



**Title:** SCM DEVELOPMENT - SUPPLIER  
MANUAL  
**Number:** CE-051101-WI

# Cascade Engineering

## Supplier Manual

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## Supplier Qualification

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Qualification/Development of all Cascade Engineering Direct Material Suppliers

### Process Steps

- **Supplier Information Form** is filled out by potential supplier (on CE Website <http://www.cascadeng.com/pdf/supply/SupplierInformationForm.xls>) and submitted to Purchasing.
- CE purchases under CE's Terms & Conditions (on CE Website <http://www.cascadeng.com/terms-warranties>)
- Quality, Diversity, Environmental, and any other Certifications are submitted by supplier to Purchasing. (NOTE: Any reference to a quality or environmental certification must be to the current certification version.)
- A Dunn & Bradstreet Report may be generated
- A Master Supplier Agreement may be initiated
- On-site audits/visits are scheduled as necessary
- Prior to any exchange of intellectual property it will be necessary to have a signed Supplier CDA (Confidential Disclosure Agreement)

### Evaluation

- Commodity Manager & Purchasing Director make the qualification decision

## Corporate Responsibility (Supplier Code of Conduct)

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Corporate Responsibility is the ongoing commitment by business to act ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Cascade Engineering supports our suppliers to follow the AIAG Corporate Responsibility Guidance Statement that can be found at [www.aiag.org](http://www.aiag.org) under Corporate Responsibility.

Cascade Engineering encourages our suppliers to take Corporate Compliance & Ethics Training.

All suppliers are required to complete AIAG – Supply Chain Corporate Responsibility Training that can be found at [www.aiag.org](http://www.aiag.org). This is a no-cost eLearning session.

## Policy on Business Gifts

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Cascade Engineering associates may not solicit any gift, entertainment or other gratuity. Cascade Engineering may not accept gifts, entertainment, or other gratuities from anyone seeking a contract with or purchase by Cascade Engineering other than customary business courtesies that are reasonable in frequency and valued at \$100 or less. Any business gift or item of value greater than \$100 must be approved in writing by the Director of Purchasing prior to acceptance.

## Grievance Process

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Cascade Engineering feels interaction with our Suppliers is very important and always wants to preserve relationships with our supply base. With that intent in mind, the following process should be used whenever a supplier feels they have a grievance or concern. Any questions may also be sent in writing to the Director of Purchasing if going through the process does not seem appropriate.

<i>Type of Issue</i>	<i>Order of Escalation</i>			
<b>Delivery</b>	Order Fulfillment	Supply Chain Manager	Commodity Manager	Director of Purchasing
<b>Quality</b>	Quality Engineer	Director of Quality	Commodity Manager	Director of Purchasing
<b>Commercial</b>	Commodity Manager	Director of Purchasing	President of CBT	
<b>Ethical</b>	Director of Purchasing	Sr. VP Department of Business Services		
<b>Supplier Performance</b>	Purchasing Specialist	Commodity Manager	Director of Purchasing	

## Conflict Materials

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### Background

In August 2012, the U.S. Securities and Exchange Commission adopted final rules to implement reporting and disclosure requirements related to “Conflict Minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Publicly traded U.S. companies that make products in which 3TG metals (tantalum, tin, tungsten and gold) are necessary to product functionality or production are required to assess their supply chains and publically report on whether those materials are sourced from countries in and around the Democratic Republic of Congo (the “Conflict Region”).

### Position

Cascade Engineering supports efforts to end human rights abuses wherever they may occur, and acts in accordance with our vision of respecting global communities. We conduct business in a manner intended to avoid intentionally or knowingly contributing to such abuses. At Cascade Engineering we strive to uphold one consistent standard of ethical conduct on a global basis, while respecting the culture and business practices of every country and community we touch. In the global business environment in which we operate, our long-term success is dependent on each of us executing business decisions with the highest ethical standards. Consistent with this commitment, our objective is to use conflict free materials and components in manufacturing our products. We expect our global supply chain partners to do the same, whether or not they are subject to the regulations on “Conflict Minerals.”

