



kurzKASCH

SUPPLIER MANUAL

Quality Policy

Kurz-Kasch commits to continually improve the effectiveness of its Quality Management System and meet the requirements and expectations of its Customers.

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1.0 Introduction

1.1 Scope

This document applies to all Kurz-Kasch suppliers of production commodities. This manual includes requirements for all suppliers to all Kurz-Kasch facilities. Each facility may have additional facility-specific requirements that must be adhered to in addition to those documented in this manual. Supplier quotes must be made with full compliance to this manual. Any deviation to the requirements in this manual or to facility-specific requirements must be documented, reviewed and approved by the receiving Kurz-Kasch facility. Acceptance of the Purchase Order signifies acceptance of the conditions outlined in this Supplier Manual.

1.2 Concept

The purpose of this document is to communicate Kurz-Kasch supplier quality requirements. It is the responsibility of our suppliers to provide components or materials that are in total conformance with our engineering specifications and quality standards. This can only be accomplished when the quality objective is *defect prevention* versus *defect detection* and the total quality system utilizes statistical methods and controls to achieve continuous improvement. Suppliers who meet the requirements of this specification and who provide quality and competitively priced products on a timely basis will continue to be sourced to supply current and new products to Kurz-Kasch manufacturing facilities.

1.3 Operating Philosophy

Kurz-Kasch has a total commitment to consistently provide timely goods and services that conform to the requirements of its customers. Therefore, a total commitment from our supplier's top management personnel shall be evident to support their quality programs. The supplier shall have a total quality management system that should include a high commitment to statistical process control. This commitment shall be evident by not just the display of basic techniques, but rather, management behavior that reflects:

- The commitment of resources to continuous quality improvements.
- The organizational commitment to quality as exhibited through compliance to a recognized quality standard (AS 9100, ISO 9000, TS-16949, etc.) See Kurz-Kasch facility specific requirements for further definition on quality standard compliance.
- The promotion of a system that encourages employee involvement in quality and productivity improvements.
- A "prevention" vs. a "detection" style of control in all phases of the operation.
- Continual improvements by the supplier in material purchasing, process control, or other improvements that result in annual cost savings proposals presented to Kurz-Kasch.

1.4 Definitions

Listed below are some of the definitions used for this document.

- Kanban

Kurz-Kasch may control purchased parts internally via a Kanban system. Blanket orders may be placed with the supplier establishing cost, order quantity, lead-time, packaging requirements, stock quantities, and any other critical aspects relating to each particular part. Releases may then be made by Kurz-Kasch against this blanket order and faxed to the supplier. Supplier will acknowledge receipt of release via fax or e-mail and advise of any issues with meeting the shipping requirements. Verbal acknowledgement is discouraged.

- **Consignment**

Kurz-Kasch may choose to utilize a consignment program if mutually agreed upon by supplier and Kurz-Kasch. Under this program, parts are held in a consignment warehouse at Kurz-Kasch and released to the floor as needed. Stocking levels and billing procedures will be established prior to beginning the consignment program.

- **Shall and Should**

“Shall” indicates a mandatory requirement – Kurz-Kasch expects to see the requirement met in the method indicated. “Should” indicates a preferred method or technique (as long as the requirement is supported, the method of getting there is up to the supplier). The supplier is required to comply with the statements containing “shall” and “should”.

- **Documented and Written**

“Documented” and “written” are terms used to designate that a controlled version exists. It can exist in any type of media, such as hard copy or electronic media.

- **Production Commodity.**

Production Commodities are those commodities that become part of the final product that is sold to Kurz-Kasch customers. Packaging is an example of a commodity that is not a Production Commodity.

2.0 Supplier Requirements

2.1 General

Suppliers are fully responsible for the quality, quantity, and delivery of materials or components to Kurz-Kasch. Sampling techniques used at Kurz-Kasch are not intended to imply that defective material at any level is acceptable. Kurz-Kasch is paying for components having zero defects, and a cooperative effort between Kurz-Kasch and the supplier will result in this level of quality. Effective procedures are to be employed to maintain product quality and reliability standards. The supplier may be audited by Kurz-Kasch and/or Kurz-Kasch customers’ personnel for compliance to the documented procedures

2.2 Quality Assurance Function

The administration of a supplier's quality program shall be vested in a responsible, authoritative element of the organization that it can exert sufficient influence to be effective and which is independent of the manufacturing function. This organization shall be responsible for the establishment and implementation of quality policies and control procedures.

