



Draka

SUPPLIER QUALITY POLICY MANUAL

Draka Cableteq USA

*** TABLE OF CONTENTS ***

SECTION #	TITLE	PAGE
*	Title Page	i
*	Table of Contents	ii
*	Authorization - Revision Page	iii
*	Scope	1
*	Purpose	1
1.0	Commitment	1
2.0	Standards for Suppliers' Performance	1
2.1	Delivery Standards	1
2.2	Quality Conformance Standards	2
2.3	Corrective/Preventive Action	2 & 3
2.4	Supplier Performance Standards - Objectives	3
2.5	Supplier Performance Standard - Scoring	3
3.0	Supplier's Control and Use of Draka Cableteq USA Specifications	4
4.0	Communication	4
4.1	Technical Communication	5
4.2	Contractual Communication	5
4.3	Supplier Capabilities Communication	5
4.4	Cost Effectiveness Communication	5 & 6
4.5	Customer Service	6
5.0	Supply Chain Management Process	7
5.1	Supply Chain Management Process Flow Chart	7
5.2	Supplier Approval Process Flow Chart	8
5.3	New Material Evaluation Process Flow Chart	9
5.4	Quality System Audit Process Flow Chart	10
5.5	Request for Deviation Flow Chart	11
5.6	Supplier Evaluation Report	12
5.7	Supplier Disqualification Process	12
6.0	Summary	12

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04-30-10	<u>Linda White</u> Standards Assurance Manager
APPROVED BY:	
Purchasing Manager: <u>Bobette Zweigig</u>	

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CHANGE DESCRIPTION:

Revised supplier performance objectives and associates scoring system, editorial updates.

Scope

This policy is a working document for everyone who is involved in the acquisition process for raw materials. Processes requiring supplier involvement have been diagrammed to facilitate understanding by those involved supplying materials to Draka Cableteq USA. Throughout this document Draka Cableteq USA may be referred to as “we” or “our”.

Purpose

This Supplier Quality Policy is to communicate various Draka Cableteq USA requirements and expectations to suppliers for the purpose of qualifying, measuring performance and implementing continual improvement efforts between Draka Cableteq USA and our suppliers to support our goal to perform at the 100% level.

1.0 Commitment

We are committed to achieving complete customer satisfaction with the products and services we supply to our customers.

We design and manufacture quality cables, which satisfy customer expectations; comply with applicable regulatory codes, standards and specifications; and are offered for sale at equitable prices with minimal lead times.

Suppliers play an integral role in Draka Cableteq USA’s ability to meet the requirements of its customers Without Error, On Time, Every Time. We strive to do business with suppliers who are committed to Continuous Improvement. Dependable suppliers are considered key members of our team. We are committed to working with suppliers to ensure our requirements are well defined, clearly understood, and met without error, on time, every time.

Please review this policy carefully and contact your Buyer if you have any questions or need additional clarification regarding this program. Supplier’s requirements of Draka Cableteq USA should be clearly stated and successfully resolved before issuance of purchase order. Acceptance of a purchase order indicates that the supplier is fully prepared to meet Draka Cableteq USA’s Delivery and Quality Conformance requirements – On Time - Every Time.

2.0 Standards for Suppliers’ Performance

The following guidelines define Draka Cableteq USA’s requirements. We will provide the necessary assistance to suppliers to enable them to reach 100% compliance.

2.1 Delivery Standards

Suppliers should be committed to 100% On Time Delivery.

2.1.1 On-Time Delivery – Definition

Unless otherwise stated, delivery schedules are assumed to be arrival dates. “On Time” delivery is defined as 95% of the ordered quantity received within a window of 2 days early and zero days past the promised delivery date. Deviations to quantity and/or delivery schedules must be approved in advance by Draka Cableteq USA.

2.1.2 Delivery Schedules – Acceptance by Supplier

Suppliers should not agree to delivery dates or delivery tolerances that cannot be met. All delivery information as agreed to by the supplier through acceptance of a purchase order is required to be met on-time – every time.

2.1.3 Schedule Maintenance – Responsibility

It is the supplier's responsibility to develop and maintain a delivery monitoring system that ensures products are on time. The monitoring system must include provisions to immediately notify Draka Cableteq USA's Purchasing Department of any potential problems which would affect delivery of product.