The reporting of Conflict Materials will be ongoing. Our expectation is that your online assessment be updated any time that a material origination changes or as new components are purchased by Cascade Engineering. Please make any necessary updates directly in your Conflict Materials assessment located within our eRFQ system.

## Special Processes

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All parts undergoing a special process, whether purchased or treated at your facility, must be identified to Cascade Engineering. Those special processes are defined here.

Heat Treating – CQI-9	Coating – CQI-12	Plastic molding – CQI-23
Plating – CQI-11	Solder – CQI-17	Casting – CQI-27

An applicable AIAG CQI form must be completed for all parts being utilized in automotive applications, or as directed by the Customer.

## Supplier Schedules

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Supplier requirements will be communicated through Supplier Schedule/Material Releases, Purchase Orders, inventory levels, or Kanban. Requirements can be retrieved through EDI, email or fax. Order Fulfillment will work with each supplier to communicate what method will be used. Electronic methods are always preferred.

Contained on the Purchase Order or Supplier Schedule/Material Release is the following information:

- Your Company Name, Address, and Cascade assigned supplier number
- Your Company contact information (if information is incorrect it is the suppliers' responsibility to call with corrections)
- Cascade's right to inspect
- Release ID (Cascade assigned, date of release update)
- Purchase Order number – must be on all shipping and invoicing documents
- Part number and description – must be on all boxes and documents
- Delivery dates (in house at Cascade) and quantity information

Cascade expects suppliers utilize a robust capacity planning process. If there is a period of two continuous weeks or more where Cascade's needs push the supplier's capacity utilization to 120%, we would like to be notified. That notification should include the supplier's plan to manage the short and long term capacity constraint.

If there is a period of four continuous weeks where Cascade's needs push the supplier's capacity utilization to 100%, we would like notification and a capacity plan constraint communicated.

## Supplier Shipping Policy

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Please be advised that if you **fail to ship parts according to the releases**, it is your responsibility to immediately notify your CE contact. By doing this, CE may be able to work with you and address your inability to ship the correct quantity on time.

The Cascade Engineering Routing Guide can be found on our external website, <http://www.cascadeng.com/cascade-engineering-routing-guide>)

If you do not contact us before your shipping date and you do not ship the correct parts in the correct quantity with the correct paperwork, we reserve the right (in addition to other remedies

that may be available) to immediately issue a non-conformance or corrective action. If, as a result of a non-conformance, our plant (s) experiences downtime or our customers are affected, we may immediately engage in cost recovery efforts.

Your compliance to this policy will help prevent jeopardizing our customers due to outages and/or incorrect product.

It is **your responsibility** to contact us if you are not seeing updated releases. If there is a system problem, we can address the situation and make the necessary corrections.

## Receiving Requirements

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Cascade Engineering requires the following to ensure on time receiving:

1. Complete Bill of Lading / Packing Slip or both if required
  - A) Destination Address
  - B) Supplier name
  - C) Delivery date
  - D) Bill of Lading Number
  - E) Cascade Engineering's part number
  - F) Part Description
  - G) Actual Ship Quantity
  - H) Lot number (s) – if applicable
  - I) Cascade Engineering Purchase Order Number
2. Bar Code Label on all cartons
3. Advanced Shipping Notification (ASN) as available

**Lack of proper paperwork can have the following effects:**

- **Product may be refused**
- **Payment can be delayed**
- **Receiving is difficult and can be delayed**
- **Production could be jeopardized**
- **An NC may be issued**
- **Performance Score may be affected**

## Labeling and Bar Code Requirements

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All incoming product shall have bar code labels that are readable by Cascade Equipment. Standard 4 x 6 AIAG label format. Code 3 of 9 translation. (See Examples)

All incoming product must be labeled with the following:


- 1) Two or Four Product Labels per carton. See below.
- 2) One Master Label per SKU on skid.
- 3) Cascade Engineering part number, quantity, and purchase order number must be a print size of 1/2".

