



Supplier Quality Manual



Supplier Quality Manual

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This Supplier Quality Manual is written to align with the ISO9001:2015 and IATF16949:2016 numbering methodology.

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Revision History		
Revision #	Revision Date	Comments for Revision
1	10/4/17	New release to meet the ISO9001:2015 and IATF16949:2016 Quality Management System Requirements
2	11/17/17	Changes to Section 3, Planning (6), Support (7), Operations (8)
3	3/15/18	Changes to Introduction, Section 2, and Section 3
4	10/01/2019	Changes to area 3, 4, 8.4.1.2 & 8.4.2.3

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Introduction - Welcome to the Supplier Quality Manual

Charter Steel takes great pride in being a supplier of quality steel bar, rod and coil at competitive prices. We look to our suppliers as partners in our production team. This relationship has assisted us in maintaining both our quality and our value to the ultimate customer. Our world is becoming more demanding, looking for continuous improvement, and demanding better quality at lower costs. Working together to meet these goals is paramount **to success**. We ask all of our suppliers to take on the great challenge of partnering with our customers and us. **Please join us in this challenge!**

This manual is distributed via the chartersteel.com website. Printed copies are considered uncontrolled documents. While Charter Steel will communicate to suppliers major revisions to the manual, it is the supplier's responsibility to remain up-to-date on Charter Steel requirements by frequently visiting chartersteel.com. Questions regarding this manual should be directed to Charter Steel buyers and/or representatives that you are working with on contracts and purchases orders.

Charter Steel recognizes and emphasizes the importance of continuously improving and maintaining the quality of its products. This recognition becomes both the supplier's and Charter Steel's responsibility to provide consistent quality products and services that meet Charter Steel requirements and the specifications of our customers.

Charter Steel Safety, Sustainability, and Quality Policy:

***My job is important. If I do my job right:
Our work place will be safe
Our commitment to sustainability will be upheld
The customer will be satisfied
Charter Steel will continuously improve and grow.***

1 Scope

This manual applies to suppliers providing products and/or services to any of the Charter Steel locations:

Charter Steel – Saukville
1658 Cold Springs Road
Saukville, Wisconsin 53080

Charter Steel – Cleveland
4300 E. 49th Street
Cuyahoga Heights, Ohio 44125

Charter Steel – Fostoria
6255 State Hwy. 23
Rising Sun, Ohio 43457

The products and/or services purchased shall be produced, controlled, inspected, and tested in accordance to our requirements as stated on the Purchase Order. The intent of this manual is to explain Charter Steel's policy as it relates to Charter Steel suppliers as well as communicating basic requirements that must be met. It will also provide a means of communication between Charter Steel and our suppliers.

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2 Normative References

- Charter Steel is proud to have achieved and maintain several management system credentials:
- ISO9001:2015 – International Quality Management System
- IATF16949:2016 – International Automotive Task Force Quality Management System
- ISO/IEC17025 – Accredited Laboratory (Testing for mechanical and chemical analysis)
- ISO14001:2004 – Environmental Management System (upgrading to ISO14001:2015 in 2018)
- OHSAS18001:2007 – Occupational Health and Safety Management System
- ISO50001:2011 – Energy Management

Supplier Safety, Environmental, and Energy Responsibilities

This section applies to Suppliers who are scheduled to come on-site to a Charter Steel facility to fulfill the requirements of a purchase order or contract. The assigned Charter Steel Buyer for the contract and purchase order will provide suppliers with the **Charter Steel Contractor Management Program** information. This is to ensure that all personnel (Charter Steel and supplier) work together in a safe, environmentally friendly, and sustainable manner, ensuring efficient use of natural resources.

3 Terms & Definitions (Preferred and Approved Supplier definitions)

Charter Steel defines a **Preferred Supplier** as a supplier who provides raw material(s), and/or primary manufacturing equipment used in the manufacturing process **and Sub-suppliers who provide outside processing for Charter Steel**. Preferred suppliers are further defined as those suppliers whose failure to support from established quality or delivery performance requirements will have a direct impact on the production process, the final product, or could cause a significant degradation to production volumes and/or loss of revenue to the organization. All Preferred Suppliers files shall have:

1. A new Supplier Information Form approved and on file
 2. Current Certificate of Insurance on file
 3. A completed Supplier Self survey form
- OR**
4. Current Certificate of Accreditations showing a certified ISO9001:2015 quality system, IATF16949:2016 quality system, and/or ISO/IEC17025 testing and calibration laboratories, as applicable.

