

Deringer-Ney Inc.

Supplier Information Packet

Deringer-Ney Supplier Information Packet

Table of Contents

I. Basic Introduction to Deringer-Ney Inc.

1. Statement of Welcome
2. Code of Vendor Ethics
3. General Purchasing Policy

II. General Purchasing Procedures

1. Purchase Order Placement
2. Terms and Conditions
3. Receiving Policies
4. Hazardous Materials
5. Procurement Policies

III. Requirements

1. Engineering Changes
2. Mold and Die Procedures

IV. Program Startups

1. Submission Requirements Guidelines
2. Inspection Layout

V. Discrepant Material

1. Rejected Material Return Policy

VI. Revision History



Deringer-Ney Inc.

Corporate Headquarters

616 Atrium Drive

Suite 100

Vernon Hills, IL 60061

Phone 847/932-6800

Fax 847/367-6029

To our valued Suppliers:

We are pleased to submit Deringer-Ney's Supplier Information Packet. Whether you are a new supplier to Deringer-Ney or a long-standing partner, the attached information will help you in better understanding our needs and expectations.

We provide this information in the spirit of two-way communications. We want you to fully understand our requirements. Conversely, we want to understand your capabilities and concerns. Doing business with Deringer-Ney should be a smooth and profitable experience. Therefore, we must mutually agree on all issues, both large and small.

The information in this packet is divided into sections to help you find the information more readily. Deringer-Ney's buyer should be contacted immediately if you cannot or are unwilling to meet the requirements listed in the packet. It is important that you read, question, and respond to those items to which you take exception.

Equally important, please distribute this information to the responsible people in your organization. At a minimum, your Customer Service, Shipping, and Quality Assurance people need to be aware of this information. Make sure they understand that your company's performance is evaluated on your ability to meet our requirements.

We want our relationship to be a long lasting one that is beneficial to both parties.

Welcome to our team.

Sincerely,

Laurie Harrington
Corporate Purchasing Manager

Brett Utter
Director of Finance and Administration

Deringer-Ney Inc Code of Vendor Ethics

(The term Vendor is synonymous with Deringer-Ney Inc. Vendor)

Legal Compliance

- Deringer-Ney Inc. (DNI) Vendors shall conduct their employment practices in full compliance with all applicable laws and regulations stipulated by the legal system of their country. They must also adhere to all applicable trade laws as well as all export, re-export, and import requirements while conducting business. Business must be conducted in full compliance with antitrust and fair competition laws that govern the jurisdictions in which Vendors conduct business.
- Vendors shall NOT source materials in violation of the Dodd-Frank Wall Street Reform and Consumer Protection Act regarding Conflict Materials. This includes metals/materials originating in the Democratic Republic of the Congo (DRC) or adjoining countries as defined in the Conflict Minerals Act.

Basic Human Rights

- The infliction of any physical abuse or corporal punishment is strictly prohibited. Vendors must provide a sound working environment, never discriminate against, or resort to unfair employment practices based on gender, color, race or religious leanings.
- The working conditions must be safe, the wages must comply with the law, and the working hours must be fair. DNI requires use of only volunteer labor; the use of forced labor in the form of indentured, bonded, or prison labor is unacceptable.

Prohibition of Child Labor

- Vendors must comply with child labor laws and never employ children below the minimum age stipulations. Vendors must adhere to the regulations stated by the International Labor Organization (ILO) and take steps to control hazards to provide a safe working environment.

Environmental Protection

- Vendors shall comply with all national, local, provincial or other applicable environmental laws and regulations of the country where the merchandise is produced. All required permits and registrations must be kept current and must be available on the premises for review.
- Vendors must continuously work to reduce environmental pollution and use resources to establish a sound environmental management system. All hazardous materials and chemicals including wastewater and solid waste generated from operations must be disposed of using environmentally responsible practices. Recycling is strongly encouraged.
- Vendor will refrain from using any ozone depleting materials in their operations and packaging materials.

