



LANZEN

**Supplier Quality
Manual**

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and Supplier Quality Assurance Requirements**



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Introduction

This Supplier Quality Manual (SQM) defines the requirements and basic expectations LANZEN has for its suppliers to ensure that the highest quality standard is met.

Any additional requirements will be communicated on a case by case basis and will be addressed in the purchase order, Supplier Quality Assurance Requirements (SQAR), or in some other way.

All communications regarding the information in this document are to be directed to a LANZEN purchasing representative.

LANZEN's Vision

LANZEN's vision is to meet and exceed our customer's expectations through excellence in quality and delivery. LANZEN's goal is to achieve a clear, competitive advantage through continuous improvement in quality, delivery, service, and cost. This philosophy is expected to be adopted and followed by all members of the supplier chain.

Suppliers are responsible for the quality of their product and to achieve the highest quality standard are expected to have:

- Zero Defects
- 100% on-time delivery
- Immediate responsiveness to quality or delivery issues
- Continuous improvement by proactively improving quality, delivery, and value of the product.

LANZEN recognizes that we cannot succeed without a close relationship between it and its suppliers so will, whenever possible, provide the necessary personnel, data, procedures, and other information relevant to success.

Requirements to Become a LANZEN Supplier

All requests to become a supplier to LANZEN must be submitted to the LANZEN purchasing department. A representative from the purchasing department will initiate the approval process. Requirements to become a supplier may include any or all the following:

- Passing an on-site supplier audit conducted by LANZEN.
- Completion a supplier survey
- ISO 9001 certification or ability to demonstrate compliance to ISO 9001.
- Signed Non-Disclosure Agreement
- Ability to demonstrate that proprietary information is maintained and disposed of properly.



- APQP (Advanced Product Quality Planning) knowledge – the ability to provide upon request: feasibility reviews, PPAP's, FMEA's, control plans, 1st Articles, 1st pieces, or other inspection documentation.
- Ability to abide by all drawing requirements, as well as customer specific procedures and requirements.

Purchase Orders

Once a purchase order has been acknowledged, it is considered a binding contract. LANZEN expects that acknowledgement of a purchase order is acceptance of all conditions and requirements contained within it and the SQM. Any deviations or exceptions must be approved in writing prior to the production run. LANZEN will not be responsible for any product that does not meet the requirements of the purchase order and the SQM.

Order of Precedence

If a conflict occurs between the requirements of the purchase order, the following order of precedence shall apply:

1. Changes to purchase order
2. Purchase order
3. Supplier Quality Manual/SQAR's
4. Authorized drawing changes
5. Drawings
6. Models – to be used as reference unless otherwise specified on the purchase order

Approved Source

Supplier shall be responsible to ensure that procurement source is the "approved source" named on the drawing.

Basic Inspection Expectations

The supplier shall comply with the following inspection requirements:

- Ability to inspect their own product using appropriate tooling and gauging in accordance with a certified calibration standard.
- Inspection reports should be created for all product, kept on file, and available for review upon request
- A C=0 sampling plan should be used as a minimum guideline for inspection.



PPAP

LANZEN may require that a PPAP (Production Part Approval Process) be provided along with the manufacturing of product. The PPAP level will be dependent on the impact to Lanzen and its customer's requirements but will be an AIAG level I or level IV in most cases. The p.o. and the quality department will provide guidance on what information is required.

Non-conforming Material Corrective Actions

Upon receiving notification that LANZEN has received suspect or non-conforming material, the supplier must implement containment action immediately. All containment actions should be completed within 24 hours. Containment action may include sort and containment at LANZEN facilities. LANZEN will not be responsible for sorting and providing disposition to supplied product.

Upon request, suppliers will submit a corrective action, including root cause analysis and actions taken to prevent further incident. The preferred corrective action tool is the 8D, but other quality tools may be used if approval has been attained. Completed corrective actions shall be submitted within 15 working days. Additional time may be granted but suppliers must attain written permission from LANZEN to change due dates.

When repeated rejects occur for similar root causes the supplier may be required to certify each shipment. Certification may be 100% sort, complete dimensional reports, or some other form of verification that shipped product has seen increased inspection and has been approved. Increased inspection normally lasts for 5 shipments. After 5 good shipments suppliers can return to normal inspection standards and frequencies.

