



AFC Industries



SUPPLIER GUIDE

Table of Contents

Sourcing	Page 2
Order Fulfillment	Page 3
Logistics	Page 4
Operations	Page 5 - 6
Quality	Page 7 - 10
Finance	Page 11





AFC Industries Supplier Guide

AFC Industries is a dynamic organization dedicated to providing supply chain management solutions for fasteners and assembly components to original equipment manufacturers, assembly plants, and other users of these products. Our supply solutions include vendor managed inventory, stock and release programs, light assembly, kitting, and private labeling services in support of a diverse customer base of manufacturers across a broad range of industries. Our experienced team has a proven track record of helping manufacturers and assemblers reduce cost, improve quality, and increase efficiencies.

AFC Industries partners with suppliers that support these initiatives by collaboratively focusing on supply chain efficiencies and continuous improvement efforts that result in shared efficiencies and world-class performance so we may both meet and exceed our shared customer's expectations. As our supply chain partner, our suppliers should use this manual as guidance on how to best support our business together.



Sourcing

Quotations & New Business Opportunities

- New business opportunities should be reviewed with the Purchasing Manager or Corporate Quotations.
- All communications should reference the AFC quote number.
- If quoting an exception or equivalent, it must clearly be noted with quotation submission.
- AFC will communicate timing expectations, if known, at the time of quote. Please include standard lead time, as well as any additional time needed for first time buy, samples, tooling, and quality documentation.
- Additional information required with request for quotes include the following: Cost, Weight, Country of Origin, Standard Carton (Pack) Quantity, Part Number and Minimum Fabrication and Ship Quantities.
- Offshore quotes should be priced as CIF and FOB.





Order Fulfillment

Purchase Orders

- All AFC purchase orders (PO) are subject to the Terms and Conditions published on our website at www.afcind.com.
- The due date indicated on the AFC PO to domestic suppliers is the date due on AFC's dock.
- Confirm each PO back to the appropriate buyer within 48 hours noting any amendments.
- AFC allows +/- 10% of quantity ordered on industry standard parts. Any custom engineered components or specialized parts that cannot be easily obtained through master distribution, suppliers are expected to provide exact quantities.





Logistics

Shipping Instructions

- Shipping product under 150 pounds, route via UPS Parcel utilizing the appropriate account numbers. UPS account numbers will be communicated regionally on the purchase orders.
- Shipments greater than 150 pounds, and AFC is responsible for the freight charges, the Supplier must contact KDL Routing Team at <http://routing.kdlog.com/>.
- For all expedited shipments which AFC is responsible for the freight charges, KDL Capacity Team will be utilized at capacity@kdlog.com.
- Non-compliance with these instructions or unauthorized use of non-listed carriers will result in back charges or delays in payment.
- If using your own Bill of Lading (BOL) please apply the following bill to address when AFC is responsible for the freight charges: AFC INDUSTRIES C/O KDL, PO BOX 752, CARNEGIE, PA 15106
- Additional freight questions can be sent to the KDL customer service team at customerservice@kdlog.com.



Operations

Packing Lists

- Packing List, required with each shipment, accessible from outside of box/pallet.
- AFC encourages supplier to include bar codes for part number and purchase order.
- Packing list required information
 - AFC part number
 - Supplier part number
 - Part Description
 - Revision Level
 - Country of Origin
 - RoHs Compliance
 - Manufacturer lot number
 - Carton quantity
 - Carton weight
 - Total number of cartons
 - Total number of pallets
 - Total shipment weight
 - Multiple pallets of mixed product, indicate what pallet product is located
 - Items with shelf life require dates clearly called out





Operations Continued...

Labels

- Labels required information
 - AFC part number
 - Supplier part number
 - Part Description
 - Country of Origin
 - Manufacturer lot number
 - RoHs compliance
 - Carton quantity
 - Items with shelf life require dates clearly called out

Packaging

- Supplier is responsible to ensure that packaging delivers parts to the final point of use, in a production-ready and damage-free condition, assuming normal handling, transportation, and storage.
- Some parts packaging may require inserts, bags, and separators for protection. That must be included in the packaging.
- Some packaging systems and components may require additional protection such as corrosion and surface abrasions.
- Must fit all variants and ensures efficient transport utilization.
- Pallets must be suitable for typical material handling equipment and racking storage (Grade A or B). Recommended pallet size is 42" x 48". All solid wood packaging must conform to ISPM-15 standards when required. Max pallet weight is 2,000 lbs.
- Product packaged in a corrugated box must not exceed an individual box weight of 30 lbs in unless otherwise agreed to.
- Use of Corrugated boxes must be able to resist contents from splitting seams. Reinforcement with tape and/or bagging of contents may be required.