Deringer-Ney Inc Code of Vendor Ethics, continued

Corruption and Bribery

- Vendors must practice fair businesses and must not engage in or tolerate any kind of bribery or corrupt act. They must not accept any kind of payment on behalf of the organization nor try to influence a government official in order to obtain additional business.

Subcontractors

- It is the responsibility of each vendor to ensure that its suppliers and representatives understand and comply with this Code and to inform DNI if and when any situation develops that causes the vendor to operate in violation of the Code.

DNI General Purchasing Policy

Deringer-Ney Inc. Mission

Deringer-Ney Inc. will promote a teamwork environment for all its constituencies to expand its position as the world's best in the development and manufacturing of precious metal alloys, machining of precious metal alloys, insert molding, cold forming, contact manufacturing, automated assembly, and micro-manufacturing.

Deringer-Ney Inc. Quality Policy

Deringer-Ney is committed to meeting or exceeding our customers' requirements and to maintain and continually improve the effectiveness of our quality management system

Purchasing Policy

We operate in a climate that rewards merit and encourages fair and open competition. Purchasing decisions are made without prejudice and are based upon price, delivery, quality, service and other factors which are in DNI's best interest.

Interviews and Hours

Our hours are 8:15 a.m. – 12:15 and 1:00 – 5:00 p.m., Monday thru Friday. Appointments are required. All visitors are required to be escorted. If you are presenting a new product, please contact the Purchasing Department first. You may be directed to the person(s) most interested in the product.

Non-disclosure Agreement

Under certain instances, you will be required to complete a non-disclosure agreement.

Purchase Order

No merchandise may be shipped, nor service rendered without a Purchase Order from an authorized Agent of DNI. In case of a telephone order, a Purchase Order number will be verbally given with a confirmation order to follow, if pre-determined with the supplier and DNI. Our Purchase Order number and part number, with revision, must appear on all shipments, bills of lading and invoices.

Terms and Conditions

Any annotations to our standard Terms and Conditions will be written and/or typed on the Purchase Order. Should you have a disagreement, please express in writing. If not, our standard Terms and Conditions will apply.

Code of Ethics

It is contrary to DNI Purchasing policy to accept gifts. Your company will be better served if incentives are expressed in terms of quality, on time delivery, service and price.

Deliveries

DNI's requirement is 100% on-time delivery from all of our suppliers. It is imperative that items be delivered promptly in accordance with the agreed upon dates on the Purchase Order. On-time delivery is a major factor affecting a performance rating.

Supplier Rating

As a matter of good practice, we constantly evaluate the performance of our suppliers. Subsequent buying decisions will be based on these evaluations.

Purchase Order Placement

DNI Purchase Orders are placed via telecom, fax, or e-mail. Unless requested, there will not be a hard-copy acknowledgment sent to you via mail.

On the following pages is a copy of DNI's Terms and Conditions.

After receiving a Purchase Order, please review for any potential errors. If there are any problems with the price, quantity, revision or delivery, contact the buyer so the proper corrections can be made. Unless otherwise notified, Deringer-Ney's Terms and Conditions will remain in effect.

Deringer-Ney Inc (DNI)

