



# Supplier Requirements Manual

## Introduction

We value the partnership we form with our suppliers and recognize that our suppliers are key to the long-term growth of our business.

Our expectations from our suppliers are identical to those expected by our customers.

## Purpose

This Supplier Manual describes the purchasing procedures of Amptech. Because purchased materials, parts, products and services affect every part and assembly shipped by us, these obligations are to ensure that the Supplier can and does conform to Amptech's quality requirements and is committed to customer satisfaction through continuous improvement of its processes and products.

## Scope

This Manual (as it may be amended) shall be incorporated into each contract agreement issued by Amptech to the Supplier. Supplier's sale of any Goods and/or Services to Amptech constitutes acceptance of the applicable PO (including this Manual). Obligations of the Supplier contained in this Manual may only be modified or waived by an Amptech Executive Representative (Quality, Purchasing) in writing.

## Contacts

Quality: David J. Wildner

Purchasing: Tammy Jans

## Purchasing Philosophy

We intend to team with suppliers that are committed to and deliver quality products. These suppliers can support Amptech's goals by consistently providing defect-free products on time, taking a proactive approach to continuous improvement, and reacting quickly to our collective needs.

Quality, Delivery, Value, and Service are factors that govern the evaluation of all sources prior to soliciting a quotation and during the tenure of the purchase contract. Amptech must be assured that new suppliers will be able to produce an improved product, reduce costs, or offer other advantages.

To improve both quality and cost of Amptech products, we are constantly searching for additional suppliers who offer the best value.

## Supplier Eligibility

To be an eligible supplier to Amptech, the supplier will have to meet the following criteria. A supplier may qualify to be included in the Approved Supplier List through the following processes:



Customer Directed: After the customer identifies the supplier as the selected source for a specific part or commodity, the approval will start. There will be no special exemptions for these suppliers and all requirements must be met to be approved. Should the supplier not be approved, Customer Service will require a letter from the customer that instructs Amptech Incorporated to use the supplier. Details surrounding these circumstances will be handled on a case-by-case basis.

Competitive Bidding: Quotes and proposals may be solicited from potential new suppliers who are not included in the Amptech's Approved Supplier List. Tentative sourcing decisions to award business to a new supplier may be made with the requirement that the supplier has completed all selection requirements prior to the issuance of purchase orders.

The approval process is as follows: Suppliers must be compliant to the latest version of ISO 9001 (Gage Calibration Sources - ISO/IEC 17025 or A2LA). Suppliers who are not compliant may be approved at the Quality Manager and Purchasing Manager combined discretion. Documentation will be maintained in their supplier file detailing the reason(s) for the exception.

~ Dodd-Frank Wall Street Reform and Consumer Protection Act. Conflict Mineral Statement with completion of the mandatory Conflict Mineral Report Template (CMRT) available at the following website [www.conflictreesourcing.org](http://www.conflictreesourcing.org)

~ Maintaining a secure data system and a non-disclosure philosophy when sensitive materials are exchanged.

~ Have in place a Counterfeit Awareness Program that includes action plans for Avoidance, Detection, Mitigation, and Disposition.

~ An Ethics Policy and/or Code of Conduct in place that is communicated throughout the organization.

## **Supplier Monitoring, Approvals, and Disallows.**

### **Supplier Approval:**

Approving a supplier can be based on past supplier evaluations and approvals from previous performances and/or based on their ability to meet the requirements.

A copy of Amptech's supplier manual is sent requesting the below information:

Suppliers Name, address, phone number, and contacts.

Verifying that suppliers are compliant to ISO9001-AS9100 or IATF standards

### **If no Certificates:**

Amptech requires a Certificate of Compliance



This may be printed on the supplier's packer or sent separately with every shipment. Amptech has a general C of C to be sent for their signature should they not have one of their own.

Supplier information is then logged into Amptech's Manex system by accounting.

Supplier type is identified

Supplier type:

Board houses – Calibration (calibration service) – Chemical – Customer – Freight – Metal (Fabricators) – Manufacture – Office Supply – PC Broker – (PC Production Component) – PC Distributor – Packaging – Plastics – Plating – Service / Support – Shop Supplies – Spot buy – Transformers – Wire – Stencil

Accounting will note under supplier profile the date supplier was set. Accounting will notify the purchasing manager of the new supplier set up, so all the required information is received and documented.

Suppliers Certificates / Certificate of Compliance are sent to the purchasing manager. The certificate type and expiration dates are logged into Manex and a copy is kept on file by supplier type.