Product Label Details		
1	Cascade Engineering part number	Barcode (P) prefix
2	Part Description	Non-Barcode
3	Quantity	Barcode (Q) prefix
4	Cascade Engineering purchase order number	Barcode (K) prefix
5	Inspection status	Leave blank if not inspecting
6	Lot number or serial number (if applicable)	Barcode (S or 1T) prefix
7	Tare Weight (optional)	Non-Barcode
8	Labels should be on 2 adjacent corners of the box at a minimum for a box 24" or smaller	
9	Boxes/Gaylords larger than 24" on a side must have 4 labels (one on each side).	
10	Boxes on a skid should have labels facing out on all 4 sides of skid	

In the case of returnable containers, all previous stickers must be removed or blocked out. Labels need to be on adjacent corners. It is the supplier's responsibility to notify CE of packaging that needs repair, re-work, or disposal.



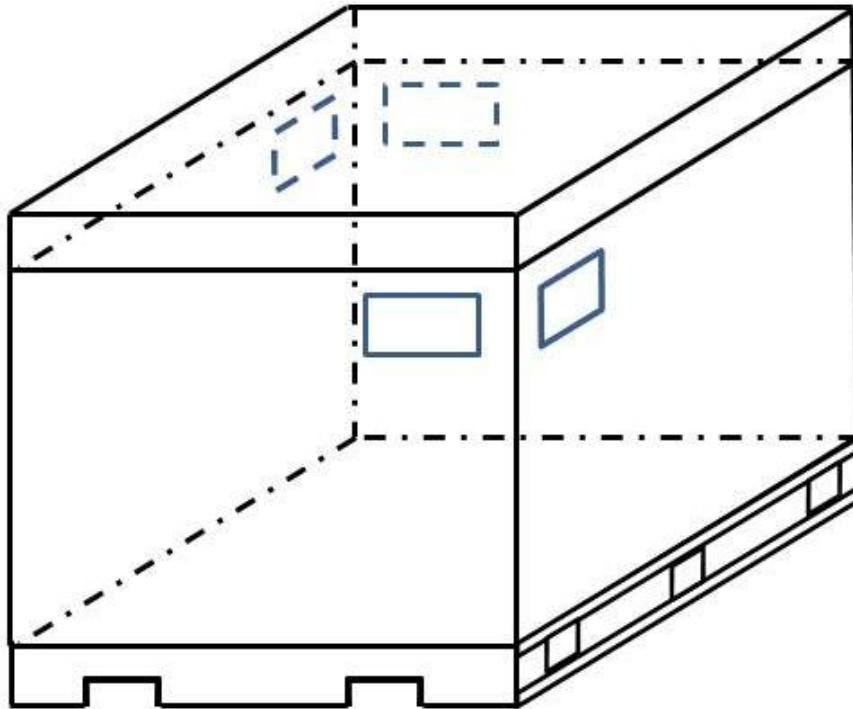
## Lot # Label Example

PART NO. (P) <b>5000-P759</b> 	INSPECTION STATUS
DESCRIPTION <b>WHITE PE MB WHITE PE MB</b>	MANUFACTURED <b>3/10/2010</b>
LOT NO. (IT) <b>12345</b> 	TARE WEIGHT <b>52 LBS</b>
QUANTITY (Q) <b>1700</b> 	PO NO. (K) <b>AGS10991</b> 
Supplier Name, 1234 Maint Street, Grand Rapids, MI 49512	

## Serial # Label Example




PART NO. (P) <b>5000-P759</b> 	INSPECTION STATUS
DESCRIPTION <b>WHITE PE MB WHITE PE MB</b>	MANUFACTURED <b>3/10/2010</b>
SERIAL NO. (S) <b>00000999</b> 	TARE WEIGHT <b>52 LBS</b>
QUANTITY (Q) <b>1700</b> 	PO NO. (K) <b>AGS10991</b> 
Supplier Name, 1234 Maint Street, Grand Rapids, MI 49512	