LANZEN also must be notified of any LANZEN supplied material or parts that are scrapped at the supplier's facility.

Deviation Requests

All requests to deviate from print requirements should go through the LANZEN purchasing department. The request shall be in writing, with a detailed description of the deviation, including the print callout, the tolerance, and the actual readings. The supplier should also include the containment activities, the root cause of the discrepancy, and its corrective action. Deviation approvals should be maintained by the supplier.

Supplier Charge Backs

When non-conforming material is found at a LANZEN facility, it is the supplier's full responsibility to sort, disposition, and rework or scrap the material as needed. Suppliers will be notified that there is suspect material and will be given the opportunity to sort and/or rework at LANZEN or have the parts shipped



back to their facility. If LANZEN needs to conduct the sort or rework, then LANZEN will charge a mutually agreed upon hourly rate to recoup any costs associated with the suspect material. A supplier charge back form will be completed that details all costs associated with the sort and rework.

The supplier assumes any responsibility for parts that may need to be returned. An RMA number and shipping information will be requested by LANZEN and the supplier must reply within 24 hours so suspect material can be removed from the facility as soon as possible.

Change Control

Suppliers shall maintain adequate control to assure drawing revisions incorporated through purchase document changes are implemented in a timely manner. Items so effected shall be identified, segregated, and packed separately at established efficiency points.

Supplier shall use the latest revision of specification/standard available unless an earlier revision is specifically called out in the purchase order.

Also, LANZEN must be notified of all changes to the method of manufacturing such as the type of welding or cutting.

Inventory

Suppliers are expected to maintain accurate inventory of LANZEN supplied material and product and to be able to retrieve those inventory counts in a timely manner.

Record Retention

Suppliers shall maintain all records for 7 years unless otherwise specified on the purchase order. All records shall be available to LANZEN if requested.

Sub-supplier Control

It is the responsibility of each supplier to ensure that their sub-suppliers understand all regulations, as well as all print and customer specific requirements. The supplier will be held completely accountable for all product and services performed by their sub-supplier. The supplier is also expected to pass down all DFARS and counterfeit material obligations. Documented evidence of control of sub-suppliers shall be maintained and available for review by LANZEN personnel upon request.

Shipping and Packaging

All product shipped to LANZEN must be packaged in a manner to protect the parts from contamination and damage. The supplier is responsible for the condition of the parts until the parts arrive at LANZEN unless otherwise specified.



Packaging shall also include proper identification. Each container shall be clearly identified with the following: part number, quantity, and date of shipment. Additional information may be requested on the purchase order.

Supplier Audits

LANZEN may request an on-site audit at the supplier's facility. Audits may be general in nature where LANZEN is attempting to gather information on a supplier's core competency, capacity, and its strengths and weaknesses. LANZEN may also conduct a process audit where the product is followed throughout its production cycle. LANZEN will provide the audit form in advance if the supplier requests. All results will be shared with the supplier. LANZEN may request corrective actions based on the audit results.

Supplier Ratings

LANZEN supplier ratings will be completed quarterly. Several factors, such as the quantity of parts delivered, the complexity of the parts, or past supplier ratings will factor into which suppliers are chosen to be rated.

Suppliers will be rated on quality, on-time delivery, and incident resolution management. Other factors may be noted in the rating, such as the response time to RFQ's or general customer service.

Rated suppliers will be considered preferred suppliers that will be eligible for increased business as well as reduced inspection levels and general inspection requirements.

Continuous Improvement

Continuous improvement is expected throughout the life of the product and throughout the relationship with LANZEN and its suppliers. In order to continue to be competitive, LANZEN and its suppliers must be proactive in proposing improvements in processes as well as cost. All improvement ideas should be submitted to the LANZEN purchasing department.

DFARS/Counterfeit Material

The purchase of materials, components, or parts from non-approved countries is strictly prohibited per DFARS requirements. LANZEN will not accept any such product unless written permission is expressly given. It is the responsibility of the supplier to review its sources to ensure that material is not used that does not conform to these requirements. Certifications must be reviewed by the supplier to ensure that they meet all requirements of DFARS and counterfeit avoidance.