

Dear Supplier:

Attached, please find your copy of the Flambeau Inc. Supplier Excellence Manual, 7<sup>th</sup> edition. The purpose of this manual is to give the Supplier an overview of the expectations of Flambeau. You will also find specific forms that are necessary, as well as forms that may be submitted to you for response.

Flambeau has implemented the ISO 9001 and/or TS16949 system in each facility. Many of you have already implemented these quality systems at your facility; please forward a copy of your current certification. If you are not registered, please complete, score, and return the attached Quality System Assessment (page 10 - 13) to Flambeau purchasing or Supplier Quality Analyst (SQA). Flambeau encourages our suppliers to have a quality system that meets the requirements of the latest ISO 9001 version. Also, we require suppliers of automotive components to plan and develop a quality system that will meet the goal of conforming to the latest ISO/TS16949 version. A timeline of these planned activities would be helpful to our supplier development system and should be forwarded to us as well.

Please review this manual and note the Flambeau Inc., "Conditions of this Contract". This is the only copy of our terms and conditions that you will receive. Also, attached is a sample of the Supplier Progress Review. A report is sent out semi-annually to all component suppliers as necessary.

Please print and fill out the bottom portion of this letter acknowledging receipt and understanding of the Manual, and return to the SQA or the Flambeau purchasing department. If you have any questions, please feel free to contact your local Flambeau Inc. purchasing contact.

I, \_\_\_\_\_  
(Name) (Title) (Company) (Date)

Acknowledge receipt and understanding of Flambeau Inc. Supplier Excellence Manual, 7<sup>th</sup> Edition.

# Supplier Excellence Manual

Flambeau Inc., Baraboo  
Injection molding facility  
801 Lynn Ave  
Baraboo, WI 53913  
608-355-6500

Flambeau Inc., Baraboo  
Blow molding facility  
715 Lynn Ave  
Baraboo, WI 53913  
608-355-6500

Flambeau Technologies  
911 Lynn Ave  
Baraboo, WI 53913  
605-355-6500

Flambeau Inc., Madison  
1330 Atlanta Hwy  
Madison, GA 30650  
706-342-8300

Flambeau Inc., Columbus  
4325 Middle Rd  
Columbus, IN 47203  
812-372-4899

Flambeau Inc., Phoenix  
3301 W. Vernon Ave  
Phoenix, AZ 85009  
602-484-4520

Flambeau Inc., Middlefield  
15981 Valplast Rd  
Middlefield, OH 44062  
440-632-1631

Flambeau Inc., Plásticos  
S de RL de CV  
Calle 17 No. 3692  
Saltillo, Coah Mexico 25017  
011-52-844-4119760

Flambeau Inc., Sharon Center  
1468 Wolf Creek Trail  
Sharon Center, OH 44274  
330-239-0202

Flambeau Ramsgate England  
Manston Road  
Ramsgate, Kent CT12 6HW  
England

[www.flambeau.com](http://www.flambeau.com)

7<sup>th</sup> Edition, November 9, 2015

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## Flambeau Inc. Minority Supplier Sourcing Policy

It is our goal to support minority owned supply base within our procurement system wherever levels of quality, competitive pricing, and delivery permit.

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## Flambeau Inc. Quality Policy

Flambeau's Quality Policy is to fully satisfy our customer's expectations through a committed team effort from each associate that complies with our Quality Management System resulting in continuous improvement in every part of our business.

## Flambeau Company History

Flambeau was founded in 1947 by W.R. Sauey and his brother, E.C. Sauey, to produce injection molded thermoplastic parts for industry. They put all of their combined savings toward the purchase of parts to build a handmade injection molding machine. Their business philosophy was to grow and thrive based on producing top quality products at a competitive price. Since 1947, Flambeau has grown to include thousands of caring and dedicated associates and over 1,400,000 square feet of production space across 8 locations.

The company moved to Baraboo, WI in 1950. In 1961, the then new process of extrusion blow molding was added to Flambeau's capabilities to supplement their growing strength in injection molding. It was at this time that the need for a full service, value added capability was recognized and the Finishing/Assembly department was created. In 1983, in order to stay ahead of emerging mold and molding technologies, the Flambeau Technology Center was established.

These three manufacturing departments; Injection molding, Blow molding, and Assembly as well as the Technology Center formed the nucleus for the growth that has allowed Flambeau to become an industry leader as a manufacturer of plastic products sold through three market groups: Retail Markets, Automotive, and Industrial/Packaging.

Flambeau now has grown to include manufacturing locations in Baraboo, WI; Columbus, IN; Madison, GA; Middlefield, OH; Sharon Center, OH; and Phoenix, AZ. Our international facilities include Ramsgate, Kent England and Saltillo, Coahuila México.

From our inception, we believe that a well-equipped and staffed mold manufacturing facility will be critical to our overall objective of supplying top quality, competitively priced molded products.

For more information on Flambeau, please go to [www.flambeau.com](http://www.flambeau.com).