PURCHASE ORDER TERMS AND CONDITIONS

1. **Contract.** This Purchase Order becomes a binding contract on the terms set forth herein when accepted by the party to whom it is directed (together with its permitted subcontractors, where applicable, "Seller") by (a) delivering to Deringer-Ney Inc. ("Buyer") formal written acknowledgement or (b) the commitment by Seller to perform any of the work called for by this Purchase Order. It is a condition of this Purchase Order that any provision printed or otherwise contained in any acknowledgment hereof that is inconsistent with or in addition to the terms and conditions herein contained, and any alterations to this Purchase Order, shall have no force or effect. Seller by such acceptance thereby agrees that any such provisions therein or any such alterations to this Purchase Order shall not constitute any part of this contract and that the terms of such provisions or alterations are specifically rejected. This contract contains the entire agreement of the parties with respect to the subject matter hereof. Failure of Buyer to enforce any of its rights hereunder shall not constitute waiver of such rights or any other rights hereunder.
2. **Packing and Shipping.**
 - (a) All items purchased under this Purchase Order (the "Items") shall be suitably packed, marked and shipped in accordance with the requirements of common carriers or as designated by Buyer in a manner to secure lowest transportation cost, and no additional charge shall be made to Buyer there for unless otherwise stated herein.
 - (b) F.O.B. point and cash discount terms must be shown on all invoices.
 - (c) Transportation must be prepaid by Seller on all shipments to which a delivered price applies.
 - (d) Charges for prepaid transportation must be submitted by attaching to the invoice the original transportation bills, receipted by the carrier.
 - (e) Seller may not fill this Purchase Order at prices higher than those last charged or quoted for the same Item without Buyer's prior written acceptance of such higher prices.
 - (f) No charges for packing, package or drayage will be accepted except by express agreement in writing by Buyer.
 - (g) Drafts against Buyer will not be honored, nor will C.O.D. shipments be accepted, except by express agreement in writing by Buyer.
3. **Delivery Schedules.** Time is of the essence on this Purchase Order, and deliveries are to be made both in the quantities and at the time(s) set forth in this Purchase Order or as specified in delivery schedules furnished by Buyer. Buyer will have no liability for payment for Items delivered to Buyer that are in excess of quantities specified in the delivery schedules.
4. **Changes.** Buyer reserves the right to make changes at any time in (a) drawings and specifications, (b) methods of shipment and packaging and (c) delivery schedules and the place of delivery as to any Items and/or work covered by this Purchase Order. In such event, an equitable adjustment in price and time of performance that is mutually satisfactory to Buyer and Seller will be made, but any claim by Seller for such an adjustment must be made within thirty (30) days of receipt of notice of such changes.
5. **Inspection and Rejection.** All Items shall be received subject to Buyer's inspection and rejection. In case Buyer determines that any of the Items are not in conformity with the requirements of this Purchase Order, Buyer may reject such Items or require Seller to correct or replace such Items with satisfactory Items promptly. Rejected Items will be held for Seller's instructions and at Seller's risk and, if Seller so directs, will be returned at Seller's expense. Seller may not replace Items returned as defective by Buyer without a new

purchase order from Buyer. Payment by Buyer for Items prior to inspection shall not constitute an acceptance thereof.

6. **Inspection at Source.** If it is indicated elsewhere on this Purchase Order that Items to be furnished hereunder are subject to inspection by Buyer and/or government inspectors at the premises of Seller, then Seller shall provide, without additional cost to Buyer, all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of such inspection, Seller shall make available to the inspectors copies of all drawings, specifications and process, preservation and packaging data applicable to the Items ordered hereby. Such inspection shall be deemed as preliminary only, and all Items ordered hereby are subject to final inspection and acceptance by Buyer at Buyer's plant.
7. **Excusable Delays.** Strikes, fires, accidents or other causes beyond the control of Buyer that affect Buyer's ability to receive and use the Items ordered hereunder constitute valid grounds for suspension of shipment under this Purchase Order upon written notification to Seller, and any such suspension of shipment shall be without penalty or cost to Buyer. Seller shall not be liable for damages to Buyer or its customers for delays or defaults in delivery due to unforeseeable contingencies beyond its control and without its fault or negligence, except for delays of Seller's subcontractors. Seller's delays or defaults in delivery shall be grounds for termination of this Purchase Order regardless of the cause thereof. Seller shall within five (5) days notify Buyer in writing of any occurrence of any cause that may delay delivery. If Seller fails to give such notice, Seller shall be liable for all damages to Buyer and its customers resulting from or arising in connection with such delay.
8. **Warranty.** Seller warrants that (a) all Items are free from defects in materials and workmanship, (b) all Items conform to samples, applicable specifications and drawings and (c), to the extent Items are not manufactured pursuant to designs furnished or specified by Buyer, all Items are free from defect in design, merchantable, and suitable for their intended purposes.
9. **Remedies.** The remedies provided for herein shall be cumulative and additional to any other or further remedies provided by law or in equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach of such provision.
10. **Indemnification.**
 - (a) Seller shall indemnify and hold harmless Buyer, its successors, assigns, directors, officers, employees, customers and agents for any and all costs (including attorneys' fees), expenses, losses, damages and liabilities resulting from or arising in connection with any claim, suit, action or proceeding alleging that any of the Items or components thereof violates or infringes on any patent, patent application, registered or common law trademark, trade name, registered or common law copyright or any other contractual, proprietary, intellectual property or other right of any third party. Seller further agrees, upon Buyer's request, to defend at its own expense any such claim, suit, action or proceeding asserted against Buyer.
 - (b) In the event that Seller or any of its employees, agents or subcontractors, in the performance of this Purchase Order, enters premises occupied by or under the control of Buyer or its customers, Seller shall indemnify and hold harmless Buyer, its successors, assigns, directors, officers, employees, customers and agents for any and all costs (including attorneys' fees), expenses, losses, damages and liabilities relating to property damage or personal injury of any nature or kind resulting from or arising in connection with such performance occasioned in whole or in part by the actions or omissions of Seller, its employees, agents or subcontractors. Seller agrees that it and its subcontractors will maintain public liability and property damage insurance in reasonable limits covering the indemnification obligations set

