



SUPPLIER  
MANAGEMENT  
PROGRAM



The Management Team here at ACEMCO INCORPORATED is committed to optimizing our company's ability to impact the overall success of our customers, as well as, our ability to meet and exceed our financial goals. We will do this by identifying and doing business with those suppliers who will provide quality parts and services on time, and at a fair and competitive price. Our supply base will need to help us satisfy the needs of both our external and internal customers. We will conduct our activities with honesty and integrity and try to provide timely and accurate information to our suppliers. The "supplier rating" and "approved supplier" lists will be used to designate the suppliers that are to be used for production products and services, as well as, their status as a supplier to ACEMCO.

### **Supplier Development**

All Suppliers that have direct impact on part quality are required to be 3<sup>rd</sup> Party Certified to ISO 9001: 2015 or equivalent unless waived in writing by ACEMCO or our Customer. Suppliers that are not certified will be required to submit a written plan & timeline, of their process to become certified, to ACEMCO Purchasing. Small suppliers, or those suppliers without a significant volume of automotive type work may request a waiver and will be addressed based on the impact of their product or service.

All applicable suppliers are encouraged to pursue Certification to IATF-16949. ACEMCO will reserve the right to onsite verification of supplier products or services and, if required, ACEMCO will provide written notification to the supplier. Supplier rating information will be sent to suppliers that need to be apprised of their status with ACEMCO and to drive continual improvement or corrective actions. ACEMCO will work with suppliers to help them meet our expectations.

ACEMCO suppliers must notify ACEMCO Purchasing in writing when there are any changes to senior management responsible for quality, company ownership, mergers, acquisitions or affiliations associated with ACEMCO suppliers. ACEMCO may require verification of the continuity of the supplier's quality management system and its effectiveness. Suppliers will be asked to provide contact information to ACEMCO Purchasing.

### **Receiving Inspections**

ACEMCO performs receiving inspections as required in our Quality Management System. The entire lot of purchased, or outsourced material may be rejected if any nonconforming material is found. Purchasing will determine required actions. ACEMCO may issue a request for corrective action and authorization for sorting, reworking, or returning the parts to the supplier. Defective components will be reviewed and follow-up actions will be determined by ACEMCO Quality & Purchasing.



## **Approval for Production**

ACEMCO requires suppliers to comply with the requirements of the current AIAG PPAP Manual unless noted in writing to ACEMCO Purchasing, or on order release documents. Suppliers may be required to attend or provide information to ACEMCO APQP meetings. Steel and purchased components are approved as an element of the ACEMCO PPAP (level 3) submission to our customer. ACEMCO suppliers must have all required PPAP documents available for review by ACEMCO or our customers. To ensure conformance to specifications and requirements, all production component/parts suppliers are required to perform a complete verification to all requirements annually. This data must be made readily available to ACEMCO upon request. Waiver of this requirement may be requested from ACEMCO purchasing and requires written approval from ACEMCO.

## **Order Clarification**

ACEMCO will assume that the requirements of an order are understood if Purchasing is not contacted for clarification. Orders will not require an acknowledgement by the supplier if not specified by Purchasing. If the order is shipped by the supplier, the requirements were adequately stated by ACEMCO and understood by the supplier.

## **Supplier Categories:**

### **Approved Supplier**

Suppliers in this classification are ACEMCO's approved suppliers. They meet our quality and delivery goals and support ACEMCO through flexible scheduling, aggressive lead times, and controlling costs for the benefit of both parties. An Approved Supplier requires a minimum scorecard rating of 4.00 (80%).

### **Probationary Supplier**

Suppliers in this classification are either new to ACEMCO or on probation because of performance issues. ACEMCO will control the growth of business with suppliers in this classification. A rating of less than 3.00 (60%) will put a supplier into the Probationary classification.

- **New Suppliers** – New Suppliers will begin in this category if they do not have a Certified Quality Management System or are not Customer Designated. ACEMCO expects that within 12 months, a new supplier will consistently meet the expectations of the Approved Supplier category. The supplier can be moved to Approved status once ACEMCO receives at least 3 shipments without quality concerns. ACEMCO reserves the right to source to an alternative supplier at any time.
- **Existing Suppliers** – Any supplier having significant and/or continuous performance problems will be placed in this classification with appropriate corrective action required. This may result in alternate sourcing of the product or service. Again, ACEMCO reserves the right to source to an alternative supplier at any time.



## **Corrective Action**

Corrective Action will be as follows:

- 1<sup>st</sup> incident may prompt verbal communication and CAR based on severity.
- Repeat issues, will prompt written CAR.

It is important that nonconforming product and delivery issues have prompt resolution communicated to ACEMCO. Failure to comply or continued non-improvement may result in:

- Rescinding Approval status
- If delivery is the problem, supplier absorbs all premium freight.

## **Quality**

We expect absolute quality in the products we receive from our suppliers. A log of all quality concerns is maintained. We will track incidents of Non-conforming lots for purchased parts or services.

## **Delivery**

It is required that all products arrive 100% on time. Last date agreed upon by ACEMCO and the supplier is the date scheduled for delivery. Delivery window is stated in the purchasing/release documents.

## **Administrative Support**

We require all suppliers to help us sustain a competitive advantage. Supplier innovation and support of existing programs are essential to our success. The following areas are representative of the expected administrative support from our supply base:

- Technical Support of existing and new materials.
- Cost reduction ideas. We expect our supply base to be aggressively pursuing legitimate alternatives that will provide both processing and material cost reductions.
- Accounting/Payment terms support.
- Availability of key personnel. This includes technical, customer service, sales and financial individuals. Is the supplier in full support of ACEMCO?

## **Supplier Ratings**

These performance indicators are monitored throughout the year. As needed, corrective action may be requested. When a downward trend is present, the supplier may be placed on Probationary Supplier Status until issues have been resolved.

Performance Ratings are calculated quarterly. Suppliers that are performing below ACEMCO expectations will be notified of their rating and any required actions. Suppliers performing at an acceptable level will not be notified unless requested in writing.



**Summary**

ACEMCO recognizes our success is dependent upon the valuable contributions made by our suppliers. Only through effectively communicating our needs to our suppliers, ACEMCO will be able to develop a relationship that allows us to move forward together. Our objective with the Supplier Management Program is to enhance this relationship.

The Supplier Management Program is a guideline for developing successful business relationships with our suppliers and will continue to develop and change over time. Please visit the ACEMCO website at: [www.agemco.com](http://www.agemco.com) for updates and revisions. Contact ACEMCO Purchasing if you do not have Internet Access.

As part of the ACEMCO Supply Base, your suggestions to help improve the program are appreciated.

John Couturier, Chief Financial Officer

Signature of Acceptance: \_\_\_\_\_ Date: \_\_\_\_\_

Management Rep Name: \_\_\_\_\_ Title: \_\_\_\_\_