Quality

- Inspection Requirements:
 - Per the purchase order requirements additional inspection levels may be requested. It is the supplier's responsibility to acknowledge if the inspection requirements can be completed as part of the order acceptance.
 - For import suppliers, certification(s) document submissions are to be sent as single .PDF file per part number and for each lot number. Each file name is to include the AFC PO Number and AFC Part Number as specified on the Purchase Order being shipped.
 - Inspection Level Expectations
 - Level A inspection – generally this entails a full-dimensional measurements to a part-level-print/drawing or verification to an internationally recognized standard. This would be documented on the suppliers Certificate of Conformance.
(For example, SAE J995 or ISO 8765)
 - Level B inspection (also known as “form, fit, function”) – The inspection as performed by the supplier to show conformance to order requirements. This would be documented on the suppliers Certificate of Conformance.
 - Material Certifications – certification provided by the supplier or sub-tier supplier that confirms the materials of composition.
 - Heat Treatment Certificates – certification provided by the supplier or sub-tier supplier that confirms the heat treatment process, provider, and the conditions/certifications of that process.
 - Plating Certificates – certification provided by the supplier or sub-tier supplier that confirms the plating characteristics, materials used, provider, and the conditions/certifications of that process.
 - Patch/Adhesives Certificates – certification provided by the supplier or sub-tier supplier that confirms the material composition and characteristics/conditions of that process.
 - All supplier and sub-tier certificates must be legible and contain a signature by the authorizing authority. Certifications should also be communicated using English.



Quality Continued...

- Supplier Scorecards
 - Suppliers are scored monthly on the quality and delivery performance. Under performing suppliers will have reports sent to them via their commodity managers. The expectations are that a root-cause/corrective action will be proposed for the underperformance and quality issues. Further, it is the expectation improvement in all metrics be made within the preceding next month.
 - Continually underperforming suppliers will be placed upon probation and future orders and opportunities will be severely restricted or removed.
- Non-conformance expectations
 - Nonconformances for products, services and product documentation will be logged within the AFC Industries, Inc. incident logging program (Complaint Log).
 - All nonconformances will be investigated to drive to a root-cause and permanent corrective action.
 - Nonconforming product will have a disposition assigned to it which can include Sort, Scrap, Return to Vendor, or Conditionally Accept. For product that requires Sort or Scrap functions this will be at the expense of the Supplier. The rate of sort or scrap functions at AFC Industries, Inc. is \$300 per incident or \$75/hour per person required to address the situation, whichever is greater.
- Corrective Action expectations
 - The industry standard and expectations for Root Cause – Corrective Actions is the 8D Methodology for suppliers to AFC Industries, Inc.
 - <https://asq.org/quality-resources/eight-disciplines-8d>
 - Within the AFC Industries, Inc. complaint log and SCAR system; an incident that is logged will then have a corresponding Supplier Corrective Action Request/Report sent to the supplier. This is an 8D format report that requires the supplier to utilize the problem solving methodology and propose a true root cause and a permanent corrective action.
 - Repeat nonconformances will have an escalation process in which the severity is automatically increased. Additional communication, documentation and deadlines requirements are placed upon repeat nonconformances.





Quality Continued...

- Compliance Requests:
 - AFC Industries will request documentation to ensure compliance to several of the Regulatory and Statutory organizations. These can include RoHS, REACH, Prop65, and several others.
 - These requests will be made via email and will include a reporting tool, and a signature sign-off at the Supplier and Product levels
 - Responses can be sent to Compliance@afcind.com
 - Material composition information for compliance reporting must be submitted via IMDS, International Material Data System
(<https://www.mdssystem.com/imdsnt/startpage/index.jsp>)
 - If a material/article sample submission is required, the IMDS information must be submitted along with the sample submission.
- PPAP, FAI requirements
 - When required on the purchase order, AFC Industries will require a PPAP or ISIR. AFC will require a PPAP submission and approval prior to accepting a mass production order.
 - All PPAP documentation shall be to the latest revision of the AIAG PPAP manual.





Quality Continued...

- PPAP submissions shall include the following:
 - Part Submission Warrant
 - A numbered ballooned drawing
 - Dimension Test Results – along with 6 numbered pieces corresponding to ballooned drawing
 - Control Plan
 - Process Flow
 - PFMEA
 - Process Capability study for special or safety critical characteristics (30 pieces with a PPK or CPK of >1.67) If no special or safety critical characteristics are listed on the drawing, supplier shall choose 1 characteristic at their discretion.
 - Material and Performance Test Results
 - Qualified Laboratory Documentation (ISO 9001 or ISO 16949)
 - Approved Part Submission Warrant
 - IMDS information: IMDS shall be submitted electronically with all PPAP's on the IMDS system (www.mdssystem.com) under AFC account# _____
 - Gage R&R study





Finance

- AFC requires invoicing to be consolidated, when applicable.
- Preferred method of payment is through ACH. For more information to set up ACH payments, please contact the buyer.
- First time orders with new suppliers that require prepayment, will require purchasing management approval and will be for no more than 20%.