forth above, and will maintain proper workmen's compensation insurance covering all employees performing this Purchase Order.

- (c) In the event that Buyer replaces or corrects Items that (i) Buyer has rejected upon determining that such Items are not in conformity with the requirements of this Purchase Order or (ii) Seller has failed to replace or correct promptly upon Buyer's request, in each case pursuant to Section 5, Seller shall indemnify and reimburse Buyer for the resulting costs and damages incurred by Buyer for such replacement or correction.

11. Termination.

(a) In addition to Buyer's right to suspend shipment without penalty or cost under the circumstances set forth in Section 7, Buyer may terminate this Purchase Order for cause without penalty or cost, except for payment for Items delivered prior to termination, in the event of any of the following:

- (i) the insolvency of Seller;
 - (ii) the filing by Seller of a voluntary petition in bankruptcy;
 - (iii) the filing of any involuntary petition to have Seller declared bankrupt, provided that such petition is not vacated within thirty (30) days from the date of filing;
 - (iv) the appointment of a receiver or trustee for Seller, provided that such appointment is not vacated within thirty (30) days from the date of the appointment;
 - (v) the execution by Seller of an assignment for the benefit of creditors;
 - (vi) the rejection by Buyer of Items upon Buyer's determination that such Items are not in conformity with the requirements of this Purchase Order pursuant to Section 5;
 - (vii) the failure of Seller to proceed promptly with the repair or replacement upon Buyer's request of Items rejected by Buyer upon Buyer's determination that such Items are not in conformity with the requirements of this Purchase Order pursuant to Section 5;
- or
- (viii) the violation by Seller of any of its covenants relating to confidentiality set forth in Section 12.

(b) Buyer may, without cause, terminate work under this Purchase Order in whole or in part at any time by written or telegraphic notice to Seller. Such notice will state the extent and effective date of such termination. Upon receipt of such notice, Seller shall (i) stop work under this Purchase Order and stop the placement of further orders or subcontracts hereunder, (ii) stop work under orders and subcontracts outstanding hereunder and (iii) take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest.

(c) If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to Seller for such termination without cause, Buyer shall pay to Seller the following amounts (without duplication):

- (i) The contract price for all Items delivered and services rendered by Seller under this Purchase Order prior to the effective date of termination but not previously paid for;
- (ii) Any actual costs incurred by Seller that are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this Purchase Order, including any costs of discharging liabilities that are so allocable or apportionable;
- (iii) Any reasonable costs of Seller in making settlement hereunder and in protecting property in which Buyer has or may acquire an interest; and

(iv) Payments made under this section (c), exclusive of payments under subsection (iii), will not exceed the amount of the price specified in this Purchase Order less any payments otherwise made or to be made.

(d) In the event Buyer terminates this Purchase Order for or without cause, Seller may, upon the consent of Buyer, retain or sell at an agreed price any completed Items, works in progress or other things, the cost of which is allocable or apportionable to this Purchase Order under Section 11(c)(ii), in which case Seller shall credit or pay the amounts so agreed or received as Buyer directs and may transfer the title to and make delivery of any such Items, works in progress or other things.