All Charter Steel designated Preferred Suppliers shall hold a valid Quality Management System certification from a recognized governing body, with the ultimate target of becoming certified to IATF 16949. If a designated Preferred Supplier does not hold such a certification, submittal and acceptance of the Charter Steel Self-Assessment Survey, by Charter Steel Procurement Department, may be an acceptable alternative.

Charter Steel's Procurement team along with the appropriate Charter Steel facility management establishes the designation of a Preferred Supplier. The list of preferred suppliers is maintained, and reviewed periodically by the Procurement team. If at any time during the supply relationship, Charter personnel deem a specific supplier a risk, that supplier may be removed from the preferred supplier list. If removed from the Preferred Supplier list, Charter Steel reserves the right to prohibit any purchases until sufficient corrective action has been provided to mitigate the supplier's specific identified risk.

Approved Suppliers are defined as all suppliers who provide goods and services to Charter Steel, who have not been designated as a preferred supplier. Our Procurement Department maintains files for all of our suppliers. All Approved suppliers files shall have:

1. A new Supplier Profile approved and on file
2. Current Certificate of Insurance on file, if applicable.

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4 Context of the organization

Suppliers are responsible for all provisions of the purchase order. This manual defines the safety, environmental, energy, and quality systems the supplier must employ to control products and/or services subject to Charter Steel purchase orders. These requirements supplement and are an extension of the requirements of the purchase order. In the pages ahead, Charter Steel also has responsibilities to the supplier.

Charter Steel will call on suppliers for assistance, as necessary, in applications of their products. It is only through an atmosphere of mutual assistance and free exchange that this relationship can achieve maximum benefits for each of us.

It is the supplier responsibility to work with the Charter Steel Procurement Department to resolve all questions relating to fulfillment of the contract before accepting the purchase order. In addition, it is the supplier responsibility to maintain specific procedures and controls necessary to assure on time shipments of consistent and acceptable quality products. Charter Steel's Quality Assurance Management through the Procurement Department will assist suppliers in the interpretation and applications of these requirements, if needed.

An ISO9001:2015 system is preferred but may not be required based on the size of your organization and commodity you provide to Charter Steel. Certified suppliers must submit their initial and renewal quality system certifications to the Charter Steel Procurement Department. In addition, all Charter Steel suppliers are required to immediately notify Charter Steel if their third-party registrar places them on "Probationary" status.

For suppliers who provide calibration and/or laboratory services, such as tests, to our Charter Steel Labs, we require these suppliers to have an established and registered ISO/IEC17025 system. For some suppliers we require they have certified operators performing qualification tests in place of ISO17025. Certified suppliers must submit their current ISO/IEC17025 certificate to the Charter Steel Procurement Department.

Suppliers must perform or have performed the inspection and tests required to substantiate product conformance to drawings, specifications, and purchase order requirements. The supplier's quality system to control products and/or services shall be documented and be available for review by Charter Steel representatives when requested.

Suppliers are also encouraged to be certified to ISO14001. All suppliers should understand the environmental impacts of their goods and/or services and Charter Steel welcomes suggestions for improvements to environmental performance and sharing of concerns and best practices.

Charter Steel commits to uphold sustainability and manage our energy use to ensure efficient consumption of natural resources. To improve our efficiency, Charter Steel has developed an Energy Management System (EnMS) in accordance with ISO50001 requirements. These requirements include understanding the benefits of improved energy performance and suppliers' potential impact on energy use. Suppliers are encouraged to offer energy suggestions and/or improvements by contacting the energy manager or emailing green@chartersteel.com.

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5 Leadership

The intent of this requirement is to ensure that top management visibly demonstrates leadership and commitment in maintaining focus on meeting Charter Steel's requirements and enhancing customer satisfaction.

6 Planning

6.1.2.3 Contingency Plans

Charter Steel requires that suppliers have a current contingency plan. Suppliers are required to have contingency plans for continuity of supply in the event of any of the following: key equipment failures; interruption from externally provided products, processes, and services; recurring natural disasters; fire; utility interruptions; labour shortages; or infrastructure disruptions.

7 Support

7.1.3 Infrastructure

Facilities, Equipment, and Process Planning

The supplier shall utilize a systematic approach to facilities, equipment, and process planning, incorporating cross-functional involvement to optimize performance.