2.1.4 Delivery Reschedules

Delivery rescheduling by Draka Cableteq USA will be kept to a minimum; when necessary, rescheduling shall be conducted in a manner that is acceptable to both Draka Cableteq USA and the supplier.

2.1.5 Failure to Meet Delivery Schedules

Failure to meet any scheduled delivery is unacceptable and implementation of corrective action is expected to prevent recurrence of delivery problems. (*Reference Section 2.3.1*)

2.2 Quality Conformance Standards

Suppliers are expected to be committed to 100% Quality Conformance.

2.2.1 Quality Conformance Responsibility

It is the supplier's responsibility to maintain a documented Quality Assurance Program and Quality Manual that ensure delivered materials conform to our requirements. As deemed necessary, we will evaluate and measure a supplier's Quality System. (*See Section 2.5*)

2.2.2 Quality Conformance – Definition

Received material that conforms to Draka Cableteq USA requirements, as specified on the purchase order or agreed industry standards, is considered to be in Quality Conformance.

2.2.3 Specifications – Acceptance by Supplier

Suppliers agree to produce product in conformance to specifications and/or specified industry standards. Draka Cableteq USA must approve any deviation to specifications prior to issuance of purchase order. If it is necessary to deviate from the specification after the purchase order is issued, the deviation must be submitted in writing for approval prior to shipment. (*Reference Section 5.5 "Requests for Deviation" flowchart*)

2.2.4 Nonconforming Material

Material not conforming to our requirements will be rejected and the Supplier will be notified to implement a corrective action to correct the nonconformance and prevent recurrence. (*Reference Section 2.3.2*)

2.3 Corrective/Preventive Action

Corrective/Preventive Actions are expected to lead to successful resolution and prevention of non-conformances. We will lend assistance to suppliers, if needed, to ensure that Corrective/Preventive Actions are effective and acceptable to both Draka Cableteq USA and

the supplier. The following steps are minimum requirements for Corrective/Preventive Actions.

2.3.1 Corrective/Preventive Action Steps – On Time Delivery Problems

- i) Documentation from supplier identifying source of delivery problems.
- ii) Documentation from supplier proposing corrective action to correct and prevent recurrence of delivery problems.

2.3.2 Corrective/Preventive Action Steps – Quality Conformance Problems

- i) Identification and isolation of nonconforming material at both Draka Cableteq USA, and the supplier's plant facilities.
- ii) Disposition of nonconforming material within five (5) working days, unless otherwise agreed by Draka Cableteq USA.
- iii) Documentation from the supplier identifying source of the nonconformance and corrective action to correct and prevent recurrence of the nonconformance, within 14 days of receipt.

2.4 Supplier Performance Standards – Objectives

Excellent:	90-100
Acceptable:	80-89
Marginal:	70-79
Unacceptable:	less than 70

2.5 Supplier Performance Standards – Scoring**2.5.1 On-Time Delivery and Quality Conformance levels will be measured as:****Quality score:**

$$\frac{\text{Total quantity purchased} - \text{nonconforming quantity}}{\text{Total quantity purchased}} \times 100 = \% \text{ accepted}$$

Purchasing/Delivery score: consists of three sub-categories:

- a) On Time Delivery – weighted 50%, system-calculated on the following scale:

Score = **100** for on time or 1-2 days early
= **75** for 1-2 days late or 3-5 days early
= **1** for 3+ days late or 6+ days early

- b) Pricing Issues – weighted 25%. 100 is considered best in class in all areas of concern, 80 is considered equal among peers, and 50 is considered “needs improvement”.
Evaluated on criteria in paragraph 4.4

- c) Customer Service – weighted 25%. 100 is considered best in class in all areas of concern, 80 is considered equal among peers, and 50 is considered “needs improvement”. *This is a subjective analysis by the buyer taking into account the response time for quotes, acknowledgements of purchase orders, waivers, and the return of phone calls by the inside and outside sales force. This also includes any feedback given to Purchasing from the*

Production, Engineering, R&D or Quality Departments regarding delays in receiving technical help, data or extrusion processing sheets, or CTR's.

The "Quality" and "Purchasing/Delivery" scores are averaged to develop the total performance score (1-100) for the vendor over a prescribed time frame.