12. **Confidentiality.** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the Items herein ordered. Seller shall keep confidential the features of any equipment, tools, gauges, patterns, designs, drawing, engineering data or other technical or proprietary information furnished by Buyer, and shall use such items only in the production of Items under this or another Purchase Order from Buyer, unless Seller obtains Buyer's prior written consent. Upon completion or termination of this Purchase Order, Seller shall return all such items to Buyer or make such other disposition thereof as may be directed or approved by Buyer. Seller agrees to maintain the confidentiality of all information relating to this or any other Purchase Order of Buyer.
13. **Improvements and Inventions.** Seller agrees, when payment is made for experimental, developmental or research work performed or to be performed under this contract, (a) promptly to disclose and, upon request, to assign to Buyer each improvement and invention resulting there from, (b) to obtain the execution of all documents necessary to vest in Buyer full title to such improvements and inventions and (c) to obtain any oaths and the execution of any other documents necessary to file any foreign or domestic patent applications that Buyer decides to file and to vest in Buyer full title therein.
14. **Buyer-Owned and -Furnished Materials.** Seller assumes complete liability for any loss of or damage to any tooling, items or materials owned by Buyer and furnished to Seller in connection with this Purchase Order. Seller agrees to pay for any such tooling, items or materials spoiled, damaged, destroyed or lost by it or any third party, or otherwise not satisfactorily accounted for. Such tooling, items or materials shall at all times remain the property of Buyer and shall be returned promptly to Buyer upon Buyer's request at any time.
15. **Dies, Jigs, Tools and Patterns.** If the price to be paid hereunder includes the cost of special dies, jigs, tools and patterns used in the manufacture of Items ordered hereby, then such special dies, jigs, tools and patterns (a) shall become and be the property of Buyer and (b) shall be kept in good condition by Seller without expense to Buyer; provided, however, that the actual cost of any changes requested by Buyer or due to any change of design or specifications by Buyer shall be paid for by Buyer, if such changes are made prior to the exhaustion of the useful life of the dies, jigs, tools or patterns changed. All designs, drawings, special dies, jigs, tools and patterns, and any other information or equipment supplied by Buyer to Seller relating to, or for use in, the manufacture of the Items contracted for herein shall be considered as the property solely of Buyer. By accepting this Purchase Order, Seller expressly agrees not to use any of the foregoing in the production, manufacture or design of any other items for any other purchaser or in the production or manufacture of larger quantities than those specified herein, without first obtaining the express consent and license in writing of Buyer. Upon the termination of this contract, all such drawings and all

such special dies, jigs, tools and patterns shall be delivered to Buyer, together with all spoiled and surplus Items and materials, unless Buyer directs otherwise.

16. **Extension of Terms and Conditions.** Any right, cause of action or remedy assumed by or imposed upon Seller under the terms and conditions hereof, including but not limited to any warranty or intellectual property indemnity, shall extend to any (a) company affiliated with Buyer, (b) company upon whose behalf this Purchase Order is issued by Buyer and (c) customer of Buyer.
17. **Independent Contractor.** Seller acknowledges that it is an independent contractor with respect to Buyer, and agrees that no tax, assessment or legal liability of Seller, its agents or employees will become, by reason of this Purchase Order, an obligation of Buyer.
18. **Subcontracting.** Without prior written approval of Buyer, Seller shall not enter into any contract for any other party to furnish any of the completed or substantially completed Items, spare parts or work contracted for herein.
19. **Records.** Seller agrees to maintain on Seller's premises and to make available for inspection by Buyer at all reasonable times during business hours all records pertaining to inspection, certification of processes, certification of materials, test reports and qualification data applying to this Purchase Order, and to furnish Buyer with copies thereof upon request.
20. **Compliance with Laws.** Seller agrees to comply with all applicable local, state and federal laws, executive orders and regulations (including without limitation the applicable provisions of the Fair Labor Standards Act (29 U.S.C §§ 201-219) and the Walsh-Healy Public Contracts Act (41 U.S.C. §§ 35-45)), and agrees to indemnify Buyer against any loss, costs, liability or damage arising from or in connection with any violation thereof by Seller. Seller further agrees to comply with all of the provisions of any executive order or other government regulation relating to non-discrimination or affirmative action in employment that is applicable to this Purchase Order, including without limitation the equal opportunity clause (41 C.F.R. § 60-1.4, 48 C.F.R. §§ 52.222-26), the affirmative action for handicapped workers clause (41 C.F.R. § 60-741.4, 48 C.F.R. §§ 52.222-36), the affirmative action for disabled veterans and veterans of the Vietnam era clause (41 C.F.R. § 60-250.4, 48 C.F.R. §§ 52.222-35), and the employment reports on special disabled veterans and veterans of the Vietnam era clause (41 C.F.R. § 61-250.10, 48 C.F.R. §§ 52.222-37), which are incorporated herein by reference to the extent required by applicable law.

