

Covert Manufacturing Inc. Vendor Quality Manual

It is crucial for Covert Manufacturing Inc. to maintain a sound vendor base. Covert Manufacturing Inc. considers our vendor base an extension of our corporation.

- All Covert Manufacturing Inc. Vendors are required to have 85% on time delivery. To be considered on time, the delivery must arrive at Covert Manufacturing Inc. on or before the acknowledged promise date. Note: Date listed in notes of purchase order is Covert's in-house date.
- On time delivery performance will be monitored by the Covert Manufacturing Purchasing Department. This information will be used to place existing and future business. A corrective action report may be requested if on time delivery is not maintained at 85% or above, or the lack of on-time delivery affects Covert Manufacturing Inc.'s ability to deliver product on time to our customer.
- All Covert Manufacturing Inc. vendors are required to maintain a high, quality standard. All Quality issues must be addressed immediately, effectively and permanently by each supplier. The supplier will be notified of all defective parts and a return material authorization will be requested. If authorization to return is not issued within 5 working days, the material may be disposed of at Covert Manufacturing Inc. and the vendor account will be debited for the cost of the raw material. Depending on the defect the supplier may be asked to issue a corrective action. The corrective action must be completed and returned to Covert Manufacturing Inc. within 30 days unless otherwise instructed. The suppliers' quality performance will be monitored by the Purchasing Department and will be used to place existing and future business. If a supplier has $\geq 10,000$ PPM defects, the reasons for the defects will be reviewed. Based on individual part performance if it is deemed necessary, corrective actions will be issued with an expected response from suppliers within 30 days.
- All vendors of Covert Manufacturing Inc. are required to be certified to ISO 9001: 2008. The exceptions are as follows: customer-preferred vendor, tooling vendors.
- A copy of vendor ISO 9001:2008 certifications must be sent to Covert Manufacturing Inc. annually, where it will be maintained on file. If the vendor loses or does not maintain their registration, written notification must be provided to Covert Manufacturing Inc. within 7 business days. Loss of certification will adversely impact current and future business opportunities with Covert Manufacturing Inc.
- Depending on risk analysis and performance a second party audit might be conducted at your facility to verify compliance with ISO 9001 requirements and all other customer requirements if you provide Covert with castings or forgings.

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- Partial shipments: Any additional shipping cost incurred as a result of partial order shipment without Covert Mfg. authorization will be charged back to the supplier.
- The use of unauthorized carriers will not be tolerated.
- A new purchase order will be given to the supplier if it is a new job or a revision change. The parts must be shipped under the Job Number which will be referenced on the purchase order. In the event of a new part, revision change, or a prototype, there will be a two letter suffix of PP or PR at the end of Job Number.
- Unless otherwise stated on the purchase order, or specifically authorized by the Quality Department at Covert Manufacturing Inc. a level 3 PPAP must be submitted for all new and revision-changed part numbers.
- Under no circumstances shall the vendor deviate from the purchase order or the blueprint without prior written authorization from the Quality Department at Covert Manufacturing Inc.
- If vendor makes any changes to process, it must be approved by Covert Manufacturing Inc.
- All certifications must be sent electronically to certs@covertmfg.com prior to the parts arriving at Covert Manufacturing Inc. If parts are received without certifications the material may be returned to the vendor at the vendor's expense. Non-conformance will affect supplier rating and multiple offenses will result in an administrative fee of \$250 per offense.
- All required certifications must match the purchase order.
- If no certifications are required to be sent with the shipment, certifications still must be maintained on file at the vendor and must be provided to Covert Manufacturing Inc. within 2 business days upon request.
- All certifications retained at the vendor's facility must be maintained for 10 years plus the life of the part.
- If providing service of coating, heat treating or plating a current CQI must be submitted to Covert upon receipt of product.
- If material purchased has a shelf life, the material must be identified with the expiration date or best-used-by date. This includes, but is not limited to, aluminum bar stock. All iron or steel castings shipped without paint must be shipped in VCI bags.
- If material has Special Characteristics or Product Safety features appropriate procedures must be put in place to guarantee quality of the part. Covert might request specific procedures for parts with these features.
- All vendors will be reviewed annually and based on quality performance, on-time delivery, quality system registration, responsiveness to problems and history may be selected for a second party audit by Covert. We expect all vendors to work to accommodate these audits.
- Quarterly Delivery Scorecards will be sent to suppliers that provide parts for the Automotive Industry. Bi-annual delivery scorecards will be sent to all other suppliers. Quality Performance will be evaluated and if expectations are

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not being met Quality Performance Metrics and/or defect information will be communicated as needed.

- Terms and Conditions-See (www.covertmfg.com)
- Any customer charge backs by Covert customers that relate to product quality or delivery issues of Covert vendors will be charged back to vendor.
- At the end of each job, Covert Manufacturing will issue a Defective Material Report. Please respond within 24 hours of this notice. If no response is received within 7 days, Covert Manufacturing Inc. reserves the right to scrap the parts at our facility and debit your account.
- Covert Manufacturing requires that vendors ensure equal opportunity to all qualified employees and applicants for employment without regard to race, creed, color, sex, age, genetic information or ancestry, citizenship status, marital status, military service or veteran service, pregnancy, religion, sexual orientation, gender preference, national origin or disability.
- Covert Manufacturing expects that suppliers adhere to a policy and training procedure that supports a working environment free from forms of unlawful discrimination and work practices including but not limited to, sexual harassment, forced labor, and child labor.
- Covert Manufacturing encourages suppliers to promote responsible environmental practices and support a commitment to environmental training.

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Covert Manufacturing Inc. Approved Vendor List Criteria:

- An assessment of the selected supplier's risk to product conformity and uninterrupted supply of the organization's product to their customers
- Relevant quality and delivery performance
- An evaluation of the supplier's quality management system
- Multidisciplinary decision making
- Assessment of software development capabilities
- Other criteria to be considered
 - Volume of automotive business
 - Financial stability
 - Purchased product, material or service complexity
 - Required technology
 - Adequacy of available resources
 - Design and development capabilities
 - Manufacturing capability
 - Change management process
 - Business continuity planning
 - Logistics process