



*NASCO Supplier Quality Manual*



*NHK of America Suspension Components, Inc.  
3251 Nashville Road, Bowling Green KY 42101*

*Supplier  
Quality  
Manual*



# NASCO Supplier Quality Manual

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## 1) General

NASCO is a division of NHK Spring Co., Ltd. of Yokohama Japan. NASCO operates its facilities at 3251 Nashville Road in Bowling Green, Kentucky 42101, where it manufactures automotive components. NASCO assists some customers with product design, utilizing NHK-International for support.

NASCO has established, documented, implemented and is maintaining a quality management system, and continually improves its effectiveness in accordance with the requirements of ISO/TS 16949.

NASCO Quality Policy:

NASCO is committed to being a world-class supplier of high quality products. Top management is committed to complying with applicable requirements and continually improving the effectiveness of our quality management system. Our goal is to further strengthen our position in the marketplace by delivering quality products, on time, at a competitive price. This will be achieved by pursuing continuous improvement through the promotion of the following concepts:

- Safety Awareness
- Preventive Maintenance
- Defect Prevention
- Teamwork
- Employee Involvement
- Employee Training
- Environment Enhancement

## 2) Purpose

The Purpose of this manual is to define for our current and potential new Suppliers NASCO's expectations and requirements that are the backbone of a long term mutually beneficial and profitable relationship.

Suppliers to NASCO are expected to implement and maintain a robust Quality Management System which promotes defect free products through prevention, monitoring and continual improvement.

All expectations and requirements are intended to assure safe, reliable products from Suppliers, which meet our customers' expectations for quality, delivery, and price. We are committed to working with our Suppliers to assist in meeting this intent and to provide for continual improvement, emphasizing defect prevention and waste reduction in the supply chain.

NASCO will assess each Suppliers ability to comply with the requirements contained in this manual and based on the perceived risk assessment may include an on-site audit of the facility by NASCO Supplier Quality Assurance (SQA) or plant personnel.



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NASCO expects all suppliers to acknowledge and comply with the requirements contained in this manual. Suppliers are encouraged to reply back to the Sign off Documentation located at the end of the Supplier Quality Manual and submit it via e-mail to a NASCO Supplier Quality Assurance contact.

### 3) Scope

This manual applies to Suppliers who provide production and service materials and components parts directly to NASCO plants/facilities.

### 4) General Requirements

A robust Quality Management System is an initial base requirement to become a NASCO Supplier. It is our expectation that Suppliers adopt continuous improvement practices in their organization. This should be in the form of annual continuous improvement plans documented and approved by upper management. These plans should provide details such as specific goals, action plans, implementation dates and identify personnel responsible. The status of the plans should be reviewed with management at regular frequencies. As required, NASCO may ask to review these plans and actions.

NASCO will perform supplier quality management system development with the goal of supplier conformity to ISO/TS 16949. Conformity with ISO 9001 is the first step of achieving this goal.

Unless otherwise specified by the customer, as a minimum, suppliers to NASCO will be third party registered to ISO 9001: 2008 by an accredited third party certification body. Suppliers must also have the ability to meet applicable AIAG (Automotive Industry Action Group) latest edition manuals of Core Tools (APQP, PPAP, FMEA, MSA, and SPC), NASCO specific requirements, and our customers' "Customer Specific Requirements".

The majority of NASCO operations are also certified to ISO 14001 Environmental standards. We expect all suppliers to follow these guidelines as well.

Certificates are to be provided to NASCO and updated as required.

In the event of changes to the quality management system certification status, NASCO purchasing department is to be notified within five business days.

### 5) Customer representative

Top management shall designate personnel with responsibility and authority to ensure that customer requirements are addressed. This includes setting quality objectives and related training, corrective and preventive actions, product design and development.

### 6) Process/Product Control

The supplier must establish and maintain manufacturing documentation adapted to their manufacturing process. The supplier must document the inspection and test results, which show that the classified requirements meet the set requirements.



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The supplier shall maintain procedures to ensure that the product conforms to the specified requirements, if necessary by conducting a final quality inspection. It is the supplier's responsibility to ensure that all parts shipped to NASCO meet specified requirements. Acceptance of a product by a sampling plan (either by the supplier or by NASCO) does not relieve the supplier of the responsibility to meet specified requirements for all parts.

NASCO reserves the right to verify the purchased product at the supplier's premises. In such an instance, the supplier will be notified and given sufficient preparation time.

The supplier is obligated to notify NASCO immediately if they discover that a previous or current shipment contains product which does not conform to all requirements indicated on the PO and/or the NASCO Drawing/Specifications.