DNI Receiving Policies

It is the supplier's responsibility to ensure that parts and material be packaged so that they will arrive, with normal handling, at our facility ... damage free!

Since the suppliers are responsible for developing packaging, the supplier should familiarize themselves with our requirements. They are:

- **Individual packages are required for each part number.**
- **Maximum carton weight.**
 - **For MN, CT, AZ shipments**, each container will not exceed forty (40) pounds gross. Hand handled cartons must be modular to the pallet. Cartons must be constructed of fiberboard with minimum burst strength of 200 P.S.I.; however, 275 P.S.I is recommended.
 - **For NC 100# max gross weight is required**
- **Pallet requirements.**
 - **For MN, CT, NC shipments**, a sturdy, four-way entry, double spaced, non-reversible runner type with runners being the short dimension is strongly recommended and desirable. Suggested and preferred pallet size is 28 ½" in length and 31" in width with 2 ¼" x 9" fork openings.
 - **For Nogales AZ shipments** all regulated wood packaging material shall be appropriately treated and marked under an official program developed and overseen by the National Plant Protection Organization (NPPO) in the country of export per [ISPM 15](#) and the [Final Rule](#).
- **Product identification. The following information must be included on the packing list and must be visible on two sides of each carton:**
 - Your company name.
 - Deringer part number.
 - Revision number or letter.
 - Purchase Order number.
 - Quantity per container.
 - Multiple carton shipments must be identified as a specific carton number of the total number of cartons. e.g. 1 of 5, 2 of 5, etc.
- **Receiving hours.** Our receiving hours are 7:30 a.m. to 3:00 p.m.
- **On Time Delivery.** The delivery window is five (5) working days early and zero (0) days late. Material arriving more than five (5) days before its due date may be returned at the Suppliers expense.

DNI Receiving Policies, continued

- C of C (Certificate of Conformance) or material/process certification papers must be properly identified and included with the Packing List and must contain:
 - The DNI part number as specified on the purchase order
 - Production lot number.
 - Melt/heat number.
 - Material type must be spelled out by CDA number or material composition. i.e. *CDA172* or *90Ag10CdO*. Brand names are not acceptable.
(Any additional requirements will be listed on the Purchase Order.)

- Paperwork such as ISIRs, PPAPs or Inspection layouts must be addressed to:
Deringer-Ney Inc.
Attn: Incoming Inspection

- DNI may report and claim concealed damage up to thirty (30) days after receipt of material.

- DNI may report actual quantity receipt over $\pm 3\%$ up to thirty (30) days after receipt of material. Invoicing will be modified based upon our counts.

DNI Hazardous Materials

In order to facilitate our company's compliance with the OSHA-HAZARD COMMUNICATIONS STANDARD 1910-1200, suppliers **MUST** with each shipment, provide material safety data sheets (MSDS OSHA Form 20) or equivalent as by the OSHA hazard communication. Chemicals must also be labeled as per the OSHA hazard communication standard 1910-1200.

DNI Procurement Policies

DNI is committed to maintain its position as the world's best in the development and manufacturing of precious metal alloys, machining of precious metal alloys, insert molding, cold forming, contact manufacturing, automated assembly, and micro-manufacturing. We cannot maintain that position without the help of our suppliers.