2.3 Strategic Quality Planning

All suppliers should have a documented strategic plan for continued quality improvement. This plan should include major quality goals and established implementation dates.

2.4 Procedures

The supplier shall establish and maintain written procedures covering all phases of the control system. These procedures shall detail all areas of the quality assurance program, including method of revision. The procedures shall be dated and approved by an authorized supplier representative. All written procedures and documents shall have English versions available for review by Kurz-Kasch upon request. All correspondence shall be in English.

2.5 Purchase Order Provisions

The following provisions may be part of the Purchase Order (PO). These provisions need to be fully understood by the supplier to ensure that all of the Kurz-Kasch requirements are met and complied with.

2.5.1 Terms

Payment terms are to be negotiated at time of contract award. See Addendum A for a full list of PO terms and Conditions.

2.5.2 Tooling Dimensions

Any dimensional issues concerning tooling shall be discussed and resolved prior to cutting steel for tooling. Any deviation to print specifications must be negotiated up front with Kurz-Kasch and are not considered approved until revised prints and purchase orders are received by the supplier. Acceptance of production tool POs by suppliers reflects the supplier's guarantee that parts will meet the print specifications and any changes that need to be made to the tool to bring the parts to specification will be at the supplier's expense.

2.5.3 Tool Maintenance

The supplier will maintain the tool for the life of the program at the supplier's expense or provide information prior to PO acceptance for tool life maintenance costs.

2.5.4 Contingency Planning

The supplier shall provide a contingency plan to Kurz-Kasch Purchasing to cover any disruption of material flow due to rejected lots of material that result in an interruption or efficiency loss in Kurz-Kasch Production.

2.5.5 Cost Recovery

If a line shutdown, efficiency loss, customer rejection, or an increase in scrap occurs at Kurz-Kasch due to the supplier not meeting blanket order stock quantities or because of quality rejections, all expenses incurred by Kurz-Kasch will be the supplier's responsibility. Examples of costs to be incurred by the supplier are: (but not limited to) overtime, premium freight, material sorting (in-house, or at customer location), efficiency loss, and material scrap – raw, or finished, customer support related costs.

2.5.6 Control Dimensions

The Supplier and Kurz-Kasch will establish product and process Control Dimensions to be used for process validation and on-going production. The dimensions will be identified on the Kurz-Kasch print or on the print provided to the supplier. Contingent on the type of Control Dimension, gages, fixtures and other types of validation devices may be used with Kurz-Kasch Quality concurrence.

2.5.7 Statistical Process Control Data

When required on the purchase order or on the part print, the supplier shall provide Statistical Process Control (SPC) data for critical dimensions identified with each shipment of parts. Method of submission of the data must be reviewed and approved by the receiving Kurz-Kasch facility.

If any of the above provisions are unclear to the supplier, it is the supplier's responsibility to seek clarity from the quality or purchasing department of the receiving Kurz-Kasch facility prior to acceptance of the Purchase Order.

If any Purchase Order requirements are not met, the Purchase Order may become null and void. The supplier will then be responsible for any inventory that they may have purchased that does not meet PO specifications and falls outside any fab authorization received from purchasing.

2.6 Manufacturing-Process Control

The supplier shall establish and maintain testing, inspection and statistical control procedures at points in the manufacturing process to insure that all quality requirements are satisfied in the components or materials supplied to Kurz-Kasch. The supplier may be required to apply SPC techniques to critical control characteristics to monitor and continually reduce the process variation. The supplier shall have contingency plans for the inability to supply material to Kurz-Kasch.

2.6.1 Process Flow Diagram

The supplier is required to establish and maintain simplified process flow diagrams that depict the processes used in the manufacture and validation of materials for Kurz-Kasch. This process flow diagram is to be submitted to Kurz-Kasch Quality Assurance with the control plan prior to sample submission date.

2.6.2 Failure Mode and Effects Analysis (FMEA)

The supplier may be required to perform a process FMEA on all new parts, when required by Kurz-Kasch Product Engineering. Kurz-Kasch will assist the supplier in completing this requirement, if needed. The purpose of this requirement is to enable the supplier to analyze problems that will occur if specific things happen during the processing of Kurz-Kasch parts and to install controls to protect against certain failure modes. If forms or format is needed, contact Kurz-Kasch Quality for materials.