## Quality System Requirements

- Flambeau has established and has committed to maintain a documented quality system that meets the requirements of ISO/TS16949 and our customers. This system consists of a Quality Assurance Manual that addresses the requirements of this standard and presents our approach for meeting these standards.
- Suppliers that provide materials to support automotive customers must have or pursue certification to a quality system based on the requirements of ISO 9001. Future assessments will be based on ISO 9001:2008; therefore suppliers' quality systems should reflect these requirements. In addition, automotive suppliers should continue to plan and develop a quality system with the goal of conformity to TS16949:2009.
- All other suppliers are encouraged to pursue a quality system with a goal of ISO9001:2008 conformity. Ref. ISO/TS16949 ((E)) requirements for "Supplier quality management system development", section 7.4.1.1.)
- Required manuals
  - Quality Systems Requirements – ISO9001 or ISO/TS16949 (as applicable)
  - Production Part Approval Process (PPAP)
- Reference Manuals
  - Advanced Product Quality Planning & Control Plan (APQP)
  - Failure Modes & Effects Analysis (FMEA)
  - Measurement System Analysis (MSA)
  - Fundamental Statistical Process Control (SPC)
  - Quality System Assessment (QSA)

## Quality System Assessment

Suppliers designated by Flambeau purchasing department must either submit ISO9001 or ISO/TS16949 certifications or a self-audit using the Quality System Assessment prior to or immediately following the start of business with Flambeau. Annual self-audits may be requested.

Flambeau reserves the right to audit their suppliers' quality system. Audits conducted by one of Flambeau's customers or a third party registrar may also be accepted when appropriate. Audits from a third party registrar must meet all of the requirements of the quality system requirements ISO9001, to be recognized.

***Any supplier failing to meet "Quality System Requirements" and the quality and delivery standards of Flambeau is subject to removal from Flambeau's approved supplier list.***

### **Advanced product quality planning**

Upon receipt of Flambeau's Request for Quote, suppliers will provide appropriate quotation to the requesting buyer. Buyer, engineering, estimating, and supplier representative may be required to meet to discuss specifications, requirements, lead times, and milestone dates of the quoted project. Production Part Approval Process (PPAP) will be utilized on sample and first part approval parts where applicable.

### **Special characteristics**

Special characteristics are product characteristics in which the anticipated variation is likely to significantly affect customer satisfaction with a product as to its fit, form, function, appearance, or the ability to process or build the product. Special Characteristics shall be identified on the control plan and controlled statistically to a Ppk of at least 1.67 (short term). Action plans shall be in place to improve the process when statistical capability has not been met.

### **Statistical data**

Suppliers shall provide evidence of statistical capability for all Special Characteristics and as required by Flambeau. All products that demonstrate 'out of control' processes or capability of less than Cpk of 1.33 (long term) shall be 100% inspected prior to shipment.

### **Supplier change request**

The supplier must request any changes to materials, products, processes, locations and/or specifications, via a change request form or electronically (e-mail). The supplier must obtain approval from Flambeau purchasing prior to implementing these changes. Suppliers are to use Flambeau "Deviation" form to obtain temporary deviation to specifications for materials and products. PPAP submission and approval are required (where applicable) prior to first shipment of parts, unless this requirement is waived by Flambeau purchasing, quality, and/or engineering staff. Specific PPAP requirements will be supplied by Flambeau quality department.

***The supplier will be held liable for any cost incurred by Flambeau caused by the changes made without written notice supplemental to the purchase order or a deviation form (included in this manual) approved by Flambeau purchasing, quality, or engineering. The supplier will not be paid for any parts, tooling, processing equipment, etc. when the change has not been approved by Flambeau purchasing, quality, or engineering.***

### **Raw material certification**

Raw material certification is required with each shipment, where applicable, certifying that manufacturer is producing to specifications as noted on print/specification sheet and that raw materials are noted within tolerances.

### **Packaging**

During the advanced quality planning process, standard packaging should be established and agreed upon with the appropriate Flambeau buyer. All hand handled containers shall be designed so that the total weight is less than thirty-five (35) pounds.

### **Labeling**

All production parts shipped must have the container labeled with the Flambeau part number, quantity per carton, lot number, manufacture date, supplier part number, weight, and bar code (where applicable).

### **SDS**

A safety data sheet (SDS) should be supplied to Flambeau purchasing prior to the arrival of new product.

### **NAFTA**

Supplier will reasonably identify any products supplied under this PO if it relates to the North American Free Trade Agreement (NAFTA). Supplier will provide appropriate documentation to Flambeau to confirm the origin of the goods or qualification of the goods for NAFTA eligibility. Copies of NAFTA Certificates to be forwarded to Flambeau at no additional charge.

### **Conflict Minerals**

The U.S. Congress passed Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in July of 2010 in response to violence and human rights violations in the mining of certain minerals from the "Conflict Region", which is situated in the eastern portion of the Democratic Republic of the Congo (DRC) and surrounding countries. The Federal Government is requiring all SEC (*Securities and Exchange Commission*) regulated companies who are required to report under section 13(a) or 15(d) to report Conflict Minerals information.

The definition of "conflict minerals" refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed or sold. The U.S. Secretary of State may designate other minerals in the future.

As a non-reporting company, Flambeau Inc. is not subject to the Conflict Minerals reporting requirements; however, as a supplier to SEC-reporting companies, we are committed to helping our customers comply with their reporting requirements. In addition, Flambeau Inc. is supportive of global industry efforts to ensure responsible manufacturing processes with transparent sourcing in full accordance with the law.