Towards that end, we have implemented a policy that will have far reaching effects on the way we do business with our suppliers. The goal of this policy is to bring all purchased parts into 100% conformance with DNI drawings.

The major points of this policy are:

1. The DNI drawing on a given part is the major vehicle for communicating our requirements to a vendor. All dimensions and characteristics must be held as indicated.
2. When quoting on a given job, it is assumed that all print requirements can be met unless noted in writing on an approved print copy and submitted with the quote.
3. DNI Purchasing will submit all deviation requests to DNI Engineering. We will evaluate suggested changes and implement where feasible.
4. We use "Zero Defects" sampling and acceptance plan for Incoming Inspection.
5. Positive, preventive type corrective action will be required on all shipments written up on a Rejection Report, whether or not the parts are actually returned to you.
6. No order will be closed short. Tolerance level for over shipment is 5%. Any quantity over 5% may result in possible return.

Engineering Changes

The Supplier must follow a process in an attempt to protect both Customer and Supplier from any unnecessary obsolete material accumulation and/or unnecessary cost expenditures regarding Drawing Revisions initiated by DNI.

Please obtain the following information before any implementation of change:

1. A Purchase Order amendment reflecting the revision level change.
2. A revised blueprint reflecting the change.

Please adhere to the above process.

DNI Mold and Die Procedures

DNI has the following policy regarding costs for molds and dies.

DNI does not pay for any normal tool maintenance. These are costs that are derived from the normal wear and tear of running the tooling. Normal maintenance costs are expected to be included by suppliers in their purchased prices for parts as they are directly related to the use of the tooling and should be covered by the cost of the parts themselves.

Any extraordinary maintenance costs, which are the result of damage from negligence, etc., are of course the supplier's costs.

If quality problems occur, a Request for Deviation should be submitted and approved by DNI Purchasing.

Whenever the supplier anticipates the completion of the tooling's expected life, the supplier is required to notify DNI of the pending approach of a tool's expected life expiration. At that point, DNI will engage in a quotation process in which new tooling will be bid competitively. Full consideration will be given to the current supplier in the re-bid process.

DNI pays for any tool changes that are the result of engineering documented requests. These tool charges should be approved before engaging in any work. Purchase Orders will be written for any engineering change order related to tooling costs.

DNI Submission Requirements for New and Revised Parts

The following guidelines should be followed for submittal of your first piece inspection under the following circumstances. They are:

- First time submission of a new part.
- First time submission of a revision to an existing part number. This covers affected dimensions/specifications only.

The Sample Layout Form #25 (see example) may be used if you do not have an existing internal system and procedure for ensuring that your part meets the applicable blueprint for all features. Your internal system may be used providing the following critical requirements are satisfied:

- The form must clearly describe our part number, the purchase order number, the supplier name, the drawing revision and the lot size.
- A copy of the drawing must be provided with all dimensions and/or notes numbered, referenced and located for all features.
- Unless specified on the purchase order, a four-(4) piece full dimensional layout is required and must include.
 - The specific dimension under consideration, including tolerances.
 - The actual dimensional measurement.
 - The inspection method and disposition of a specific dimensional measurement.
- The first article samples must be numbered and be submitted with a full layout measuring all dimensions listed on our drawing. Functional test or other requirements must be included. The first article samples must be placed together, properly protected, in one of the over pack containers. This container must be clearly labeled on four (4) sides and top "First Article Enclosed". A written request must be submitted to Purchasing for any discrepancies.

DNI Submission Requirements for New and Revised Parts, continued

First Article Inspection

It is our desire to have all parts pass first article inspection. To achieve this, we need your help well in advance of the first article submission. For example, at quotation time, please highlight to the buyer or estimator any manufacturing issues ... areas where a tolerance might cause problems or where an alternate specification e.g. flatness, radii, undercuts that might yield a more robust part. Likewise, if you produce a part that does not meet our specifications, but which you believe will meet our needs, a written request must be submitted to DNI detailing your deviations. Acceptance of the deviation will be by means of a revised drawing and/or written authorization co-signed by the Buyer and related DNI Engineer. This will avoid a reject at our first article inspection.