2.5.2 Performance Measurement Summary

On-Time Delivery and Quality Conformance will be summarized and submitted to suppliers as necessary. Instances requiring a review with the supplier will be scheduled to discuss the areas of concern.

2.5.3 Unsatisfactory Performance

Suppliers not meeting performance standards will be notified in writing to enable them to implement their Corrective/Preventive Action Programs. Response and outline of planned Corrective/Preventive Actions shall be documented and returned to Draka Cableteq USA's Purchasing Department within 30 days of receipt.

2.5.4 Measurement Confidentiality

All measurements and measurement summaries will be held in strictest confidence between the supplier and Draka Cableteq USA.

3.0 Supplier's Control and Use of Draka Cableteq USA Specifications

Suppliers are responsible for maintaining document flow needed to produce supplies in conformance with Draka Cableteq USA specifications. The following steps are necessary. Additional steps may be required for the control of key items.

- i) Draka Cableteq USA specifications are the property of Draka Cableteq USA and should be treated as such.
- ii) Suppliers should maintain a file of current Draka Cableteq USA specifications on the products produced for Draka Cableteq USA.
- iii) A supplier's specification revision must match the revision identification specified on purchase order. If these revision identifications differ, contact the Draka Cableteq USA Buyer for clarification.

4.0 Communication

Effective communication is an essential element of any successful customer/supplier relationship. The various sub-sections of 4.0 ensure supplier communication will be routed to the Purchasing Department, unless otherwise stated, to coordinate all communication activities and avoid confusion between the supplier and Draka Cableteq USA personnel.

4.1 Technical Communication

Technical communication or requirements should be directed through the Purchasing Department; who will inform the proper Engineering or Quality Department personnel.

4.1.1 Communication will be routed via the Purchasing Department to the Engineering Department for issues associated with product design, product enhancement and / or revisions to Draka Cableteq USA specifications, which must be approved and documented by the Engineering Department.

4.1.2 Communication will be routed via the Purchasing Department to the Quality Department for issues concerning product conformance. The Quality Department will not authorize changes in product design, but will answer questions pertaining to specification conformance.

4.2 Contractual Communication

Contractual communication will be the responsibility of the Purchasing Department.

4.3 Supplier Capabilities Communication

Effective material planning is a necessary part of meeting supplier requirements. Changes in supplier capabilities affecting both short and long term planning must be communicated to Draka Cableteq USA to allow adjustment for those changes.

4.3.1 Supplier Lead Times

Suppliers designated by Draka Cableteq USA shall periodically report updated lead-times to ensure current lead times are known and can be used in determining accurate lead times for Draka Cableteq USA's customers.

4.3.2 Supplier Capacity

Changes in supplier capacity affecting production of Draka Cableteq USA materials should be communicated to the Purchasing Department.

4.3.3 Supplier Technology

Changes in technology can impact product design and suppliers are encouraged to pursue higher levels of technology and work with Draka Cableteq USA's Engineering Department to incorporate beneficial changes into product design or manufacturing techniques.

4.3.4 Supplier Just-in-time Commitment

Suppliers are expected to propose, support, and administer programs with Draka Cableteq USA to facilitate the reduction of supply cycle times; moving towards "just-in-time" delivery schedules to the greatest possible extent.

4.4 Cost Effectiveness Communication

Suppliers are an integral part of cost reduction activities and we encourage suppliers to explore avenues of cost reduction. Activities that lead to lower overall cost to Draka Cableteq USA are considered a cost reduction. This includes, but is not limited to price reductions. We are open to ideas that lead to better product design or lower material

manufacturing costs. Suppliers will be evaluated on Cost Effectiveness in the following two areas:

4.4.1 Competitive Pricing

Suppliers pricing programs will be evaluated annually, and as required, in comparison to current comparable pricing structures in the applicable industry. Price evaluations will include prices, volume discounts, rebates, terms, freight, inventory carrying, and any other applicable areas that result in the “effective cost” of materials.