Suppliers are required to provide written documentation on a calendar year reporting basis in the first quarter following the end of the prior year or as requested. To confirm whether the raw materials tin, tantalum, tungsten and gold are used in the manufacture of products supplied to Flambeau originated from outside the Conflict Region or, if the raw material originated from within the Conflict Region that the mines or smelters are certified as "conflict free" by an independent third party. If the suppliers does not provide the proper documentation or submits inaccurate documentation or utilized facilities that are not certified "conflict free", Flambeau may terminate any PO, return any non-conforming products or seek any further relief or remedies provided herein.

**California Proposition 65**

Proposition 65, the Safe and Drinking Water and Toxic Enforcement Act of 1986, was enacted in November 1986 to protect California (USA) citizens and the State's drinking water sources from chemical known to cause cancer, birth defects or other reproductive harm, and to inform citizens about exposures to such chemicals. In order to notify customers of possible exposure at the point of sale, supplier must notify Flambeau if product contains chemicals covered by this Act that meet or exceed Safe Harbor levels that require a 'reasonable warning' and validate that the items are properly labeled for sale in California (USA). Consult [www.oehla.org/prop65.html](http://www.oehla.org/prop65.html) for a complete list of covered chemicals.

**REACH AND RoHS Material Declarations**

Flambeau requires full material declarations whether the product has SVHC's present or is described as an 'article' by the REACH Directive standard, Declaration of Restricted Substances and SVHC Candidates in EU REACH Regulation No. 1907/2006 and also RoHS stating the supplied product does not contain the substances listed exceeding the maximum concentration values set by the European Union Directive 2002/95/EC on the Restriction of Hazardous Substances (RoHS) in electrical or electronic equipment directive.

**Sample Submission**

Prior to the first shipment of new production parts or parts with engineering changes, the supplier should receive approval from Flambeau purchasing, quality, and/or engineering staff. A PPAP is required unless otherwise directed by the appropriate Flambeau buyer or engineer.

When the manufacturing location is changed on a current part, sample approval from the new location is required. Providing that the PPAP is less than one year old, a dimensional layout and the existing PPAP documents may be sufficient and should be submitted to the appropriate Flambeau buyer, quality representative, or engineer. The supplier will be notified in advance if additional information is needed or if there are any deviations to the PPAP pending Flambeau end customer requirements.

**Cost Reduction**

All suppliers are required to submit cost reduction proposals. Plans for cost reductions shall be submitted to the appropriate buyer.

**Continuous Improvement**

The dedication to continuous improvement is the foundation of Flambeau's quality policy. Quality based on continuous improvement provides security. Suppliers are encouraged to share this dedication by having plans for continuous improvement. Plans should be detailed and designate specific timing and responsibility for all actions. Evidence of continuous improvement will be measured using your supplier rating.

**Corrective action**

The supplier shall respond to a non-conformance within 24 hours of notification and contain the defective/suspect material immediately. A written corrective action plan addressing the non-conformance must be submitted within ten (10) working days to the designated Supplier Quality Analyst (SQA) at Flambeau.

Corrective actions should include statistical techniques, mistake/error proofing, and SPC data to assure verification that the non-conformance is corrected. The FMEA and control plan should be updated by the supplier to reflect such changes. The supplier is also responsible for making a sample submission and/or PPAP if the corrective action involves

product/process changes. The supplier must obtain approval prior to implementing any changes or obtain a deviation approved by the appropriate purchasing and engineering staff.

### **IMDS**

Submission of IMDS for supplied product may be required if required by Flambeau's end customer.

### **Supplier Contacts**

Each supplier should supply a contact list to the appropriate Flambeau buyer. This list should include the president, top sales executive, account manager, plant manager, quality manager, and primary contact person at each supplier location and be updated as changes occur.

- Name, title, e-mail address
- Address, phone number(s), fax

### **Delivery**

100% on time delivery is required from all suppliers to Flambeau. On-time delivery is determined by the purchase order due date. The supplier must allow for transit time with the carriers so that all shipments arrive on the date required. Suppliers are allowed a nine (9) day 'grace period' preceding the due date. No allowance is given for past due shipments and will be considered late. Over shipments may be returned at the suppliers' expense. Partial shipments should be forwarded by supplier immediately and the quantity not shipped will be considered late.

Additional freight as a result of partial shipments will be covered by the supplier. Flambeau is a JIT operation and late shipments can cause interruptions in our production schedules and may affect our customers. Any machine down time due to suppliers' late shipments may be charged to the supplier at actual costs.

Whenever the supplier anticipates a late shipment, they must contact Flambeau purchasing for further instructions.

### **Transportation Policy**

Flambeau will specify what carrier to be used on shipments where Flambeau is responsible for freight. Any deviation from these designated carriers must be previously approved by either the Flambeau traffic manager or the appropriate buyer. Unapproved carrier deviation may result in charge back to the supplier for the freight cost difference.

### **Rejection Policy**

If there are rejections on a delivery against an order and the buyer, in order to maintain production schedules, finds it necessary to retain the shipment and inspect 100% and/or do repair work on the product, a charge of \$150 per hour covering inspection or repair work may be made against the supplier. Machine shutdown due to rejected product may also be charged to the supplier at actual costs.