In short, we ask for your active involvement in improving the quality of the parts we receive from you. The communications you provide before, during and after a first article submission will greatly increase the likelihood that the subsequent shipments will be accepted trouble free.

Shipments that have been received that should have had a first article inspection, as explained above, will be rejected and have a Corrective Action Request issued. This will affect your quality rating. Additionally, the shipment may also be returned.

It is essential that you take a positive stand on quality and adopt a proactive posture. After all, you have the first obligation to quantify the quality of the part supplied and as such quality must begin at your facility.

INSPECTION LAYOUT

FORM: 25 REV B (EXCEL)

PAGE 1 OF

DERINGER PART NO. _____ VENDOR NAME _____

DRAWING REV. _____ VENDOR PHONE _____

VENDOR FAX _____

PURCHASE ORDER _____

REASON FOR SUBMISSION : _____

TYPE OF SUBMISSION : _____

	DIMENSION SPECIFICATION	INSPECTION INSTRUMENT	VENDOR MEASUREMENTS				OK	DMC RESULTS	OK
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

NOTES: _____

NOTE ALL DIMENSION AND NOTES MUST BE NOTED ON INSPECTION LAYOUT

DISPOSITION APPROVED REJECTED

OTHER _____

 VENDOR SIGNATURE AND DATE

 DMC SIGNATURE AND DATE

Rejected Material Return Policy

When material is found to be defective, a rejection report or non-conforming report (NC) is written by our Quality Assurance Department. The information on this report will include the following:

- Part number.
- Revision Level.
- Part Name.
- Supplier Name.
- Purchase Order number.
- Quantity inspected and defective.
- Print requirement and description of defect.
- Disposition.

The type of disposition may vary depending upon the extent of the defects. Rejection reports or NC's will be written if a drawing or purchase order requirement is not met. Disposition may be *accept as is* action or *return to vendor* (RTV) for replacement.

The DNI buyer will inform the supplier of the rejection and forward the rejection report or NC to the supplier. Where applicable, samples will be sent for review and correlation. For material dispositioned RTV, a return material authorization (RMA) number must be sent to the buyer within (2) days after receipt of rejection report and samples (if applicable). Shipping instructions must be provided for returning the material.

Containment action plans of any existing product must be submitted in writing to DNI, within (2) working days of the issue date. Corrective actions, when required, are to be in writing and submitted to DNI purchasing within (10) working days of the issue date. If extensions are needed to complete the corrective actions, requests must be submitted in writing to DNI purchasing.

It is imperative that immediate attention be given to all rejections. Any delay could potentially shut down DNI and/or DNI customer production lines.

Revision History

Revision C: June 1, 2007 LH

Revision D: November 10, 2008 LH—Change Slitco name to Thyssenkrupp

Revision E: November 20, 2008 LH— Updated Bank Affiliation on Credit Application

Revision F: June 10, 2009 LH—Updated Thyssen contact numbers, revised quality policy

Revision G: March 2, 2011 LH —Updated receiving policies and credit references

Revision H: July 22, 2011 LH —Updated credit references

Revision J: January 21, 2013 – LH Updated credit references

Revision K: January 23, 2013 – LH Added Deringer-Ney Code of Vendor Ethics in I-2

Revision L: June 5, 2014 – Updated credit references

Revision M: November 19, 2014—Removed obsolete rejection forms, updated credit references. Removed Blaine MN location.

Revision N: January 14, 2015—Changed names on credit reference and statement of welcome to David Barnum/Anne Seaver. Updated page V-1.

Revision P: February 9, 2015 –Updated credit reference page to add Fremont CA to locations.

Revision Q: April 27, 2016 –added Keith Kowalski, President and “send invoice to...” to Credit Application

Revision R: March 8, 2017—Credit app- added Brett Utter, Director of Finance/Admin, removed CA location, updated CT to Woodland

Revision S: April 18, 2017—removed Credit Application