2.6.3 Control Plan

The supplier shall prepare a plan for the control of the product. All critical control characteristics shall be identified on the plan. This plan should include the following:

- A description of the designated characteristic item, and the evaluation or checking technique used to verify conformance to specification.
- Inspection frequency and sample size.
- A reaction plan when defects are found.

The control plan shall be submitted to Kurz-Kasch Quality Assurance for approval no later than 14 days prior to initial sample promise date. If forms or format is needed, contact Kurz-Kasch Quality for materials.

2.6.4 Measurement Systems Analysis (GR&R)

Measurement systems analysis shall be performed on all gauges or measurement equipment used to verify critical characteristics. The analysis should include accuracy, repeatability, reproducibility, stability and linearity. GR&R error should be less than ten (10) percent. Up to 30% may be accepted if approved by Kurz-Kasch Quality Assurance. If GR&R is greater than 10% please contact Kurz-Kasch Quality in advance to explain the reason why 10% cannot be reasonably attained and request approval prior to PPAP submission. The GR&R study shall accompany the sample submission.

2.6.5 Process Capability

Suppliers shall perform statistical studies on operations that affect critical control characteristics.

Process Potential (Short Term Study)

These studies provide a preliminary assessment of the potential of the process to produce products that meet Kurz-Kasch specifications. Process potential studies are conducted using variable data on a sample of at least 30 units taken from a production run. If multi cavity tooling is involved, the sample shall consist of an equal number of parts across all cavities. The process potential will be considered acceptable if a Ppk value ≥ 1.67 is demonstrated.

Process Capability (Long Term Study)

Process Capability studies are usually an extension of the Process Potential studies. The time period is at least 30 days and is intended for the process output to reflect the effects of operating under actual production conditions with factors such as raw materials, personnel, environment, tool wear, etc. contributing to process variation. Kurz-Kasch criterion for proof of process capability is a Cpk value ≥ 1.33 .

When the above criteria are not met, 100% inspection shall be implemented unless another screening procedure has been specified in an approved Control Plan. The supplier should develop an action plan to determine the reasons for not meeting the criteria and, whenever practical, revise the process accordingly. The 100% inspection, or approved alternate shall be continued until capability is demonstrated or until Kurz-Kasch Product Engineering approves an engineering deviation or change.

2.6.6 Inspection Instructions

All inspections and tests shall be described by clear, complete and current documented instructions. The instructions shall include the following as a minimum requirement:

- Characteristic to be checked.
- Frequency of inspection and/or test.
- Method of inspection.
- Equipment to be used.
- Standard for acceptance and rejection.
- Reaction plan

These procedures will be reviewed and approved in conjunction with the initial sample submission and their approval will be considered a requirement for sample approval. They should be physically located in the inspector/operator's work station

2.7 Measurement and Test Equipment

The supplier shall maintain gauges and other measuring and testing devices necessary to assure that material or components conform to Kurz-Kasch specifications and print requirements. These gauges and measuring devices will be calibrated and certified at established intervals with equipment and methods traceable to the National Institute of Standards and Testing (NIST). All equipment shall be identified indicating the calibration status and calibration data shall be recorded for verification and history. Calibration procedures should be available for each gauge or family of gauges. These procedures should include, but are not limited to the following:

- Gauge description (Family)
- Cleaning method
- Standard to be used
- Step-by-step calibration procedure
- Gauge tolerance permitted
- Method of identification of calibration
- Reaction plan
- GR&R requirements and frequency

2.8 Statistical Process Control

When process capability has been established, the supplier should use statistical process control methods for all critical characteristics. The methods used for critical characteristics shall incorporate the use of variable data and not attribute data. Any exceptions to this requirement must be reviewed and approved by the quality department of the receiving Kurz-Kasch facility. Suppliers are expected to utilize data from these control methods to identify opportunities for continually reducing variation. Actions taken in response to out-of-control and out-of-tolerance conditions shall be documented. Kurz-Kasch may request process capability data be supplied, with each shipment on critical characteristics – see section 2.5.7.