Whenever a rejection is noted, the supplier will immediately be contacted by Flambeau purchasing or SQA. The supplier must respond in the following manner:

1. Replace all stock in question with certified material at suppliers' expense.
2. The supplier shall send, where applicable, the necessary representatives to either Flambeau or the customer to support in solving rejection issues as a result of non-conformance.
3. The supplier may be requested to appear at Flambeau or the customer's facility to sort non-conforming parts.

4. The supplier performance record will be charged for all non-conforming parts that are returned to the supplier or scrapped at Flambeau or the customer.
5. Charges from Flambeau customers may be charged to the supplier as a result of non-conformance.
6. Written corrective action in accordance to the corrective action section of this manual is required for all supplier rejections. (see example in appendix)
7. For return of product, corrections to invoicing errors, scrap and charge, or any related charges to supplier will be provided on Flambeau debit memo form. (see example in appendix)
8. Flambeau reserves the right to inspect product at the supplier's location.

## Flambeau Inc. Quality System Assessment

Supplier Name: \_\_\_\_\_ Date: \_\_\_\_\_

 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Evaluator(s): \_\_\_\_\_  
 \_\_\_\_\_

 Contact Name/Title: \_\_\_\_\_  
 \_\_\_\_\_

Self-assessment (Y or N): \_\_\_\_\_ On-site assessment ( Y or N ): \_\_\_\_\_

**Score**

0	Major system breakdown	Total points scored	
1	One or more minor findings	Total applicable point	
2	No findings	Percent	
3	No Findings with example of continuous improvement in the last 12 months	Major finding(s) ( Y or N )	

Sect	Quality Management System	Assessor's Notes	Score
1	Does a quality manual exist which addresses the requirements of <a href="#">ISO-9001</a> or <a href="#">ISO/TS16949</a> ? Does the manual reference procedures and document structure used in the quality system? Does the manual include the scope of the quality management system?		
2	Does a Quality Policy exist that is appropriate to the purpose of the organization? Does it include a commitment to comply with requirements and continuous improvement? Is the policy communicated and understood throughout organization and reviewed for continuous suitability?		
3	Do supporting documents and procedures exist to support the quality system and Quality manual? Are the documents controlled? How are records maintained?		
4	Is there a documented procedure to define the controls needed to approve documents for adequacy, to ensure changes and revision status is identified? Does the procedure ensure documents remain legible and available at points of use? Are documents of external origin identified and controlled?		

<b>Sect</b>	<b>Management Responsibility</b>	<b>Assessor's Notes</b>	<b>Score</b>
5	Has top management established systems to drive the organization to meet customer requirements? (significant management involvement is required) How does communication take place within organization regarding quality system?		
6	Does top management review the entire quality system at defined intervals to ensure continued suitability and effectiveness? Are quality objectives and evaluation of continuous improvement reviewed by top management? Does top management review customer feedback, process performance, status of preventive and corrective actions? Are there records of the review?		
7	Has top management defined and communicated the responsibility and authority within the organization?		
8	Has top management appointed a management representative who has responsibility to maintain quality system and promote awareness of customer requirements?		
<b>Sect</b>	<b>Resource Management</b>	<b>Assessor's Notes</b>	<b>Score</b>
9	Are personnel performing work affecting product quality competent of the basis of appropriate education and training?		
10	Has the organization developed a process to motivate employees to achieve quality objectives and make continual improvement?		
11	Are there documented procedures for identifying training needs and achieving competence of all personnel performing activities affecting product quality?		
12	Does the organization determine, provide and maintain the infrastructure needed to achieve conformity to product requirements? (building, equipment, support)		
13	Does top management use a multidisciplinary approach to developing facility and equipment plans? Does the plant layout optimize material travel, handling and value added use of floor space?		
14	Does the organization have contingency plans to satisfy customer requirements in event of emergency such as utility interruptions, labor shortages, key equipment failure and field returns?		
15	Does the organization maintain a state of order, cleanliness and repair consistent with the product and process needs? Are potential risks to employees and product safety addressed by the organization?		

Sect	Product Realization	Assessor's Notes	Score
16	Does the organization plan and develop the processes needed for making the product? Includes as appropriate: quality objectives, resources and processes specific to product, required verification, inspection and test activities, and records to provide evidence that requirements have been met.		
17	Has the organization determined the requirements specified by customer, including delivery, statutory and regulatory requirements and any other requirements? Has there been a review of all customer requirements? How are changes controlled within quality system?		
18	Has the organization investigate, confirmed and documented the manufacturing feasibility of the proposed product in the contract review process?		
19	How does the organization effectively communicate with customers in relation to product information, contract handling, and customer feedback or complaints?		
20	If applicable does the organization plan and control design and development of the product? (Inputs, outputs)		
21	If design responsible, does the organization review, verify, validate and control changes of design & development?		
22	Are suppliers evaluated and selected based on their ability to meet quality system and conform to specific purchased requirements?		
23	Does purchased information describe product and are quality records of suppliers established and maintained? Is 100% on time delivery required of your suppliers?		
24	How do you ensure purchased product meets specified requirements? What type of incoming inspection method do you use?		
25.	How does the organization manage and then validate its production processes? (control plans, work instructions, job set-up verification) Is focus on preventive measures of production management rather than reactive correction? What type of preventive and predictive maintenance is used on equipment? Does the organization identify, verify, protect and safeguard customer property?		
26	How is product identified throughout the organization with respect to monitoring and measurement requirements? Where traceability is required, how is that accomplished throughout the process?		
27	How is product conformity preserved during internal processing and delivery?		
28	How does the organization ensure monitoring and measurement devices conform to determined requirements? Are statistical studies performed? Are there records of calibration and verifications? Explain calibration system.		