## Product Label Placement Example

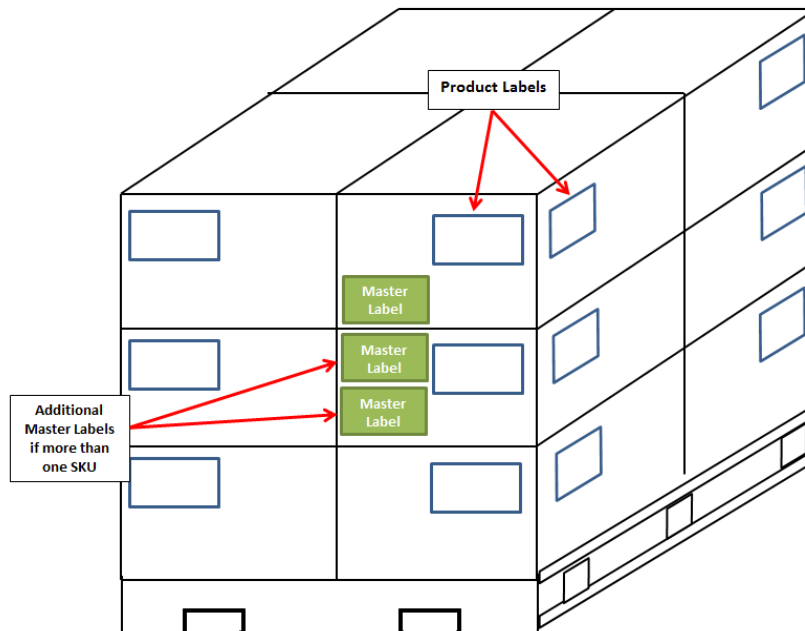


Master Label Details		
1	Cascade Engineering part number	Barcode (P) prefix
2	Part Description	Non-Barcode
3	Quantity	Barcode (Q) prefix
4	Cascade Engineering purchase order number	Barcode (K) prefix

## Master Label Example

MASTER LABEL	
PART NO (P) 5000-P759 	
DESCRIPTION WHITE PE MB WHITE PE MB	
QUANTITY (Q) 1700 	PO NO (R) AGS10991 
<small>Supplier Name, 1234 Maint Street, Grand Rapids, MI 49512</small>	

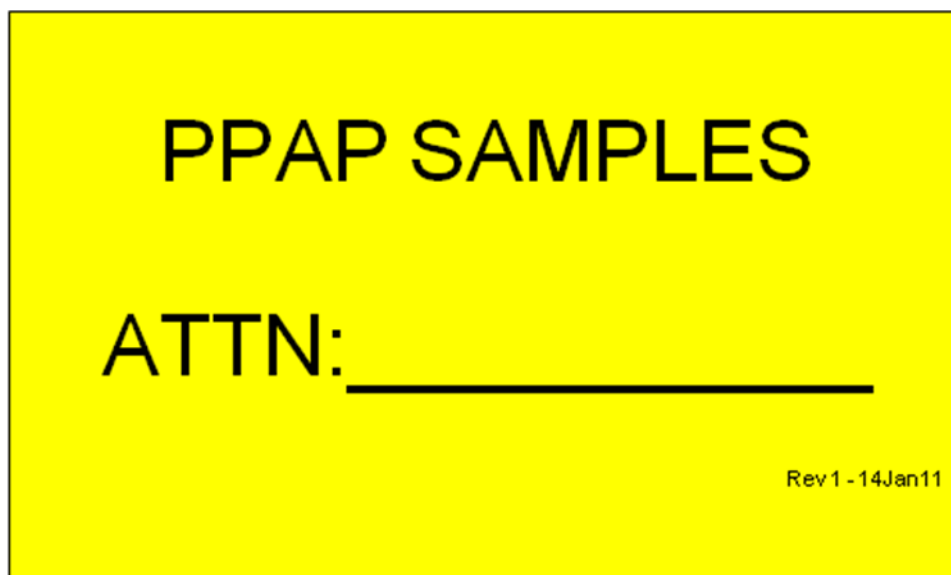
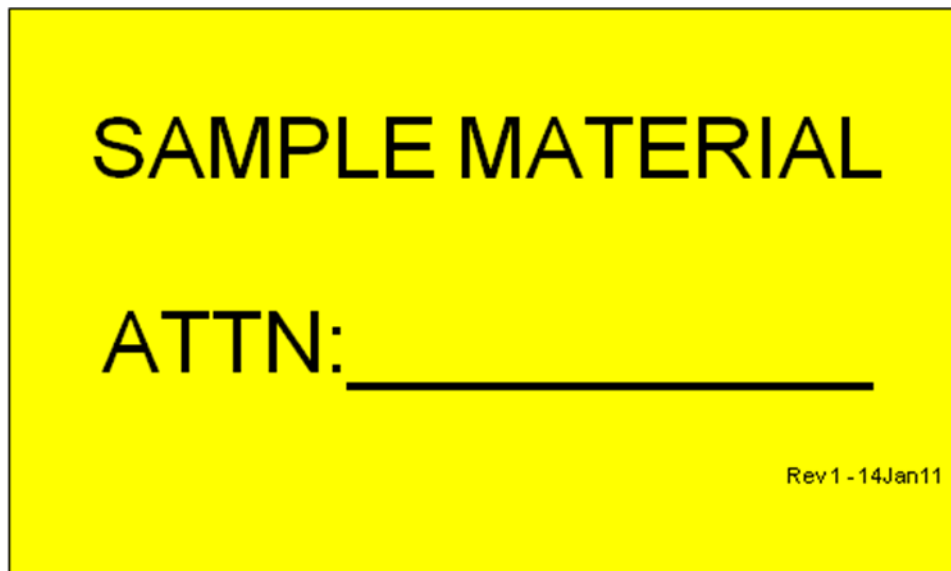
## Master Label Placement Example