### 7) Deviations

A Supplier shall not knowingly ship product that deviates from the drawing, specification limits, or design intent without prior written authorization from NASCO. If such a condition exists, the Supplier may ask NASCO, in writing, to allow shipment of the product under a written nonconformance deviation.

If requested by NASCO, the Supplier must send samples of such nonconforming items to NASCO for evaluation. The cost of shipping, inspection, and testing to determine the potential acceptability of such product will be charged to the Supplier.

### 8) Delivery

NASCO requires a 100% delivery performance from its suppliers. In order to minimize the risk of production interruptions, it is very important that the supplier delivers the right quantity at the right time and with the agreed quality.

Suppliers shall utilize FIFO (First-In-First-Out). In case of deviations, documented corrective actions must be presented. Suppliers will be debited for additional expenses for late or early deliveries and quality defects caused by the supplier. In specific cases, logistic agreements could be established which would complement or override these requirements.

### 9) Materials Management Operations Guidelines (MMOG)

The "M-7: Global Materials Management Operations Guideline Logistics Evaluation (MMOG/LE)" guidelines were developed to reduce the time and work required by suppliers and customers to determine materials process compliance. Using the guidelines, suppliers complete a self-assessment and receive "A," "B," or "C" ratings based on their compliance. While deficiency in one or more critical areas automatically earns a "C" rating, the MMOG/LE guide automatically develops an action plan to allow companies to address deficiencies and drive continuous improvement.

Suppliers shall complete the MMOG assessment if requested to do so by their procuring NASCO personnel.



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### 10) Inspection, Measuring and Test Equipment

The Supplier must provide and maintain all required inspection, measurement, and test equipment. Such equipment shall be calibrated at assigned frequencies to appropriate reference standards that are traceable to the National Institute of Standards and Technology (NIST) or equivalent international certification sources. Record of calibration shall be maintained.

### 11) Process and/or Product Changes

Unapproved changes are not acceptable; they put at risk our processes and those of our customers. Any requested changes shall be initiated with a formal change request/notification (Form QC-363) to NASCO Engineering and NASCO Quality personnel at least 90 days in advance of the desired change date. Depending on the nature of the change, NASCO may request a new PPAP meeting the conditions required for re-submission as detailed in AIAG's PPAP manual and applicable Customer Specific Requirements.

NASCO expects its suppliers to verify and document the product before and after each approved ECR change. They are to communicate any issues or concerns with the design, material, performance, appearance, durability or any other key characteristic based on their expertise, knowledge and lessons learned from similar products.

### 12) Traceability

Supplier must ensure identification and traceability of products supplied. The identification may include labeling of packaged products, manufacturing location, manufacturing dates; shift, part identification, and sub-contractor traceability (i.e. heat treat, etc. lot details, and traceability.)

Suppliers shall be able to directly correlate a raw material batch to the final product. Records of such shall be made available upon request.

### 13) Record Retention

Suppliers are expected to maintain applicable record retention periods as specified in ISO/TS 16949 latest edition standard, or as defined by NASCO, or as defined by end customer, or as defined by your procuring division or as defined to longer retention periods in compliance to all applicable legal or governmental requirements. The length of retention is defined by the longest applicable requirement.

### 14) Training

Supplier employees must be competent and qualified for their job function. The supplier must ensure this through appropriate internal and/or external training courses. A training record must be available for all employees producing a product or service for NASCO.



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### 15) Contingency Plan

The supplier must have a recovery/contingency plan for any quality, delivery, loss, or spill that could affect production flow of material into any NASCO facility or any service for NASCO.

### 16) Access

The Supplier shall allow NASCO and their customers' representatives' reasonable access to their premises to:

- a) Conduct audits as may be necessary to confirm that the quality management system is performing as described in their manual.
- b) Inspect and confirm that product and subcontracted product or services conforms to specified requirements (i.e. launch timing).
- c) Confirm the ability to sustain the declared production capacity.
- d) Verify the actions taken following a corrective action.

When circumstance allows, the NASCO Supplier Quality Contact will notify the Suppliers in advance of planned visits.

### 17) Confidentiality

The Supplier is required to maintain confidentiality of all drawings, specifications, documents, or information provided by NASCO in any form or means. All NASCO provided documentation to be maintained in a secure environment.

### 18) NASCO Code of Business Conduct

This Code of Business Conduct for Suppliers sets forth basic principles for supplier conduct when working with NASCO. NASCO is committed to these principles and expects its suppliers to be as well.

- a) Human Rights & Labor:
  1. Employee's Rights: Suppliers will respect the lawful rights and dignity of their employees.
  2. No Forced or Compulsory Labor: Suppliers will not use forced or involuntary labor, including prison labor, indentured labor, bonded labor or slave labor.
  3. No Child Labor: Suppliers will comply with all applicable child labor laws.
  4. No Discrimination: Suppliers will not discriminate in any condition of employment on the basis of race, color, national origin, sex, religion, age, or disability, and will comply with all applicable employment discrimination laws.
  5. Appropriate Work Hours and Wages: Suppliers will comply with all applicable laws on work hours and overtime, as well as all applicable laws on wages and benefits.