<b>Sect</b>	<b>Measurement, analysis and improvement</b>	<b>Assessor's Notes</b>	<b>Score</b>
29	How are measurement, analysis and improvement processes carried out throughout the organization? Are any statistical techniques used?		
30	Does the organization monitor information relating to customer perception as to whether the organization has met customer requirements?		
31	Does the organization conduct internal audits at planned intervals to determine the quality management system is effectively implemented and maintained?		
32	Does the organization monitor and measure characteristics of the product to verify product requirements have been met? Is there evidence and record of conformity?		
33	How does the organization handle non-conforming product? Are there records of the actions taken?		
34	How does the organization eliminate the cause of non-conformities to prevent recurrences? Are there records of the actions taken?(corrective action, error proofing)		
35	How does the organization eliminate causes of potential nonconformities? Are there records of the action taken?(preventive)		
36	Does the organization continually improve the effectiveness of quality management system? What evidence is there to show continuous improvement?		



**FLAMBEAU INC.  
CORRECTIVE ACTION REQUEST**

<b>CAR No:</b>	<b>Create Date:</b>	<b>Request Date:</b>
<b>MRB No:</b>	<b>Close Date:</b>	<b>Revised Date:</b>
<b>Part No:</b>	<b>Qty:</b>	<b>Response Date:</b>
<b>Desc :</b>		<b>Assigned To:</b>

**Problem:**

.....  
**Root Cause:** (People, Materials, Process, Equipment, Area)

.....  
**Interim Action:**

.....  
**Permanent Corrective Action:**

.....  
**Planned Verification Activity:**

.....  
**Controls/Prevention:**

.....  
**Quality System Changes:**

## REQUEST FOR QUOTE

**SUBCONTRACTOR:**

**BUYER:**

**DATE OF INQUIRY:**

**REPLY REQUESTED BY:**

**DRAWING & RELEASE NUMBER:**

**PART NUMBER:**

**PART DESCRIPTION:**

**PART USED ON:**

**ESTIMATED ANNUAL USAGE:**

**SDS REQUIRED:** ( ) YES ( ) NO

**MATERIAL CERTIFICATION REQUIRED:** ( ) YES ( ) NO

**SPECIFICATIONS:**

**OTHER:**

**Supplier, please furnish the following information where applicable.**

**TOOLING COSTS:**

**TOOL CAPACITY: (parts per week)**

**UNIT PRICE:**

**ESTIMATED DELIVERY DATES:**

**SAMPLE DATE:**

**SHIPPING POINT:**

**GROSS PART WEIGHT:**

**PART SIZE:**

**PACKAGING:**

Your quotation must be on the basis of the terms and conditions of Flambeau's usual purchase order, a copy of which is available upon request. Base your prices on delivery F.O.B. Seller's plant, transportation collect and payment net 60 days, unless otherwise specified. If you cannot meet any feature of the drawings or specifications, if any feature thereof is likely to cause manufacturing or quality problems, advise Flambeau's Purchasing Department as soon as possible. Flambeau welcomes any suggestions you have for improving the design, processing, packaging or use of the supplies of this request for quotation.

## Flambeau Inc. Deviation Request

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FPN:

CPN:

DATE:

QUANTITY /  
EXP. DATE:

DESCRIPTION OF NONCONFORMANCE:

DEVIATION ORIGINATOR/REQUESTOR:

DEVIATION TYPE:

INTERNAL:

EXTERNAL /

CUSTOMER: customer complete section (2)

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---

FPL APPROVALS:

ENG:

QA:

MFG/PUR:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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SECTION (2)  
customer complete

DISPOSITION:

ACCEPT:

REJECT:

CONTINGENCIES OR SPECIAL INSTRUCTIONS:

AUTHORIZED SIGNATURE:

DATE:

\_\_\_\_\_

\_\_\_\_\_



801 Lynn Avenue  
Baraboo, WI 53913-2795 USA  
Phone: 608-355-6500  
Fax: 608-356-5260  
www.flambeau.com

**DEBIT MEMO**

Dm No:  
Dm Date:

**FLAMBEAU CORPORATION**  
801 LYNN AVE. - BARABOO, WI 53913

Originating Company:  
**FLAMBEAU INC.**  
Buyer:

PURCHASED  
FROM:

SHIP  
TO:

NOTES:

RMA No      MRB No      Ship Date      Ship Via      Tot Cartons      Gross Wt      Po No      Filled By

Problem:

<u>Part No</u>	<u>Description</u>	<u>UM</u>	<u>Loc</u>	<u>Rlv</u> <u>OH</u>	<u>Qty</u> <u>Returned</u>	<u>Price</u>	<u>Extension</u>
----------------	--------------------	-----------	------------	-------------------------	-------------------------------	--------------	------------------

.00  
.00  
.00

DEBIT CHARGE WILL BE MADE  
AGAINST VENDOR ACCOUNT.  
INSTRUCTIONS FOR REPLACEMENT  
TO BE RECEIVED FROM FLAMBEAU  
PURCHASING.