2.9 Audit Inspection

The supplier shall verify by dimensional, operational, and visual inspection that material or components shipped conform to the specifications. The use of statistical sampling is

an acceptable technique providing the supplier understands their responsibility for total conformance of each part to the specification. This audit procedure should be noted on the control plan. All Sampling will be based on C=0 methods.

Kurz-Kasch reserves the right to bill the supplier if continual incoming inspection is needed to verify a product or material's acceptability prior to use.

2.10 Non-Conforming Material Control

Non-conforming material shall be clearly identified and isolated in segregated areas, when possible, to prevent its inadvertent return to the normal process flow. The supplier shall establish written instructions for the proper control, disposition and traceability of non-conforming materials including the method of identification.

2.11 Corrective Action

The supplier will utilize, document and demonstrate the capability of implementing a corrective action plan in the event of discrepant material being detected. The supplier shall maintain a system that proves that the corrective action was effective, typically by inspection results and statistical analysis.

In the event that the supplier suspects or determines that non-conforming material has been shipped in error, the supplier shall immediately notify the appropriate Kurz-Kasch facility's Quality Assurance Department and Purchasing management of such a shipment. If the supplier recalls the shipment(s), or provides the resources for sorting the non-conforming material to prevent the non-conforming material from getting into the Kurz-Kasch facility's process, the suppliers PPM may not be affected.

When Kurz-Kasch notifies the supplier of detecting non-conforming material, the supplier shall submit in writing a containment plan to the Kurz-Kasch Quality department within 24 hours of notification of the issue. Unless otherwise agreed to by the receiving Kurz-Kasch facility, a completed Corrective Action Report shall be submitted to the Kurz-Kasch facility's quality department per the deadlines stated on the Corrective Action Report form.

Any costs incurred by a Kurz-Kasch facility due to a supplier's non-conforming material may be recovered by the Kurz-Kasch facility through a supplier chargeback. Any current or potential supplier should review the facility specific requirements for details on chargebacks (for example: labor recovery, downtime recovery, administrative charges, etc). The lack of specific information in a facility's requirements does not indicate that the facility will not expect cost recovery for non-conforming material.

It is the supplier's responsibility to obtain the latest version of the Corrective Action Report form from the Kurz-Kasch facility. Agreement to deviate from this form to another format is to be negotiated with the Kurz-Kasch facility.

2.12 Purchased Material Control

A system shall be in effect for the control of material purchased by the supplier. This system will provide assurance that the material meets physical, chemical, visual, functional, and dimensional requirements.

The supplier shall withhold from use all incoming supplies pending verification of conformance to requirements. Material should be identified by stamp, tag, etc. of its status.

2.13 Subcontractor Control

The supplier has the responsibility for assuring that each of their suppliers has the capability of processing material to the required specifications prior to placing business. The subcontractor should have a documented quality management program which shall be available for review upon request.

2.14 Material Identification

The supplier shall establish and maintain an effective system for the control of all material. The status of material removed from the normal processing flow shall be identified. Non-conforming material shall be identified and segregated (when practical). Final disposition of such materials shall be recorded and traceable.

2.15 Drawing and Change Control

The supplier shall establish and maintain a documented system for assuring that the latest applicable drawing(s) and related specifications are on file and in effect. Obsolete drawings and specifications shall be removed from use.

2.16 Records

Records shall be generated to verify conformance to the requirements. The supplier shall retain the records for three (3) years unless otherwise specified by Kurz-Kasch.

2.17 Internal Audit Requirements

To assure continued compliance to the supplier's internal procedures, regular audits conducted by personnel independent of the area being audited are expected. Audits should verify process, product, and system compliance and their frequency shall be no less than semi-annually. The supplier should have documented evidence of corrective action on the discrepancies found.

2.18 Training

The supplier shall have a documented training program for all personnel. This training should list the type of training, length and frequency of class along with documentation of successful completion. The evaluation of training effectiveness shall be monitored as part of the training program.

2.19 Preventive Maintenance

The supplier shall have a formalized preventive maintenance program with documented evidence of implementation. The program should document the replacement of parts, repair and in some instances wear on the tooling. A complete tooling or equipment history should be available.

2.20 Process Change Control

Any change to the supplier's process and its controls as documented and approved through the PPAP process requires advance notice and approval from Kurz-Kasch.