## **Engineering and PPAP Samples**

Engineering Samples provided to Cascade Engineering must be labeled clearly on the package and parts with the following guidelines:

- 3x5 inch yellow label
- Affix to front and back of each package
- Include the following on the label:
  - SAMPLE MATERIAL or PPAP SAMPLE
  - ATTN:\_\_\_\_\_
- Actual sized sample labels displayed below:



## Invoicing Requirements

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All invoices must include the following information:

1. Cascade Engineering part number
2. Cascade Engineering purchase order number
3. Quantity shipped
4. Price
5. Packing Slip / BOL number

**Any non-conforming invoices will be returned unprocessed.**

Cascade Engineering standard payment terms are net 60.

All invoices are to be sent to: Cascade Engineering, Inc.  
Attn: Accounts Payable  
P.O. Box 888405  
Grand Rapids, MI 49588-8405

## NC/Corrective Action Information

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NC = Non Conformance

An NC or corrective action is initiated to a supplier when it is determined that it is necessary to formally address a problem (not all problems will require a corrective action or NC). A 2<sup>nd</sup> Party audit may be conducted as a result of a corrective action. The audit scope will be defined and provided to the auditee prior to the audit.

- When a corrective action is issued, all suspect product must be identified and quarantined.
- Rework and disposition will be coordinated by the plant Supplier Quality Engineer. Delivery issues will be coordinated with Order Fulfillment.
- Initial response must be given within 24 hours and must include:
  - RMA number for product being returned;
  - Problem confirmation and results of inventory review at supplier location;
  - Brief description of containment plan and implementation timing.

- Final response must be given within 10 working days and must include:
  - Root cause of the problem and method used for discovery and verification;
  - Corrective and preventative actions and implementation dates;
  - Follow up verification after corrective/preventative actions are implemented.

## Cost Recovery Information

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**General Costs** – A \$75 charge may be assessed for each NC/Corrective Action issued.

**Rework / Containment Costs** – Should a problem be detected with your product you will be given the option to come into Cascade and sort the product yourself, send in an independent sort company, or have product returned and replaced at your expense. The freight expense is considered premium shipment costs. Cascade Engineering will charge you **\$75 per hour** per person for rework until your choice of options has arrived to correct the problem.

**Errors in Production Documentation (missing cert, mislabeled cartons, etc.)** – Any shipment that arrives without required documentation or with incorrect information, may be refused at our option. If this refusal results in a shutdown, shutdown charges (below) will be assessed.