Freight In      .00  
Freight Out      .00  
Handling      .00  
Total Debit      \$ .00

## CONDITIONS OF THIS CONTRACT

1. Seller accepts this order in accordance with the conditions of sale set forth hereon unless it notifies Buyer to the contrary within ten (10) days of the date of receipt hereof.
2. This order does not constitute an acceptance by Buyer of any offer, quotation, or proposal. Reference in this order to any such offer, quotation, or proposal shall in no way constitute a modification of any of the terms and conditions of this order. AN ATTEMPTED ACKNOWLEDGMENT OF THIS ORDER CONTAINING TERMS AND CONDITIONS INCONSISTENT WITH OR IN ADDITION TO THOSE CONTAINED IN THIS ORDER IS NOT EFFECTIVE UNLESS SPECIFICALLY ACCEPTED BY BUYER IN WRITING AND BUYER HEREBY OBJECTS THERETO.
3. Goods are accepted subject to Buyer's inspection, notwithstanding prior payment to secure cash discount.
4. Buyer reserves the right to cancel if order is not shipped on date specified, and Seller will be charged an amount equal to Buyer's actual cost incurred because of late shipment.
5. Over/under shipments greater than 5% of order quantity must have prior approval of Buyer. Over shipments not approved may be returned to Seller at Seller's expense.
6. Buyer reserves the right to suspend shipments of the goods covered by this order in the event of strikes, differences with workers, accidents, or other contingencies that are beyond Buyer's control.
7. If there are excessive rejections on any shipment made against this order, and the Buyer, in order to maintain production schedules, finds it necessary to retain the shipment and inspect it, or to do any repair work on the goods included in the shipment, a charge of \$150.00 per hour covering such inspection or repair work will be made against the Seller. An administrative charge to Seller, in the amount of \$250.00 per lot covering the handling of defective goods shipped against this order will be made when such defective goods are returned. Buyer reserves the right to have rejected goods replaced by Seller or not, entirely at Buyer's option, and at the purchase price stipulated in this order.
8. Buyer reserves the right for Buyer, Buyer's customer, or customer's representative to verify Conformance to Specifications on goods at Seller's site prior to shipment.
9. Seller must submit SDS in English and secure Buyer's approval prior to shipment.
10. Goods must comply with all Print Specifications and Buyer's Control Plan for incoming inspection.
11. Buyer reserves the right, in the event the market price of the goods decline, or Buyer is offered similar goods of comparable quality at a price less than the price stated herein, to cancel the unfilled portion of this order, unless Seller meets the lower prices.
12. All prices are F.O.B. destination unless otherwise specified hereon.
13. Packing lists without prices must be packed with goods. Contents of each package must be plainly marked when shipment consists of more than one package. Flambeau Purchase Order number and part number must be on all documents.
14. The date of payment is based on the dates fixed for shipment specified in this order, and an earlier shipment of the goods does not require Buyer to make payment before the time such payment would have been due if the goods had been shipped strictly according to this order. Seller agrees the cash discount period will date from RECEIPT of the invoice, and not from DATE of invoice.
15. Seller shall pay for excess transportation charges resulting from failure to: (a) follow routing instructions; (b) ship via most economical way when no routing is specified; (c) classify goods properly or to pack according to requirements; or (d) take any action necessary to assure lowest transportation charges.
16. No extra charges of any kind will be allowed unless specifically agreed to in writing by Buyer.
17. Unless otherwise specified herein, the necessary special tools, dies or other equipment shall be furnished by and at the expense of the Seller. If so specified and if a charge is made to Buyer for tools or dies or other equipment, they are, unless otherwise agreed upon, the property of Buyer, and are for the sole use of buyer and are subject to removal at any time upon demand by Buyer. Seller will clearly identify all tools and dies owned by Buyer and Buyer's company name and part number. Seller agrees that it will use the designs, tools, patterns, drawings, information and equipment furnished by Buyer only in the production of articles called for herein and not otherwise unless by Buyer's written consent. Buyer does not warrant the accuracy of the tools and fixtures which it furnishes, and all work must be in strict accordance with blueprints and specifications. Upon completion or termination of this order all items furnished shall be returned to Buyer.
18. It is a condition of this order, that in case any goods sold and delivered to the Buyer hereunder shall be claimed to infringe any

patent or copyright, that the Seller will indemnify and save harmless the Buyer, its customers and its and their successors and assigns and users of the goods from and against any and all suits, claims, judgments, and cost of any kind or character whatsoever, instituted, made or recovered against them by any person or persons whomsoever, on account of resale or use of such goods in alleged violation of any right or rights claimed under any such patent or copyright.