4.4.2 Cost Reduction Programs

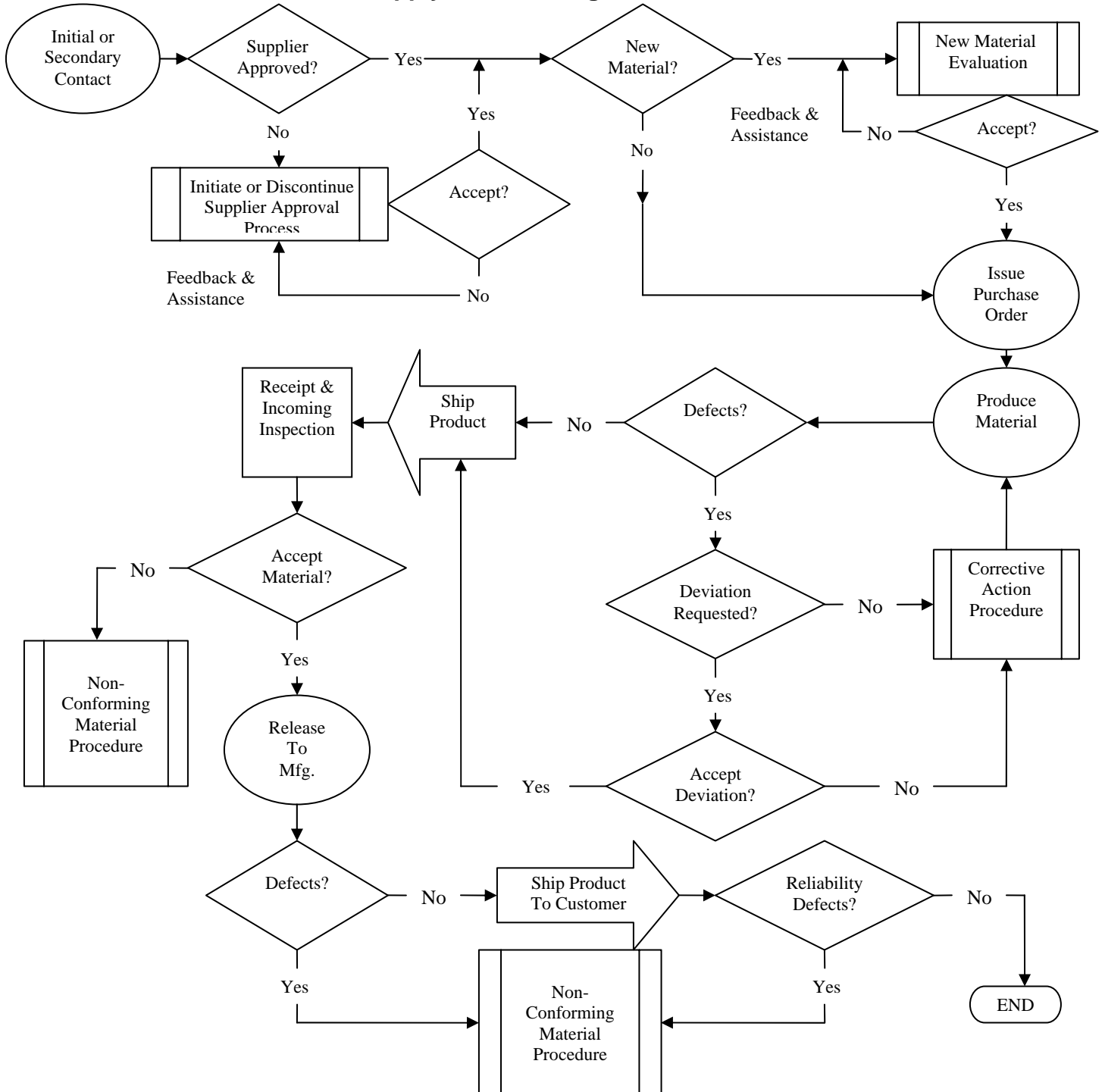
Suppliers will be evaluated based on initiatives and results of programs established to work with Draka to implement changes in products and processes that result in lower overall cost to Draka Cableteq USA.