**Shut down Costs** – In the event that a Cascade Engineering press is shut down due to non-receipt of product or receipt of defective product, an hourly charge equal to the rate per hour of that press will be charged to the supplier until the press is back up and running. **Hourly press rates range from \$150 per hour to \$750 per hour depending on press size and labor required.**

Unless covered by the number of tryouts quoted on the tooling RFQ, the tool supplier will be responsible for additional costs associated with production downtime for the issues that are the responsibility of the supplier. The costs will be applied as stated above.

**Customer Rejects** – Cascade Engineering will recover all customer charges as they relate to supplier quality defects/rejects along with any charges Cascade incurs for overtime.

**Premium Shipment Costs** – If you incur any premium shipment costs, a copy of the invoice must be sent to Cascade Engineering, Attention Logistics Department. All premium freight costs must be tracked per Quality requirements. Please include an explanation of the expense.

**Excessive Problem Solving Costs** – If a supplier issue requires extended use of Cascade salaried resources in order to close out the issue, the supplier will be notified and asked to provide on-site support for the duration of the issue or will be charged for the use of Cascade’s resources. **Hourly rates for salaried and engineering resources will be charged at a rate of \$75 per hour.**

**Travel Costs** – Travel time and expenses of Cascade employees (hourly and salaried) required for support (plant visits, customer updates necessary at the customer location, etc.) of supplier issues may be charged back to the supplier.

**Other Remedies** – The foregoing will not limit any of the other rights or remedies that may be available to Cascade Engineering under the parties' contract or applicable law.

## Supplier Performance Measurements

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Suppliers delivering/servicing production materials regularly will be measured on the following criteria.

Sections	Value
Delivery	<b>20 Points</b>
Quality	<b>20 Points</b>
Quality/Delivery Disruptions	<b>30 Points</b>
Value	<b>24 Points</b>
Management System	<b>6 Points</b>

### **Delivery**

Requirement: 100% on time delivery – 20 points

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Dates given on supplier schedules/purchase orders are “in house” dates. Suppliers may be allowed to ship up to 2 days early. This will be discussed on a per item basis. Late deliveries will be counted against the total score. (Exceptions will only be considered if arrangements are made prior to the due date and do not jeopardize our customer schedules.)

- A. Quantity - Received quantity must equal CE order release quantity.
  - a) Under shipments and late and may result in a deduction of 5 points
  - b) Over-shipments and shipment arriving more than 2 days early may result in a 2 point deduction

B. All shipments must contain a Bill of Lading/Packing Slip. Non-conforming paperwork may result in a point deduction. All Bill of Ladings/packing slips must comply with the requirements listed in the Receiving Requirements Section.

C. Premium Freight

Premium freight must be tracked and reported to CE. Points may be deducted if premium freight is utilized. If premium freight is caused by Cascade Engineering's actions, premium freight will be tracked, but no point deduction will follow.

**Quality** Requirement: 100% conforming product and no disruption costs – 20 points

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All incoming product must meet applicable specifications. "Applicable specifications" refers to the specifications that are approved during the latest PPAP. Before shipment starts, a Level 3 PPAP following the current AIAG manual must be submitted and approved for all new products unless otherwise defined by the Quality Engineer. Any changes to product must be re-submitted and approved prior to production/service changes, **including but not limited to changes in suppliers, materials, processes, tooling, inspection criteria, or manufacturing facility**. Product that is received out-of-spec will be considered late. Line accumulations will be charged back once per month or more often if needed.

PPM Results	
PPM =	$\frac{\text{Total Actual Verified Defective Parts}}{\text{Total Number of Received Parts}} \times 1,000,000$
Delivery PPM Performance	Point Value
0 PPMs	<b>20 Points</b>
1 – 249 PPMs	<b>15 Points</b>
250 – 1,000 PPMs	<b>10 Points</b>
1,001 – 2,000 PPMs	<b>5 Points</b>
2,001 +	<b>0 Points</b>

**Quality/Delivery Disruption** Requirement: No disruption costs – 30 points

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Disruptions are events that affect Cascade's manufacturing plant or customer's plant. These types of events are listed below. The maximum point loss in this category is -30 pts. All suppliers will be given 30 points to start the period. Deductions may be taken for disruptions.