19. Seller will insure its liability on account of any Employers' Liability Act or Workmen's Compensation Act of the Federal Government or of the state in which the work is to be performed in fulfillment of this order.
20. Seller agrees to comply with the applicable provisions of any federal, state or local law or ordinance and all lawful orders, rules, and regulations issued thereunder. Seller shall also comply with any provisions, representations or agreements, or contractual clauses required thereby to be included or incorporated by reference or operation of law in the contract resulting from acceptance of this order and dealing with, Equal Employment Opportunity, Employment of Veterans, Employment of the Handicapped, Employment Discrimination Because of Age, Utilization of Disadvantaged Business Enterprises and the related Acts and Executive Orders as now or hereafter amended or codified. Seller certifies that it is in compliance with the requirements for non-segregated facilities. Further, Seller warrants that each chemical substance constituting or contained in goods sold or otherwise transferred to Buyer hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act, as amended. Further, Seller certifies and guarantees that the goods supplied hereunder are in compliance with applicable sections of the Federal Consumer Product Safety Act, as amended, and the Federal Hazardous Substances Act, as amended, and lawful standards and regulations thereunder. Further in accepting this order, Seller represents that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards act of 1938, as amended, including Section 12(a), and Seller shall insert a certificate to that effect on all invoices submitted in connection with this order.
21. SELLER WARRANTS THAT ALL GOODS AND SERVICES SOLD HEREUNDER OR PURSUANT HERETO WILL BE FREE OF ANY CLAIM OF ANY NATURE BY ANY THIRD PERSON AND THAT SELLER WILL CONVEY CLEAR TITLE THERETO TO BUYER AS PROVIDED HEREUNDER. SELLER WARRANTS AND REPRESENTS THAT ALL GOODS SOLD HEREUNDER OR PURSUANT HERETO WILL BE OF MERCHANTABLE QUALITY, FREE FROM ALL DEFECTS IN DESIGN, WORKMANSHIP AND MATERIALS, AND WILL BE FIT FOR THE PARTICULAR PURPOSES FOR WHICH THEY ARE PURCHASED AND THAT THE GOODS ARE PROVIDED IN STRICT ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS. Any attempt by Seller to limit, disclaim, or restrict any such warranties or any remedies of Buyer, by acknowledgment or otherwise, in accepting or performing this order, shall be null, void and ineffective without Buyer's written consent.
22. Seller covenants and agrees to absolutely and unconditionally indemnify and hold Buyer and its agents, employees, assigns, officers, directors, subsidiaries, parents and affiliates (the "Related Entities") harmless from, against, and in respect of, and upon demand shall reimburse the Related Entities for, any and all liabilities, losses, damages, injuries, claims, actions, suits, liens, costs, expenses (including, but not limited to, legal expenses, reasonable attorney fees, and all costs and expenses of enforcing such right of indemnification) and penalties, whether direct, contingent or consequential, directly or indirectly, wholly or in part, arising out of or based upon or with respect to any work performed, and services rendered, any alterations, additions, installations, or modifications made by Seller to any goods, vehicles, equipment, or materials for Buyer or in which Buyer has any interest. The foregoing covenants of indemnity do not encompass any gross negligence or willful misconduct by Buyer, but are otherwise absolute and unconditional and shall continue in full force and effect notwithstanding any termination of this order or of the agreement created by this order, or any insurance coverage that the Seller may carry. The provisions of the indemnity comprehend, without limitation, liability and claims, howsoever arising, whether by reason of negligence, breach of warranty, defect in manufacture or maintenance or otherwise, and even though strict liability be claimed.
23. Buyer may terminate all or any part of this order at any time by written notice to Seller. Upon termination, Buyer and Seller shall negotiate reasonable termination charges which will be identified by Seller within thirty (30) days of termination.
24. The agreement created by acceptance of this order can be modified or rescinded only by a writing signed by both of the parties or their duly authorized agents, and may not be assigned by Seller without the prior written consent of Buyer.
25. Buyer's remedies herein reserved shall be cumulative and additional to any other or further remedies provided in law or equity. No waiver by Buyer of any provision of this order shall constitute a waiver of any other breach or of such provision.
26. The contract resulting from the acceptance of this order is to be construed in accordance with the laws of Wisconsin and UCC.

FLAMBEAU INC.		Subcontractor Progress Review		current date
Account No		From	date	To
Supplier Name: <b>A</b>		Total Score This Prd: <b>B</b>	Rating This Prd: <b>C</b>	
<b>Quality</b>	Score: 0 (0)	<b>Delivery</b>	Score: 0 (0)	
Total Quantity Received	<b>D</b>	Number Of Deliveries		
Total Quantity Rejected		On Time		
Parts Per Million	<b>E</b>	Early	<b>H</b>	
		Late		
Corrective Actions Issued		Percent On Time		
Corrective Actions Returned	<b>F</b>	Quantity Over		
Corrective Actions Late		Quantity Under	<b>I</b>	
Corrective Action Response		Tolerance Variation		
Audit Score	<b>G</b>	Carrier Deviation	<b>J</b>	
		Excess Freight	<b>K</b>	
<b>Cost Management</b>	Score: (0)	<b>Customer Service</b>	Score: 0 (0)	
Current Inventory \$\$		Average Percent	<b>M</b>	
Base Inventory \$\$	<b>L</b>			
Cost Index				