Amptech monitors Risk with suppliers monthly / all others quarterly based on a scorecard, ratings 1-5. (5 being excellent) If an individual rating falls below a 3, corrective action will be initiated at the discretion of the Purchasing or Quality Manager.

On-time delivery – does the product arrive when the supplier said it would.

Defective material – Holding cage – is material defective, wrong and / or in quarantine? Could it be suspect in other ways, such as counterfeit material?

PO confirmation Time - How timely is the supplier's acknowledgment of PO's

Quoting Response Time – How timely is the supplier's quoting process

Receiving discrepancies – does product arrive shortly in quantity stated / not labeled or not labeled correctly / poor or damaged packaging.

Certificates – does supplier have current certificates / C of C's on file.

Scorecards are live and can be reviewed at any given time by purchasing and management. Suppliers are reviewed and monitored: Risk with suppliers monthly / all others quarterly to the above and a report may be sent to suppliers at the buyer's discretion.

A report is generated by: Risk with suppliers monthly / all others quarterly by the purchasing manager showing Supplier PO line Items / Supplier / Supplier type / Supplier Risk, Certificate or CofC along with the expiration date and supplier status. Suppliers are reviewed based on PO Line Items showing in that time frame. If a supplier has 15 or more-line items a Scorecard is generated and reviewed.

Should a Supplier not meet the expectations during the monthly / quarterly review. They are then set up as "under evaluation" and contacted for disposition as to the faulty action. If the supplier cannot meet the required expectations, they then are marked as "inactive" and no purchases will be made from this supplier moving forward.

## **Approved / Under Evaluation status / Disqualified status / Inactive status/Risk level.**

- Example: – Approved: Meets scope of approval – Under Evaluation: Findings that need to be corrected but should not preclude approval, or a new supplier being evaluated and will stay within this designation until score card establishment – Disqualified: Findings have not met the scope of approval. Inactive: The supplier shows no purchase activity and will need to be reapproved. Automotive suppliers will show risk levels: High – Moderate - Low

Supplier Documentation.

Supplier communications are noted in the PO under the PO item notes.

### **Quality and Supplier Visits**

Amptech recognizes the latest version of ISO 9001 requirements. All suppliers are encouraged to establish documents and implement effective quality management systems compliant with the latest version of ISO 9001 requirements as a minimum. This manual defines Amptech specific requirements and is in conjunction with the latest version of ISO 9001 expectations as well as IATF: 16949:2016 where applicable.

Amptech reserves the right to verify supplier compliance to the latest version of ISO 9001 requirements on-site for those suppliers identified as having a high impact on quality or for any reason as deemed necessary.

Amptech will flow down any other customer-specific requirements such as IATF 16949, AS 9100, ISO 14001 &, etc. These specific requirements are identified on the PO and will be part of our requirements when indicated.

## **Supplier System Audits**

### **Supplier System Self-Audits**

Suppliers are expected to conduct regular internal audits of their Quality Management System to ensure processes and procedures have been implemented in order to assure that customer-specific requirements are being met, are effective, are meeting goals and objectives, and can be reviewed for potential continuous improvement activity.

Internal Audits are to be conducted by personnel who are independent of the organization or functional activity that is being audited.

Documented procedures should be in effect for the internal audit, indicating:

Audited system review for effectiveness from the use of continuous improvement analysis.

Defined responsibilities for personnel conducting the audit.

Records of the results of the audit are reviewed during Management Review meetings. (as stated in the ISO9001:2015 requirements)

Follow-up Audits shall be performed as deemed necessary based on risk, by qualified Amptech personnel.



Audit Review(s) may be performed anytime a supplier's performance is deemed unsatisfactory by Amptech Management. An Internal Audit shall be done annually at a minimum.

### **Purchase Order Administration and Acknowledgment**

Upon being deemed eligible as a supplier, going through the RFQ process and being selected as a supplier to Amptech, the initial Purchase Order will be released from Amptech Purchasing.

Suppliers are required to acknowledge the receipt of the PO and the commitment date(s). This is typically in the form of an email or fax and should be completed and confirmed within three (3) days. This process is one of the measurements of the supplier performance scorecard.

### **Supplier Flow-down Requirements:**

By accepting a purchase order as a Supplier to Amptech Inc. you agree to comply with the additional terms and conditions listed below with respect to any product or services provided to Amptech.