Disruption Type	Point Value
Repeat Delivery Issue	<b>10 Points</b>
Repeat Quality Issue	<b>10 Points</b>
Customer Claim	<b>10 Points</b>
Poor communication causing a disruption	<b>10 Points</b>



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Late delivery causing CE or Customer shutdown	<b>10 Points</b>
Late PPAP	<b>10 Points</b>
CPR (Configurable Problem Report) Initiated	<b>5 Points</b>
Late CPR response	<b>5 Points</b>
Documentation error	<b>5 Points</b>
Supplier Expense Premium Freight	<b>2 Points</b>
Deviation request	<b>2 Points</b>
Opening an NC (Non-conformance)	<b>2 Points</b>

**Value**      Goal: Products & Services that create a world class Supply Chain – 24 points

On Time Quoting	5 Points Possible
<p>On time quotes are essential. Quotes delivered later than the Commodity Manager’s request will be considered late. Time given for quoting is based on CE’s customer needs.</p> <p align="center">5 points may be deducted for late quotes.</p>	

Cost Reductions		
<p><b>Innovation</b> – Cascade Engineering has a 40 year history of developing innovative products, processes and materials. We believe that innovation can come from anyone, anywhere, at any time. We encourage all of our suppliers to exchange ideas with us in an effort to provide our mutual customers with creative solutions that ultimately provide a better product, process or material solution.</p> <p><b>VE/VA</b> – We believe that every product, process or material in use today can be improved. These improvements can be substantial or incremental but in both cases the end result is to make something better. As a current supplier to Cascade Engineering, we value your capabilities and welcome your thoughts on how we can make things better together.</p> <p align="center">Innovation and VE/VA Ideas must be submitted through your eRFQ Dashboard.            If you are not currently a part of eRFQ, contact your Commodity Manager.</p>		
Valuation		5 Points Possible
Red	No savings proposals have been presented in the last 12 months and/or a price increase has been presented	<b>0 Points</b>
Yellow	A price increase could cause you to lose 2 points	<b>3 Points</b>
Green	Savings proposal has been presented and/or implemented in the last 12 months	<b>5 Points</b>

ASN / EDI Capable	2 Points Possible
No to both	<b>0 Points</b>
Yes to either ASN or EDI	<b>1 Point</b>
Yes to both	<b>2 Points</b>

<b>Bar Code Label Approved</b>	<b>1 Point Possible</b>
No	<b>0 Points</b>
Yes	<b>1 Point</b>

<b>DSS (Diversity/Safety/Sustainability)</b>	
<p>Cascade Engineering is an Anti-Racist Company and strives to be a leader in diversity activities &amp; programs internally, within our communities, and with our customers &amp; suppliers. Cascade Engineering tracks and measures our diverse spend against our goals. Cascade Engineering also supports a Racism-Free supply chain and we ask our suppliers to do the same.</p> <p>Cascade Engineering values safety in everything that we do throughout our entire supply chain.</p> <p>Cascade Engineering focuses on sustainability as a part of everything we do.</p> <p>We have created a question set to learn more about what your company is doing in the areas of Diversity, Safety, and Sustainability.</p> <p>Points are allocated based on questions regarding your company practices or policies that have ‘Approved’ responses. Point valuation listed below.</p> <p>NOTE: This assessment may be audited at your location when possible.</p>	
<b>Valuation</b>	<b>5 Points Possible</b>
0 – Approved	<b>0 Points</b>
1 - 3 – Approved	<b>1 Point</b>
4 - 6 – Approved	<b>2 Points</b>
7 - 9 – Approved	<b>3 Points</b>
10 - 12 – Approved	<b>4 Points</b>
13 - 15 – Approved	<b>5 Points</b>

<b>Support &amp; Responsiveness</b>	<b>6 Points Possible</b>
<p>Points are determined by a combination of input from various departments within Cascade Engineering. The departments include Purchasing, Quality, Manufacturing, and Engineering. Cascade Engineering expects timely communication to requests for information and/or assistance.</p>	

**Management Systems**

**6 points**

Suppliers of direct (production) materials are expected to have an effectively implemented quality system.

