cause a delay in production resulting in missed shipments to The Cold Heading Company.

26. HOUSEKEEPING

The Cold Heading Company practices the 5S methodology and expects all suppliers to do the same.

27. SUPPLIED DUNNAGE

The Cold Heading Company utilizes several types of containers depending on the manufacturing process. All skids, pallets, cardboard, and returnable dunnage should be used exclusively for The Cold Heading Company product. If proper containers are not adequately provided or if any concerns regarding the condition of provided containers arise, The Cold Heading Company supplier quality should be contacted. Suppliers should make certain that all containers are in good condition, properly tagged, clean, and free of oil.

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Date	Revision Level	Description of Change	Responsible
3/4/26	F	Updated procedure to include details regarding annual financial assessments	Drew Terry - QM
6/14/2024	E	Updates / Change to Discrepant Material Reports (DMR)	Paula Cranfill, QM - Drew Terry QM
4/29/2020	D	Updates for scorecard, audits	Ginger Anderson, MR/QM
2/18/2018	C	Updates for IATF, VDA, CH# requirements.	Ginger Anderson, MR
1/30/2016	B	Change to supplier notification and 8D response requirements.	Ginger Anderson, MR
7/15/2014	A	Original Document	Hugo Rios, DoQ