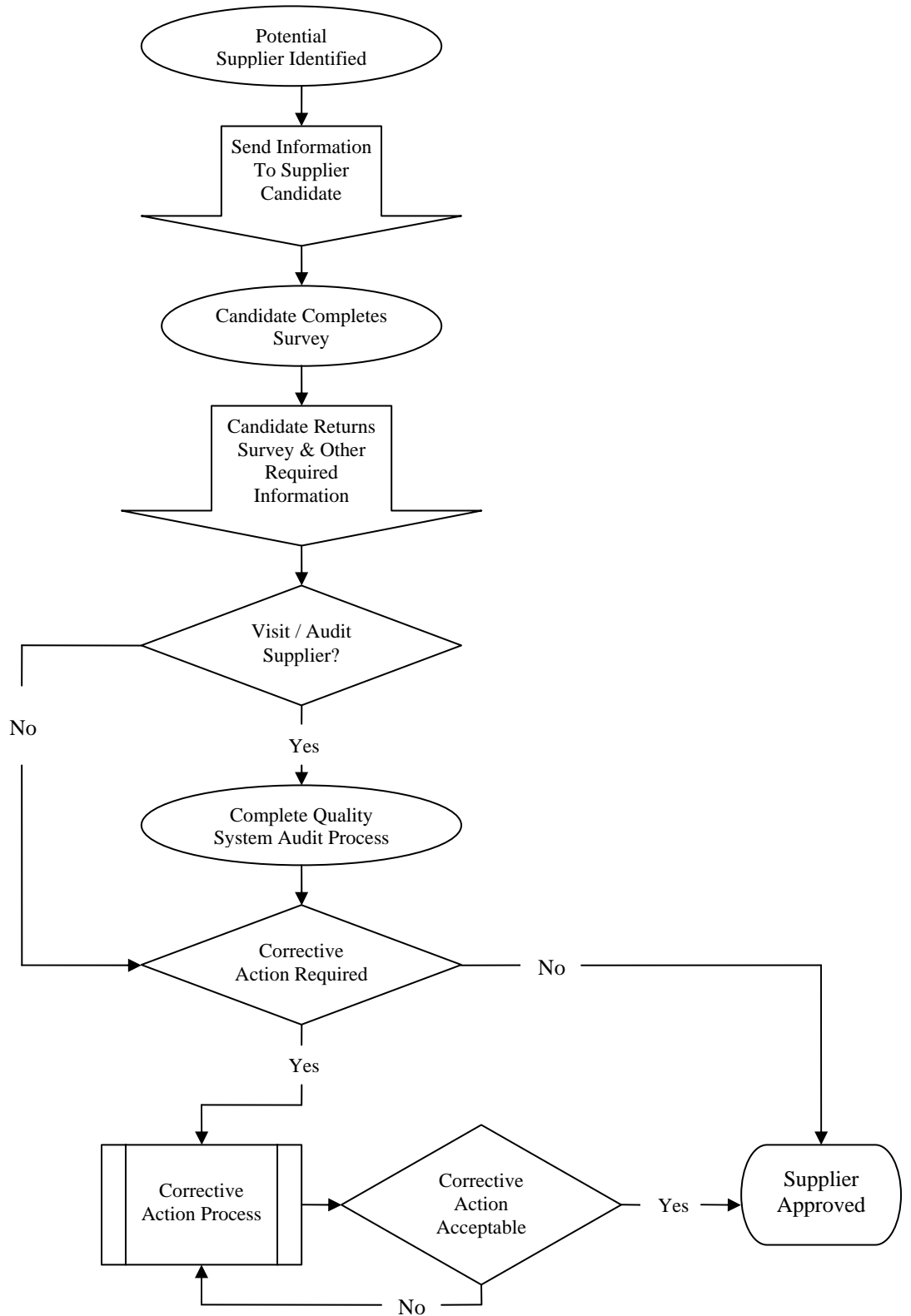
4.5 Customer Service

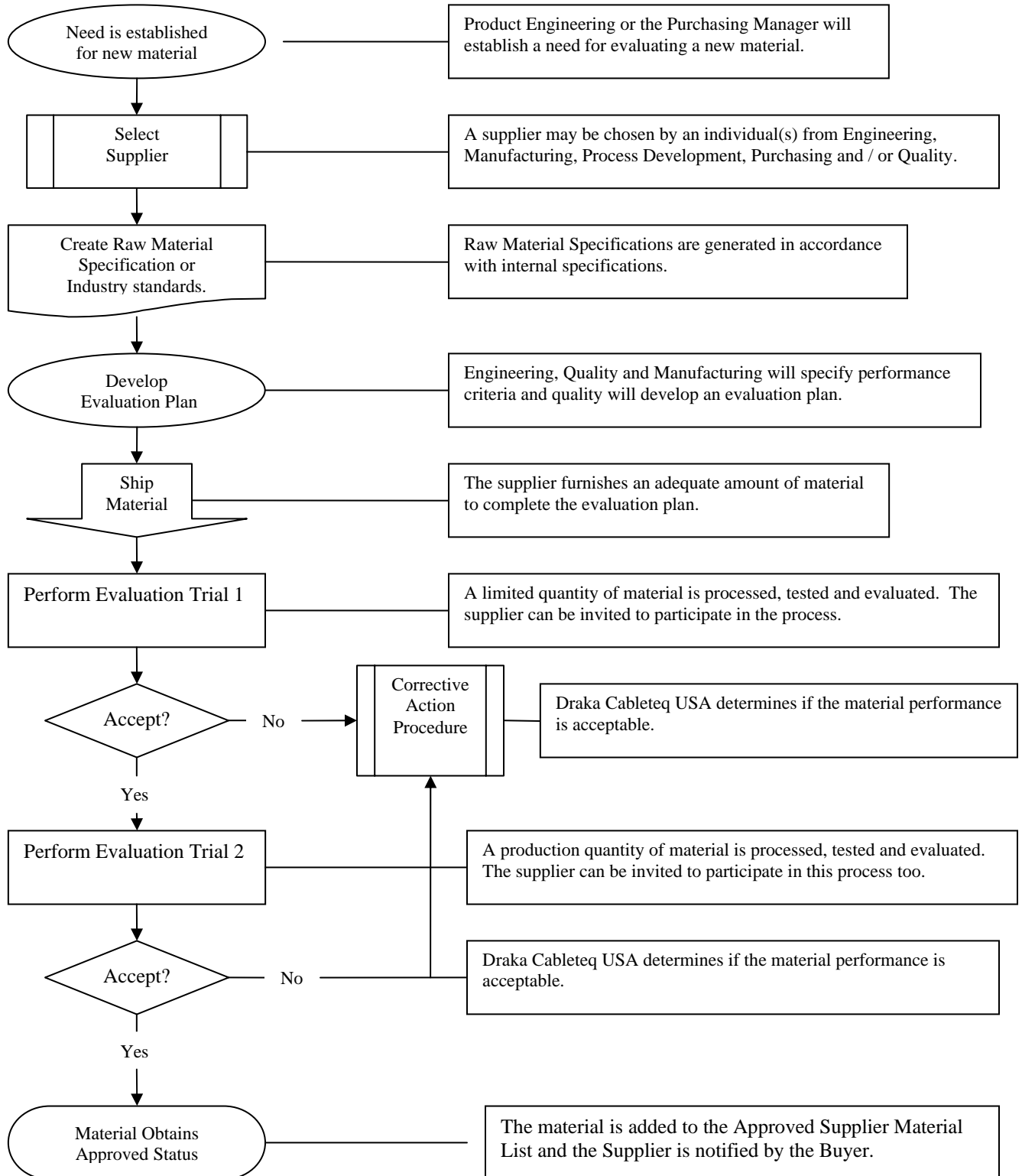
Suppliers are expected to maintain procedures to assure timeliness and accuracy of shipping and administrative processes, such as; invoices, packing lists, certificates of conformance , product identification, disposition of return material requests, corrective action requests, compliance with Draka Cableteq USA carrier routing instructions, and maintenance of MSDS materials.