8 Operations

8.2.3 Review of the Requirements for Products and Services (Charter Steel Specific Requirements)

1. Specific Documentation:

Our customers, from time to time, request that we provide the contents of the parts we supply. The Reportable Substance Report will be provided when deemed necessary by our customer as part of the purchase order.

2. Material and Testing Certification

Charter Steel requires suppliers, who are subcontracted to perform tests and calibrations, to provide the appropriate certifications as defined on the Purchase Orders (per ISO/IEC 17025).

3. Packaging

The supplier must pack and label the products as defined by Charter Steel. These instructions may be communicated through various types of communications such as purchase orders, contracts, or via email correspondence or telephone conversations.

4. Supplier Request for an Amendment to a Contract or Lease Agreement

If there is a need to amend an established contract or lease agreement, the Charter Steel Procurement Team will be available to discuss and work cooperatively with the supplier to rewrite contracts and/or lease agreements.

5. Cost-savings Partnership

We encourage our suppliers to submit cost saving suggestions that will not affect product quality or reliability and are beneficial to both of us.

6. Supplier Charge Back

The supplier may be held responsible for non-standard costs associated with incidents that cause delays, disruptions, or inefficiencies at Charter Steel. For those incidents, a cooperative team at Charter Steel will initiate and submit a statement of Chargeback to the supplier to recover costs incurred by Charter Steel.

The chargeback for nonconforming products or services will be the responsibility of the Supplier and are expected to cover failure costs imposed by the end customer of Charter Steel.

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7. Production Part Approval Process (PPAP)

In the event, that Charter Steel requires a production part approval, the Charter Steel buyer will communicate this request to the supplier. Sample submissions and required documents shall be directed to Charter Steel Procurement following the Automotive Industry Action Group (AIAG) guidelines as defined in the Production Part Approval Process (PPAP) manual.

8.4.1.2 Supplier selection process

When a supplier has not been previously approved as a supplier by Charter Steel, the choice of a new supplier takes place through the coordinating efforts of a team of individuals from Charter Steel's procurement, quality and other functions, as appropriate, to the program. This supplier sourcing strategy must be completed prior to the awarding of a contract.

The Charter Steel sourcing strategy includes various steps including but not limited to the following:

- A) Source Evaluation
 - Identification, contact and information exchange
 - Preliminary information review and decision on future actions
 - Information exchange, review and recommendation
 - Request for Quotation (RFQ)
- B) Source Selection
 - Competitive economic cost
 - Technical and support capability
 - Delivery performance
 - Quality performance
 - Quality system status (ISO9001 and/or ISO/IEC17025 may be required depending on product or service)
 - Preferred Suppliers and especially Outside Processors must have a minimum of ISO9001:2015 Certification.
 - Supplier compliance with statutory or regulatory requirements and/or regulations
 - Results of on-site technical and/or quality assessment, when appropriate
 - Outside Processors must have a successful on-site quality system 2nd party audit performed by Charter Steel.
 - Recommendation of Charter Steel
 - Customer-directed sourcing
 - Energy efficiency
- C) PPAP Submission (if required)

8.4.2.3 Supplier quality management system development

Charter Steel holds current Quality Management System (QMS) certifications to meet our customer requirements (see Section 2). To meet the QMS requirements, as stated in the ISO9001:2015 and IATF16949:2016 standards, Charter Steel will work with our Preferred suppliers to help them establish a plan to work toward and eventually achieve certification to IATF16949:2017. This support includes 2nd party audits. The priority of these 2nd party audits and development efforts of our Preferred Suppliers will be established by the Quality Assurance Department. We value all our suppliers and the intent of these on-site visit/audits is to become familiar with our Preferred supplier's quality management system. These on-site visit/audits will be planned as a mutual agreed upon event with selected Preferred suppliers.

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8.5.2 Identification and Traceability

The supplier must have a method in place to identify the product throughout the production and service operations. Some organizations use travelers, bar codes, scanners to accomplish this. The product status must be identified for monitoring and measurement requirements. This identification could be drawings, tags, labels, and for some industries, configuration management will suffice. Traceability is a requirement and the supplier must have a method to control and record the unique identification of the product.

8.5.6 Control of changes

The supplier is responsible to ensure that the integrity of production and service provision is retained by controlling changes. For any change, the supplier should use a systematic and wide approach. Typical activities for controlling change include:

1. Review
2. Verification or validation before implementation
3. Approval, including Charter Steel's authorization, where appropriate,
4. Implementation measures, including updating elements of the supplier's QMS.