All direct material suppliers for automotive production shall be third party registered by an accredited third-party certification body to ISO 9001 as a minimum with the ultimate objective of becoming certified to IATF automotive standard.

If a supplier is not certified to the ISO 9001 certification at a minimum, then said supplier would be allowed to supply product as long as one of the following decision criteria was met.

- Customer specifies we use the supplier which is not certified (a customer sign off acknowledging this situation would be required).
- Cascade Engineering conducts second party audits at least annually (maintaining records of the reports).
- Decision criteria listed in Supplier Manual showing elements of ISO 9001 / IATF 16949 may be waived based on size of supplier. Cascade does not currently have suppliers in this category of uncertified, small suppliers. When this need arises, criteria will be established.

All suppliers for non-automotive production shall be third party registered by an accredited third-party certification body to ISO 9001 if required by CE's customer.

Exceptions must be approved by Cascade Engineering or Cascade's customer if certification is required by the customer. For distribution companies, their suppliers that provide product for Cascade Engineering must also comply with these requirements.

Cascade Engineering expects all suppliers to have a system in place for management review of Key Process Indicators. Information regarding the performance of these indicators shall be made available to Cascade Engineering upon request.

Cascade Engineering is committed to continuous reduction of negative impacts on the environment by utilizing an Environmental Management System. The support of suppliers throughout the supply chain is needed to meet this commitment. The point system is listed below.

<b>Quality Management System</b>	<b>4 Points Possible</b>
Registered to IATF 16949	<b>4 Points</b>
Registered to ISO 9001	<b>3 Points</b>
Not Registered	<b>0 Points</b>
<b>Environmental Management System</b>	<b>2 Points Possible</b>
Registered to ISO 14001	<b>2 Points</b>
Not Registered	<b>0 Points</b>

Maximum points available in this section are 6 points. If you are IATF 16949 and ISO 9001 certified, you would receive 4 points. NOTE: Your Registrar must be recognized by IATF (International Automotive Task Force).

In the event of revocation of registration, Cascade Engineering must be notified within 48 hours. Submittal of new registration upon expiration of current is the supplier's responsibility.

Cascade Engineering reserves the right to perform a 2<sup>nd</sup> party audit to verify compliance. An audit may be used for supplier risk assessment, supplier monitoring, supplier QMS development, product audit, or process audits. A 2<sup>nd</sup> Party audit may be conducted as a result of a corrective action. The audit scope will be defined and provided to the auditee prior to the audit.

## CE SUPPLIER RATING

Point Range	Classification	Comments
<b>95 – 100</b>	<b>Preferred</b>	These suppliers will be first in line for new business opportunities in their commodity.
<b>80 – 94</b>	<b>Acceptable</b>	Suppliers in this category may still be awarded new business.
<b>70 – 79</b>	<b>Substandard</b>	Suppliers with this rating for 3 or more consecutive months may be on new business hold. If this rating is achieved for 3 or more consecutive months, Purchasing may take one of the following actions: <ul style="list-style-type: none"> <li>- Meeting with supplier executive management</li> <li>- Formal CPR (Corrective Action)</li> <li>- Begin de-sourcing process</li> </ul>
<b>0 – 69</b>	<b>Probationary</b>	Suppliers with this rating will be on new business hold. If this rating is achieved for 3 or more consecutive months, a complete formal corrective action will be requested to report how you are addressing your systemic failures. De-sourcing of the supplier may commence.

Suppliers who fall below 70 points for six consecutive months may be de-sourced. The commodity manager will consider the following when making a determination to de-source.

- Customer-directed supplier
- Remaining life of program
- Level of difficulty in changing the supplier
- Sole source of product
- Total cost to change suppliers