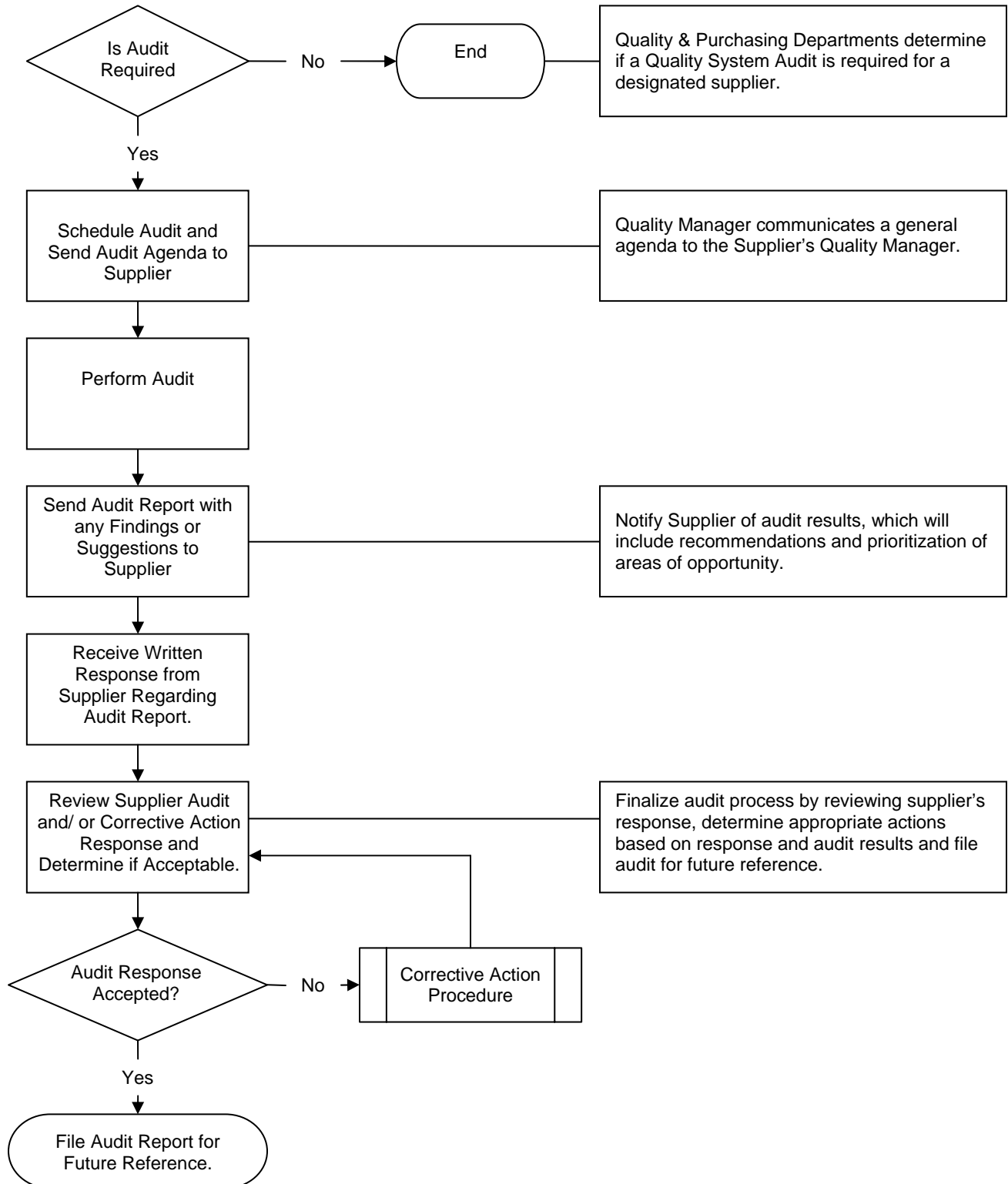
5.0 Supply Chain Management Process

Only approved suppliers provide critical materials for Draka Cableteq USA. Subsection 5.1 illustrates the overall process. Subsections 5.2 - 5.5 illustrate specific parts of the process.