1. **Control of Drawings & Specifications:** The Supplier shall ensure that the drawings and specifications are the relevant revision status specified on the Purchase Order. The Supplier shall comply with any special requirements requested by Amptech regarding the control of drawings and specifications.
2. **Quality/Inspection System:** Supplier shall maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub Tier Suppliers.
3. **Reporting Discrepancies:** Discrepancies, omissions, and the need for clarifications or interpretations of any nature encountered by Supplier in respect of furnished drawings or engineering data will be brought to the attention of Amptech for resolution.
4. **Calibration System:** All Inspection Measuring & Test Equipment used by the Supplier during in-process and final inspection to make a compliance evaluation shall be calibrated to the AS9100 or IATF:16949 Standard traceable to NIST.
5. **Special Processes:** Supplier shall provide certifications for all special processes and nondestructive test results performed with each shipment. The certificate shall identify the processor, process used, controlling specification & revision, and the results of test or measurement performed. Supplier used shall be an Amptech and/or Customer approved source for said Processes. These include operations subject to process controls such as: Welding, NDT, heat treatment, etc. The Supplier shall be approved as per above to perform specific required Special Processes or use Special Process vendors acceptable to Amptech and Amptech's customer.
6. **Material Substitution:** Unauthorized material substitutions are not permitted without Amptech's written consent.
7. **Workmanship Quality:** Manufactured product shall be free from burrs, and sharp edges. Cosmetic issues caused by manufacturing or special processes must be identified. Supplier is responsible for the cost of product damaged due to mishandling by the supplier.



8. Limited Shelf Life Items: Materials with limited shelf life shall indicate the date of manufacture, lot number and applicable specification on the container, which may also include an expiration date.

9. Certificate of Conformance: Supplier's acceptance of Amptech's purchase order certifies that the materials and processes supplied under the purchase order shall be or have been controlled and inspected in accordance with Amptech's purchase order and they meet the specified order requirements, referenced specifications and drawings. Supplier must provide a Certificate of Conformance for all orders, verifying that all products and lots meet those requirements. All products, lots and serial numbers must be clearly identified and labeled and must be traceable.

- For calibration related certifications the serial numbers must be listed on the certificate of conformance along with other applicable information in regard to the calibration process. Date of calibration and date due as provided in the purchase order must be listed as well.

10. Right of Access: Amptech, its customers, and regulatory authorities shall be granted the right of access to all Supplier and sub-tier Supplier facilities and records involved in fulfilling the Purchase Order requirements to ensure conformance with the requirements.

11. Letter of Disclosure: When a nonconformance is determined to exist or is suspected to exist on goods and/or services already provided to Amptech under Purchase Order Contract, Supplier shall provide written Post Delivery Notification Letter or Letter of Disclosure.

12. Counterfeit Parts: The Supplier shall certify that only new and authentic materials are used in products or goods delivered to Amptech and that the products/goods delivered contain no Counterfeit Parts.

13. Flow down to Sub-tier Suppliers: Suppliers shall flow-down to Sub-Tier Suppliers the applicable requirements as required by the purchase order either specifically or by reference.

14. Confidentiality: Suppliers shall hold all information received from Amptech in confidence and no third-party request for information will be authorized unless approved, in writing, by Amptech.

## **Quality Planning**

All suppliers are required to use quality planning to support the development of new products and/or services, in accordance with the guidelines in the latest version of ISO 9001 requirements. The supplier is to report the status of the quality planning activities to the Amptech Purchasing or Quality Manager as required which can include the use of APQP documents were required or needed by Amptech.

### **Part Approval Process (PPAP or FAI)**

Suppliers are expected to have systems and procedures in place to ensure the capability of the products and/or measurement system used to evaluate product conformance prior to shipment of goods to Amptech. A PPAP submission with required documentation may be requested of any supplier, depending on the needs of Amptech and its customers.

Product Safety / Preservation of Product: Proper identification, handling, packaging, and protection. Suppliers will provide packaging that provides protection from any damage that may occur.

Identification – clearly indicates manufacture part number recorded on the packaging containing the product. When the product is repackaged, that package is labeled with the part number as well as any other required information. UPC Bar Codes may be required in some instances, which will be communicated by the Purchasing Manager or the PO provided. Counterfeit parts program must be in place and strictly adhered to.

Handling – The product must be handled in a manner to prevent damage to such parts: Electro-static discharge (ESD) and Moisture Sensitive Level (MSL) must be taken into consideration as required. The supplier must have a process in place to handle Hazardous products and/or waste.