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- b) **Environment, Health & Safety:** NASCO's commitment to sustainability includes efficient use of resources, respect for the environment and safe and healthy workplaces. NASCO expects its suppliers to make similar commitments to continuously improve their environmental, health and safety performance.
  - 1. **Respect the Environment:** Suppliers will comply with all applicable environmental laws. Suppliers will have systems in place to ensure safe management of waste, air emission and wastewater discharges.
  - 2. **Protect Health and Safety:** Suppliers will provide a safe and healthy workplace for their employees, including appropriate controls, training, work procedures and personal protective equipment. Suppliers will comply with all applicable workplace health and safety laws.
- c) **Ethics & Legal Requirements:** NASCO strives to conduct its business ethically and in compliance with the law, and expects its suppliers to do the same.
  - 1. **Avoid Conflicts of Interest:** Suppliers will avoid any interaction with a NASCO employee that may conflict or appear to conflict with that employee acting in the best interests of NASCO.
  - 2. **Protect Information:** Suppliers will protect NASCO's confidential information and act to prevent its misuse, theft, fraud or improper disclosure. Suppliers must take all due care in handling, discussing or transmitting sensitive or confidential information.
- d) **Compliance:** NASCO expects suppliers to implement systems and controls to promote compliance with applicable laws and the principles set forth in this Code, including policies, training, monitoring and auditing mechanisms. Suppliers should also apply these or similar principles to the subcontractors and suppliers they work with in providing goods and services to NASCO.

NASCO reserves the right to assess and monitor suppliers' compliance with this Code. Suppliers who are not in compliance with this Code are expected to implement corrective actions or they may not be considered for future business.

### 19) Conflict Minerals Compliance

All NASCO suppliers shall report their potential Conflict Minerals as per NASCO Specific Requirements and our OEM Customer Specific Requirement Guidelines. NASCO's and our Customers preferred method of reporting is through the iPoint Conflict Minerals Platform, (iPCMP). Suppliers in all regions shall be able to verify that, where pertinent, the tin, tantalum, tungsten, and gold (3TG) contained within products sold to NASCO did not originate within the Democratic Republic of the Congo, OR be able to determine the exact smelters locations where the tin, tantalum, tungsten, and gold originated within the Democratic Republic of the Congo. Suppliers are to refer to AIAG for more information and details ([www.aiag.org](http://www.aiag.org)).



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### 20) Hazardous Substances Requirements

NASCO sells product all over the world and must comply with various directives and legislation related to controlling, reducing or eliminating hazardous substances. Many of the latest initiatives originate from various European directives and apply to product sold in various European countries. However, due to the ever expanding global marketplace, most of these standards are being applied to US sold products in addition to product sold in Europe. One such directive is:

REACH: An acronym for an EU Regulation entitled Registration, Evaluation and Authorization of Chemicals. REACH came into force in 2007 and replaced a patchwork of preexisting legislation. REACH aims to: (i) ensure a high level of protection for human health and the environment; (ii) make the people who place chemicals on the EU market responsible for understanding and managing the risks associated with their use; and (iii) promote the use of alternative, i.e. greener/safer chemicals. REACH applies to substances manufactured or imported into Europe in quantities of 1 ton per year or more.

### 21) General and Conclusion

This Manual's objective is to clearly state our expectations that will support our operations and provide the level of acceptable quality and cost parameters that our customers require of us on a year to year basis. With committed suppliers, we can meet and exceed these targets. We welcome feedback from the Supplier base for ideas that will create continuous improvements. If there are areas where you see we could be doing better please be open with your communications. It is only by truly working together can we achieve more.

NASCO is known as an innovator and leader within the industry. This has provided continued growth and prosperity for us and our Supplier base. We are committed to continue this tradition and working with dedicated and committed suppliers.

We would appreciate it if you could sign and return the following form. Suppliers not returning a signed copy are still considered to acknowledge the Fundamental NASCO quality requirements and agree to be bound by them. Thank you in advance for supporting this very important Supplier Quality manual.



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### NASCO Supplier Quality Manual Sign-off Form

The supplier acknowledges that he /she has read and understands the NASCO expectations written in the Supplier Quality Manual, and will share with other relevant parties within their organization as deemed necessary. The Suppliers Management Representative should sign-off below and forward a copy via email to an appropriate NASCO Contact to keep on file.

Supplier Facility Name: \_\_\_\_\_

Representative Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_