5.1 Overview
Supply Chain Management Process


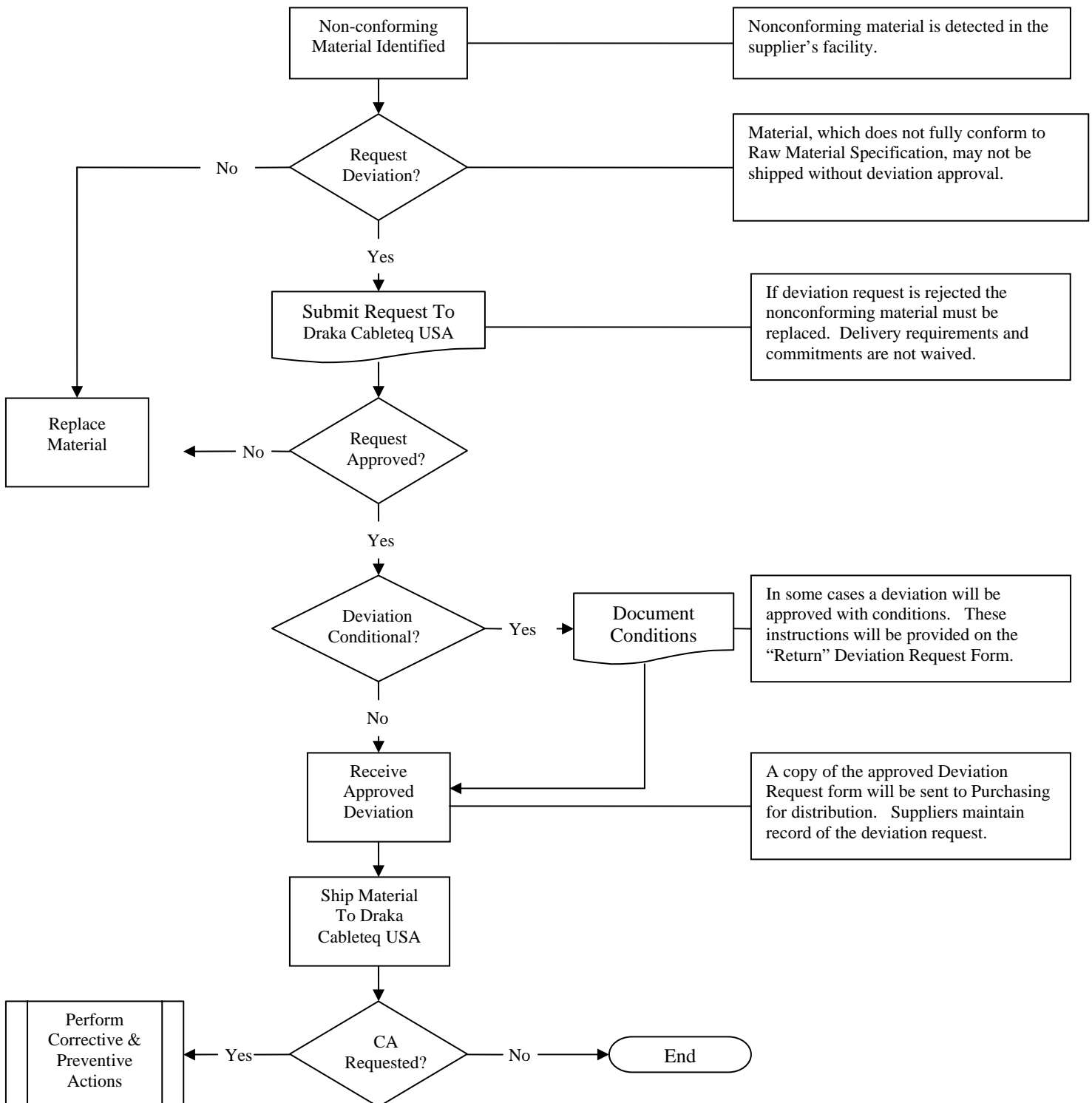
5.2 Supplier Approval Process
Supplier Approval Process


5.3 New Material Evaluation Process
New Material Evaluation Process


5.4 Quality System Audit Process
Quality System Audit Process


5.5 Requests for Deviation

Requests for Deviation



5.6 Supplier Evaluation Report

Once each year, at minimum, selected suppliers will be advised in writing of the performance results of Draka Cableteq USA's evaluation and their level of quality and service.

5.7 Supplier Disqualification Process

The process will be initiated only after discussions concerning a supplier's problems have failed to produce satisfactory results. The supplier is considered a part of our team and disqualification is a last resort when all other alternatives have failed.

5.7.1 Reasons for Disqualification

Lacking commitment to Draka Cableteq USA's performance standards, i.e.; repeated failure to respond to, or show progress towards resolving on- time-delivery or quality conformance problems.

6.0 Summary

We hope this policy has conveyed our expectations of your role as suppliers in our business, our willingness to ensure a mutually successful relationship and continued growth in the market.

Change Description:

Page Headers	Added globe logo
Authorization Page	Revised content and approving parties
Scope	Editorial changes
2.0	Editorial changes
2.2.4	Editorial change
2.4	Revised supplier performance objectives
2.5	Revised scoring explanations
4.0	Revise title to "Communication"
4.1	Editorial changes
4.4	Editorial changes
4.5	Title change to "Customer Service"
5.6	Title change to "Supplier Evaluation Report"
5.7.1	Change "quality requirements" to "performance standards"
6.0	Editorial changes