Packaging – Whenever possible, products should be kept in manufacturers original packaging. If the product must be repackaged the package must ensure parts are secured for no damage and mitigate the risk of Foreign Objects. (FOD) Where a necessary product will be packaged for protection from ESD and MSL precautions.

When more than one-part number or lot number is packaged in a shipping container, each part number and/or lot number must be separately packaged (i.e. bags or boxes) inside the container, with each labeled as to the contents. Packaging, labeling, and shipping materials must comply with the requirements of common carriers, in a manner to secure the lowest transportation costs.

### **Record Requirements / Dispose of records**

Suppliers will keep records and dispose of as required by either ISO9001-AS9100-IATF standards. All records shall be retained for a period of not less than 10 years from the completion of a purchase order. Details surrounding these circumstances will be handled on a case-by-case basis. The method of disposal maybe 10 years unless otherwise specified and destroyed at the end of its retention period by shredding, burning or deletion.

### **Product/Process Changes**

Amptech Purchasing must be notified prior to any change in the product or production process. Samples may be required for review and to evaluate the potential impact on Amptech's' process. Submission for PPAP/FAI is required unless specifically waived. Unapproved changes will result in Rejection and/or Quarantine of all goods at the discretion of Amptech and the potential for New Business Hold. Any charges incurred due to the lack of advanced notification will be the responsibility of the supplier.

### **Production/Fabrication Location Changes**

Amptech Purchasing must be notified prior to any change in production/fabrication location. Amptech Purchasing will facilitate the development of a move plan with input from Amptech Management and the supplier. Any charges incurred due to the lack of advanced notification will be the responsibility of the supplier.

### **Receiving Inspection**

All Production components and materials will be subjected to Receiving Inspection.

### **Quality & Delivery Problem Reporting and Resolution**



## Notification from Supplier to Amptech

If a supplier has reason to believe that a non-conforming condition exists in the areas of Quality, Delivery or other services:

Immediate action must be taken by the supplier to contact Amptech Quality Manager. Contact shall be by telephone for emergency issues.

Notification to Amptech shall be followed up by providing immediate action to sort or replace the material in-house within 24 hours.

Long-term corrective action with irrevocable conditions to prevent any further occurrence of similar non-conformance and with applicable statistical documentation to support evidence of verification of irrevocable corrective action taken is to be forward to Amptech within 15 days unless otherwise directed.

Corrective actions shall be in an industry-accepted format including root cause analysis (8D, Fishbone, Pareto, 5 Why's &, etc.)

## Supplier Chargeback

All costs associated with supplier rejections are entered by the Quality Manager and processed.

The acceptance criteria for product shipped to Amptech is Accept on Zero, Reject on one. Although this appears to be very strict, it has been the acceptance criteria for companies supplying the automotive industry for several years.

Supplier chargebacks are meant to recover costs incurred by Amptech. This may include the cost associated with supplier NCM product, late delivery, PPAP issues, packaging issues, safety issues, launch issues, warranty issues, and Documentation issues.

The supplier may appeal the issuance of a Supplier Chargeback contained in the DMN. To appeal, the supplier shall use the following process:

The supplier shall first complete the required corrective action. Next, request a meeting with Amptech to discuss the rationale for the appeal. If the cost is less than \$10,000 USD Amptech's Quality Manager and General Manager will provide the appeal outcome decision. If more than \$10,000 USD, Amptech will organize a discussion to include Amptech's Quality Manager, Operations Manager, Purchasing Manager and General Manager for the appeal outcome decision.

Expenses for sorting, reworking and transportation charges will be charged at cost.

The supplier will have 30 days to dispute any charges, in writing, to our Purchasing Department.

## Repeat Concerns

Repeated concerns regarding Quality issues may result in the potential for enhanced containment activity, controlled shipping, 3rd party containment or other focused verification plans, at the supplier's expense.





## **Lot Traceability**

The supplier must ensure lot-traceability on all materials, components, and assemblies to support customer needs.

## **Material Certifications**

Material certifications are required with all shipments for raw materials to be included with Amptech products. Other certification requirements from Amptech are to be identified on the PO.

## **Quality/Environmental Records**

The supplier is to maintain all applicable quality and/or environmental records dependent upon the quality/environmental system which applies to the material or product being purchased.

PO's which indicate AS 9100 as the quality system of record requires the supplier to forward all applicable quality records to Amptech's Quality Department with each shipment due to record retention requirements.