8.6.5 Statutory and regulatory conformity

As noted in the "Terms and Conditions" document as referenced on the purchase order, Charter Steel requires that for all supplier provided products into our production flow, the supplier shall confirm and be able to provide evidence that externally provided processes, products, and services conform to the latest applicable statutory, regulatory, and other requirements in the countries where they are manufactured.

9 Performance evaluation

9.1 Monitoring, Measurement, Analysis, and Evaluation

Annual Supplier Performance Report Process - Preferred Suppliers only

The purpose of monitoring supplier performance and provide supplier performance feedback is to:

- Communicate to our Preferred Suppliers Charter Steel's assessment of their performance so that appropriate improvements can be implemented.
- Provide an internal measurement system in order to better evaluate and manage our supply base.
- Assist in determining new business awards.

Charter Steel Procurement Department will select a grouping of the top preferred suppliers annually to issue supplier scorecards. Each chosen preferred supplier is rated on a 100-point scale weighted as follows:

Category	Definition	Maximum Points
Delivery Performance	<ul style="list-style-type: none"> • On-Time Delivery • Shipping Incidents 	30
Quality	<ul style="list-style-type: none"> • Quality of products or services Delivered • Quality Management System • Quality Incidents 	50
Commercial & Sales	<ul style="list-style-type: none"> • Cost Savings • Responsiveness 	20
Total Possible Points		100

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Rating Scale:

Supplier Performance Levels	Description of Supplier Evaluation	Score Range
Level One	Supplier is in EXCELLENT standing with Charter Steel	90-100
Level Two	Supplier is in GOOD standing with Charter Steel	80-89
Level Three	Performance improvement needed. A performance improvement action plan is required in 30 days.	60-79
Level Four	Improvement required to sustain current business. A performance improvement action plan is required in 30 days.	0-59

9.2 Internal audit

Suppliers are responsible for auditing their total quality system in their organization and must have a documented audit procedure if they are an ISO9001 certified organization. Audit results must be reviewed by the supplier's management and documented corrective action, if required, must remain on file per the agreed upon retention period.

Summary of third party reports conducted at suppliers sites shall be shared with Charter Steel Quality Assurance Management upon request.

10 Continuous Improvement

10.2 Nonconformity and Corrective Action Supplier Corrective Action Request-(SCAR)

Suppliers receiving Supplier Corrective Action Requests from Charter Steel are responsible to respond with a meaningful response within 10 working days. This includes a meaningful, defined process root cause, defined system root cause, containment action, and corrective action. We recognize that identified corrective actions may take a period of time to complete; therefore, we expect a timeline for anticipated completion dates. We encourage the SCAR response to clearly define the completion timeline.

Verification of the implemented corrective action on-site at the supplier may be accomplished during subsequent visits. A delivery SCAR may impact the supplier's delivery rating. A quality SCAR will impact the supplier's quality rating. (see section 9.1 Monitoring, Measurement, Analysis and Evaluation)

A supplier failing to protect Charter Steel and/or our customers from repeated incidences will be subject to the escalation process, up to and including resourcing.

10.3 Continual Improvement

The supplier management systems and practices shall promote continuous improvement in quality, cost, and delivery performance.

Key System Components

- ✓ Each department within the company shall pursue continuous improvement in all aspects of performance, with emphasis on Charter Steel perceived quality, cost, and delivery factors.

Executive and operating management shall monitor selected objective indicators of performance.

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Acknowledgement of Review or Acceptance:

Suppliers to Charter Steel who have received a Supplier Quality Manual are requested to complete this information below and return this signed Acknowledgement of Review or Acceptance to the Procurement Department at Charter Steel. The Supplier's authorized representative's signature is an acknowledgement of receiving and understanding the content of this manual.

Supplier Company Name (please print legibly) : _

Primary Products/Services: _

Authorized Signature: _

Title: _

Date Signed _

For our recordkeeping purposes, if we do not receive your signed acknowledgement of this Supplier Quality Manual within 30 days from the date of this correspondence, Charter Steel assumes that your organization has accepted this manual as written. We will update our supplier approval records of your acceptance. You may scan and email this signed Acknowledgement of Review or Acceptance to:

CS-SupplierCertDocs@chartermfg.com

If you have any questions regarding the content of this Charter Steel Supplier Quality Manual, please contact your Charter Steel Buyer.

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