Examples of process changes are as follows:

- Any change in tooling or equipment originally approved by the customer.
- Any change in manufacturing process or process flow.
- Change in manufacturing location, either within the present facility or movement to a different facility.

- Change in design or specification.
- Change in suppliers or subcontractors.
- Change in incoming materials, including chemical compounds.

If any of the preceding circumstances are anticipated, it is the responsibility of the supplier to notify Kurz-Kasch quality when such changes will occur. The supplier shall obtain PPAP requirements and subsequent PPAP approval from Kurz-Kasch Quality.

If there is any question as to whether a process change applies to these requirements, it is the responsibility of the supplier to contact Kurz-Kasch quality for clarification. Failure to provide proper notification and the required approval will result in a reduced supplier rating and may influence your consideration for any new business.

2.21 Supplier Quality Rating

A supplier is primarily rated on the quality and on-time deliveries of production materials. Kurz-Kasch determines which of these purchased materials will be subjected to inspection and testing. Additionally a system of supplier surveys and audits will augment the Supplier Rating. It is the intention of Kurz-Kasch to use only the best-rated supplier for future material needs.

2.22 Supplier Audits

At Kurz-Kasch discretion, audits may be made of a supplier's facility. Arrangements will be made through the Purchasing or Quality Assurance Departments. These audits are being made to determine if the procedures, organization, processes, etc. are in effect and applied in a manner to assure consistent product quality.

2.23 Packaging and Labeling

Refer to Kurz-Kasch facility-specific requirements for details regarding packaging and labeling.

2.24 Material Certifications

Kurz-Kasch reserves the right to request material specifications be included with shipments. The certification may take place at the supplier's own in-house lab as long as the lab complies to any applicable standards as required by the receiving Kurz-Kasch plant (ISO, TS, AS, etc.). If a supplier is self-certifying material, it must, at its own cost, obtain an independent, third-party lab certification on an annual basis. Results of the third party certification must be submitted to the Kurz-Kasch facility's Quality Department.

3.0 Kurz-Kasch - Supplier Interface

3.1 General Procedures

To develop workable procedures between Kurz-Kasch and its suppliers, the following services will be offered:

- Provide all pertinent engineering print standards and any other related engineering, process or quality requirements to the supplier for review.
- Exchange meetings with technical people from the supplier's and Kurz-Kasch' facility to resolve all questions about specifications, processing, and quality assurance.

Supplier and Kurz-Kasch personnel work together to develop a preliminary quality plan.

- (a) Supplier proposes a control plan based upon process capabilities and characteristic importance.
- (b) Kurz-Kasch will review and recommend any changes required.
- (c) Final agreement is reached by both parties.

3.2 Critical Control Characteristics

Critical product and control characteristics require application of SPC techniques to monitor process variation. On Kurz-Kasch prints, critical product and control characteristics will be mutually agreed upon by Kurz-Kasch and the supplier. The supplier may be using Kurz-Kasch customer prints. It is the supplier's responsibility to verify what dimensions are critical on these prints with Kurz-Kasch.

- When Kurz-Kasch supplies their customer's prints or their own Kurz-Kasch prints to the supplier to define the material characteristics, it is the supplier's responsibility to verify with Kurz-Kasch what the symbols mean, what is critical on these prints and what the supplier's requirements are due to the symbols.
- All critical product and control characteristics dimensions shall be shown to be normal distributions. Verification should be on an annual basis.

The minimum acceptable process variation for a critical control characteristic is a $Cpk = 1.33$. Higher $Cpks$ may be required depending upon customer or Kurz-Kasch Engineering requirements. Evidence of acceptability is required for the initial submission of parts.

4.0 Initial Sample Inspection and Approval

4.1 Initial Sample Submittal

Initial samples of manufactured parts or raw material shall be furnished to Kurz-Kasch for approval before production shipments can be made. Included are the following examples when parts should be submitted:

- New part.
- New process.
- Change in process, tooling or material.
- Change in design or specification.
- Change in sub-contractor or sub-contractor process.
- Change in manufacturing location.