## **Delivery**

Amptech requires 100% on-time delivery performance from all suppliers.

Any delivery delays must be reported to Amptech's appropriate buyer immediately. On-time deliveries are defined as 0 days late. All deliveries are to be made per the logistics arrangements determined and within the normally scheduled delivery time. Excess costs attributed to supplier shipping / receiving issues are the responsibility of the supplier.

## **Premium Freight**

It is Amptech's policy to avoid usage of premium freight. Unfortunately, its usage is unavoidable due to varying circumstances. Supplier attributed issues (Quality rejection, late delivery, etc.) will require premium freight to be paid by the supplier to meet the required delivery dates.

Amptech attributed issues (Inventory loss, short lead time, etc.) will be paid for by Amptech.

## **Safety & Environmental**

All suppliers providing goods to Amptech which are "controlled" under W.H.M.I.S. (Workplace Hazardous Material Information Systems) must be familiar with and comply with all such regulations, for packaging and shipping. Material Safety Data must accompany any initial shipments from all suppliers and marked to the attention of the Amptech Quality Department.

Where required, Material Certifications should be placed in a separate envelope and addressed to the Amptech Quality Department. All material safety data sheets should be in a separate envelope and addressed as noted.

## **SUPPLIER DEVELOPMENT AND PERFORMANCE MONITORING**

### **Supplier Monitoring**



Where Amptech or its customer intends to perform verification at the supplier's premises, Amptech will state the intended verification arrangements and method of product release in the purchasing information.

Amptech verification activities may include:

- a) obtaining objective evidence of the quality of the product from suppliers (e.g., accompanying documentation, certificate of conformity, test reports, statistical records, process control),
- b) inspection and audit at supplier's premises,
- c) review of the required documentation,
- d) inspection of products upon receipt, and
- e) delegation of verification to the supplier, or potentially a 3rd party source.

Where specified in the contract, the customer or the customer's representative shall be afforded the right to verify at the supplier's premises and at Amptech's premises that subcontracted product conforms to specified requirements. This on-site activity shall also include the potential to visit any tier level of the supply base, regardless of commodity or location.

Verification by the customer shall not be used by Amptech or our suppliers as evidence of effective control of quality by the supplier and shall not absolve Amptech or our suppliers of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

### **Supplier Profile**

Suppliers are requested to forward a copy of their Quality System Certification. For those suppliers that are not certified to the appropriate standard, Amptech Purchasing requires evidence of compliance, which may include an on-site audit of the supplier's processes by a member of the Amptech Quality department.

### **Monitoring Methods**

Quality performance will be monitored by tracking defective parts received. The requirement for quality performance is 100% (Zero Defects), however an acceptable quality level (AQL) may be established depending on the product, process or service provided.

Delivery Performance will be monitored by tracking compliance to shipment due date(s) and quantity accuracy from the Amptech receipts.

Performance data will be periodically reviewed by Amptech.  
The delivery performance requirement is 100%.

A supplier may also be subject to analysis through the use of "Amptech Supplier Risk Assessment Matrix" FORM: 3-0004, (as previously mentioned) whereby a special evaluation will be conducted by Purchasing and / or Quality team members based on the criteria identified on that form.



## New Business Hold

At Amptech's discretion, suppliers will be placed on New Business Hold for anyone, or combination of, the following criteria:

Suspension of their Quality System Certificate (supplier must notify Amptech if this situation occurs).

Performance issues resulting in multiple instances of Quality or Shipping problems

Financial risk or instability

Contractual issues (at Purchasing discretion)

## Revision History

Revision: Release

3/15/2016

01

Update QA Name Change

4/15/2016

02

Added Counterfeit Awareness Program

12/22/2016

03

Added Ethics Policy

3/1/2017

04



## Amptech Logo Change

1/30/2018

05

Added Supplier Monitoring, Approvals and Disallows section and Product Safety/Preservation of Product section. Changed wording – from certified to compliant in relation to ISO/AS/IATF

4/30/2018

06

Updated several sections for clarification. Changed President to General Manager, updated name of Quality Manager, and converted TS to IATF.

7/8/2019

07

Revised multiple sections, added Supplier Chargeback section

3/12/20

08

Updated grammar/spelling added page numbers.

7/20/20

09

Updated 4<sup>TH</sup> PARAGRAPH OF SECTION: Monitoring Methods, added section: Supplier Flow Down Requirements