Suppliers will be scored in 4 categories: Quality, Delivery, Cost Management, & Customer Service

Quality	50 points
Delivery	40 points
Cost Management	5 points
Customer Service	5 points

- A. Supplier name: contact your buyer for any changes to the company name or to the name of the person who should receive this review.
- B. Total score for this period: Quality + Delivery + Cost Management + Customer Service
- C. Rating for this period: Certified, Approved, Conditional, or Disapproved.
- D. % rejected: Number of parts rejected compared to total number of part received.
- E. Defective parts per million (ppm): Pieces rejected / pieces consumed x 1,000,000 = ppm
- F. Corrective action responsiveness: Total number of CAR's issued and returned within 30 days.
- G. Audit score: Points received based on a self or on-site audit (Quality System Assessment).
- H. % on time: Number of on time deliveries vs. early & late. Flambeau's tolerance period is 9 days early and zero days late.
- I. Tolerance variation: Flambeau's tolerance allowance is 5% over shipment and 0% under. Other allowances can be reviewed on a case by case basis and approved by the appropriate buyer.
- J. Carrier deviation: Any deviation from the designated freight collect carrier must be approved by either the traffic manager or the appropriate buyer.
- K. Excess freight: Dollars incurred because of next day air shipments and incorrect carrier.
- L. Cost management/index: The cost index reflects the comparison of this rating period's pricing and last year's fiscal year end pricing (Flambeau fiscal year is July 1 through June 30), weighted by this rating periods volume multiplied by 100 to establish the index.
- M. Customer service: This category is an subjective analysis of one or more of the following:
 

Timeliness and responsiveness	Attention to detail
Technical support/supplier involvement	Industry standard lead time
Bar coding capabilities	Sales involvement/support
Cost reductions issued	

## Supplier Progress Review Scoring

- **Certified** A supplier who has acquired a minimum of 51 on the assessment/audit and 91 or higher on performance.
- **Approved** A supplier who has acquired a minimum of 50 on the assessment/audit and 66 or higher on performance.
- **Conditional** A supplier who has acquired a minimum of 33 on the assessment/audit (or has not been assessed) and 41 to 65 on performance
- **Disapproved** A supplier who failed to meet the minimum score of 33 on the assessment (or has not been assessed) and 40 or less on performance.

Quality	Score	(50)
Parts per million	< 200	35
	< 1,000	30
	< 5,000	25
	< 10,000	20
	< 20,000	15
	> 20,000	0
Audit score	51-100	10
	33-50	5
	0-32	0
CAR's late	0	5
	1	3
	2	2
	3	1
	> 3	0
Cost Management		Score (5)
Cost index	< 95	5
	95-97	3
	97-100	2
	> 100	0
	< \$100	4

Responsiveness	5
Attention to detail	5
Technical support	5
Sales support	5
Industry standard LT	5
Bar code capability	5
Suplr Schedule Capability	5
Cost reductions issues	5

Delivery	Score	(40)	
% on time	100	25	
	97-99	20	
	95-97	15	
	92-95	10	
	90-92	5	
	< 90	0	
Tolerance	0	5	
	Variation	1	4
		3	3
		5	2
		10	1
> 10	0		
Carrier	0	5	
	Deviation	1	4
		3	3
		5	2
		10	1
> 10	0		
Excess freight (\$)	0	5	
	< 250	3	
	< 500	2	
	< 1,000	1	
	> 1,000	0	
Customer Service		Score (5)	
Earned /available x 100 = score	100%	5	
	80 – 99%	4	
	60 – 79%	3	
	40 – 59%	2	
	< 40%	0	

## COST INDEX SAMPLE

This example is intended to demonstrate how the cost index is calculated for a supplier with two (2) part numbers, comparing prices in the current rating period to the previous fiscal year frozen prices

Part No	Invoice Date	Invoice (Qty)	Current Invoice (\$ /pc)	Current Invoice (Ext \$)
R100000	8/11/2010	800	\$ 1.05	\$ 840
R100000	10/11/2010	1000	\$ 1.05	\$ 1,050
		1800		\$ 1,890
R100001	9/6/2010	100	\$ 7.10	\$ 710
R100001	11/13/2010	150	\$ 7.10	\$ 1,065
		250		\$ 1,775
<b>TOTAL (for the rating period)</b>		<b>2050</b>		<b>\$ 3,665</b>

Part No	Invoice Date	Invoice (Qty)	Base Invoice (\$ /pc)	Base Invoice (Ext \$)
R100000	8/11/2010	800	\$ 1.20	\$ 960
R100000	10/11/2010	1000	\$ 1.20	\$ 1,200
		1800		\$ 2,160
R100001	9/6/2010	100	\$ 7.00	\$ 700
R100001	11/13/2010	150	\$ 7.00	\$ 1,050
		250		\$ 1,750
<b>TOTAL (based on yr end frozen prices)</b>		<b>2050</b>		<b>\$ 3,910</b>

Cost Index = current extended \$ / frozen extended \$ x 100

\$ 3,665	\$ 3,910	<b>Cost Index</b> <b>93.7%</b>
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