If any of the preceding circumstances are anticipated, it is the responsibility of the supplier to notify Kurz-Kasch Quality when such changes will occur. By default, a full level 3 PPAP will be required for any of the preceding circumstances. Any deviation from a full level 3 PPAP must be reviewed and approved by Kurz-Kasch Quality. Kurz-Kasch Quality will furnish specific sample sizes and further define requirements for approval for each change. Samples are to be clearly marked and shall be submitted to the Quality Assurance department at the using facility with the appropriate

documentation. If any questions occur concerning what constitutes any of these changes, please notify Kurz-Kasch Quality for clarification.

Re-certification on an annual basis is required for all purchased parts unless specified otherwise in writing from Kurz-Kasch Quality. The re-certification date occurs in one-year increments following initial sample approval date. The supplier is responsible to have knowledge of the re-certification date and to acquire and retain the required information by the anniversary date. Retained data may be requested by Kurz-Kasch at any time. Any requirements found to be out of specification during the annual re-certification shall be immediately reported to Kurz-Kasch quality for direction on corrective action.

4.2 Submission of Samples For Approval

The supplier, after determining from testing and inspection that the samples meet all specifications, shall provide Kurz-Kasch with the sample quantity designated by Kurz-Kasch Quality.

When samples are produced from duplicate tools, a sample from each mold or cavity is to be checked and submitted. A layout sample inspection report showing compliance to all specifications or exceptions shall accompany the samples. If specific test for materials are indicated, the supplier shall submit material certifications and related test data with the initial samples.

4.3 Initial Sample Approval

The Kurz-Kasch Quality Assurance and Product Engineering departments shall perform evaluation of the initial samples. Approval of samples will be communicated to the supplier. Total approval is required prior to tooling payment.

4.4 Initial Sample Rejection

Notification of rejection of the initial samples will be communicated to the supplier. Test data and rejected samples will be available upon supplier request. The supplier shall be required to resubmit samples after evaluating the discrepancies and taking the appropriate corrective action.

5.0 Supplier Audit

5.1 Purpose

The Supplier Audit is used to determine the degree of compliance by a supplier to the Supplier Quality Policy Procedures. The scoring permits an equitable comparison between suppliers.

5.2 Scope

Applies to all potential suppliers to Kurz-Kasch and to all existing suppliers.

5.3 Procedure

5.3.1 Prior notification will be given to the supplier so supporting information can be gathered for presentation.

5.3.2 When possible, Kurz-Kasch Quality or Purchasing will request the supplier's quality manual prior to the visit. Prior exposure to the supplier's quality manual allows Kurz-Kasch personnel to be better prepared and have a better understanding of the supplier's facility.

- 5.3.3 The Quality or Purchasing representative, along with other team members, will conduct an on-site audit at the supplier's facility.
- 5.3.4 The wrap-up session will be conducted after the completion of the audit. The audit results, along with comments/recommendations, will be provided to the supplier in a timely manner.
- 5.3.5 If corrective action is required, a detailed plan with time tables will be required from the supplier by the deadline specified in the audit results. Failure to respond could initiate de-sourcing actions at Kurz-Kasch.
- 5.3.6 The supplier may be requested to complete the audit without Kurz-Kasch personnel being present. Self-audits may be used as the basis for subsequent audits by Kurz-Kasch personnel.
- 5.3.7 Audits will be reviewed by Kurz-Kasch personnel for determination of acceptability of the supplier. Audits will be maintained by Kurz-Kasch for future reference.

6.0 Material Composition

6.1 Purpose

The purpose of IMDS is to insure all suppliers document the material composition of the products they supply to Kurz-Kasch.

6.2 Scope

Applies to all potential or existing suppliers to Kurz-Kasch whose products will be used in automotive final assemblies.

6.3 Procedure

- 6.3.1 Suppliers are expected to be registered on the International Material Data System (IMDS) at www.mdsystem.com. All material and components that are supplied to Kurz-Kasch must be submitted by the supplier on this website to Kurz-Kasch, Inc.
- 6.3.2 Kurz-Kasch Facility ID numbers are as follows:
 - Newcomerstown – 30214
 - Wilmington – 13817
 - Wabash – 52971
- 6.3.3 All suppliers must be Reduction of Hazardous Substances (RoHS) compliant. Proof of compliance shall be submitted to the receiving Kurz-Kasch facility.

Revision Log

Rev	Date	Reason for Rev	Revised by:
Rel	10-10-08	Initial release	T. Wogan
2	11-14-08	Added 2.24 Material Certifications and Rev Log	T. Wogan