



# Supplier Manual

Issued August, 2019



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# 1.0 OVERVIEW

PRD is an All-American company that supplies tight tolerance plastic components worldwide. We are located in the cost competitive manufacturing corridor in Southern Indiana. Our application markets include:

## Automotive

- Lighting-HVAC-fuel handling

## Electronic

- Housings
- Business machine components
- Impact control

## Industrial

- Noise control
- Municipal lighting

## Governmental

- Munitions systems
- Noise abatement

## Medical

- Device components
- Single-use vials

PRD is committed to meeting customer delivery/quality needs and expectations, and our supply base plays a vital role in helping to achieve this.

This manual has been created to assist our suppliers in understanding the purchasing/quality expectations for products and material they supply to PRD. This manual is also a tool to assist PRD in complying with IATF 16949:2016 and to develop our suppliers.

In order for PRD to maintain compliance to the IATF 16949:2016 requirements, supplier must achieve certification by an accredited certification body to a current version of the ISO 9001 Quality Management System (at minimum) unless they are a directed source from PRD's customer. PRD will document customer directed sources if they do not have any quality certification.

The IATF 16949:2016 Quality System requirements and this manual define the fundamental quality system requirements for PRD. This manual is made available on our website ([www.prd-inc.com](http://www.prd-inc.com)). Printed copies are considered uncontrolled documents and may not reflect the most current version of the manual. Suppliers are expected to remain up to date on PRD's requirements by frequently visiting our website and viewing this manual.

Calibration services shall be ISO/IEC 17025 certified.

## 2.0 SUPPLIER CODE OF CONDUCT

### 2.1 Collaboration

Strong business relationships are created by establishing mutual goals and shared values. We encourage differentiating technologies that challenge the status quo and help support product leadership. We want to strengthen partnerships with suppliers through transparency, collaboration, innovation and a focus on excellence. We view every supplier relationship as an opportunity to extend our enterprise and grow our business.

### 2.2 Respect and Impartiality

PRD, has a long history of operating in a climate of respect and impartiality. These same ideals should be extended to all suppliers who wish to compete for our business. We encourage suppliers to adopt a similar approach and expect respectful, open, honest, and timely communication.

### 2.3 Environment

PRD, believes that a sustainable future and the protection of our environment can only be achieved through the combined efforts of the industry, government, and society at large. We are committed to environmental responsibility that leads to sustainability. To assure that our products and processes are environmentally sustainable, we expect suppliers to:

- Comply with all environmental laws and regulations, exceeding those minimums whenever possible
- Utilize business processes that prevent waste and promote the efficient use of resources
- Reduce water use and ensure water discharges are minimized or eliminated
- Use recyclable materials and reuse materials when possible
- Implement policies to reduce greenhouse gas emissions
- Obtain energy from renewable sources or lower impact resources whenever practical

### 2.4 Basic Working Conditions

PRD expects suppliers and sub-suppliers to provide working conditions that comply with applicable country laws that support and uphold PRD ethics and values, including but not limited to the following:

- The use of child labor is prohibited; applicable laws and regulations regarding the minimum age for permission to work must be followed
- Suppliers are prohibited from using forced labor in any form, and are further prohibited from abusive practices

## 2.0 SUPPLIER CODE OF CONDUCT (Continued)

- Suppliers must compensate their employees with wages and benefits that are in full compliance with applicable country laws regarding minimum wages, overtime hours, regulation of hours worked and legally mandated benefits

### 2.5 Health and Safety

PRD expects suppliers to operate in a reasonable manner to promote the health, safety, and welfare of everyone on their property. Suppliers are expected to have policies and trainings in place that help individuals safeguard themselves against accidents and injuries.

### 2.6 Conflict Minerals

On August 22, 2012, the Securities and Exchange Commission (SEC) issued the final rules to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (**the “Act”**). The rules require each public company, for which conflict minerals are necessary to the functionality or production of one or more products that it manufactures or contracts to manufacture, to perform due diligence on its supply chain in an effort to determine how those minerals are sourced. Further, such companies must annually report and make public whether any conflict minerals originate from the Democratic Republic of Congo or adjoining countries (together, the “Covered Countries”). These “conflict minerals” are commonly known as tin, tantalum, tungsten and gold.

While PRD is not a public company, PRD supports the objective of the Act regarding the use of conflict minerals. We are committed to increasing supply chain transparency in order to identify the sources of conflict minerals as accurately as possible and work toward avoiding the use of conflict minerals that directly or indirectly finance conflict in the Covered Countries.

PRD requires suppliers to comply with all laws regarding the responsible procurement of conflict minerals and to perform their due diligence to understand the source of conflict minerals in any product supplied to PRD. Suppliers will provide all certifications and information relating to conflict minerals, and file all applicable reports requested by PRD. Suppliers will also require its supply chain to comply with these obligations.

It is PRD’s expectation that its suppliers will adopt policies and procedures with respect to conflict minerals that will enable us to reasonably assure products supplied to PRD are conflict-free.

### 2.7 Managing Chemical Substances

PRD requires suppliers to take all appropriate measures to safely manufacture, process, transport, use, and manage any chemical substances that have the potential to pollute the environment or cause bodily injury. Suppliers must provide all requested data concerning chemical substances, including all SDS (safety data sheets).

## 2.0 SUPPLIER CODE OF CONDUCT (Continued)

All shipments to PRD that contain chemicals/resins must have Material Certification Sheets. These sheets are to outline the properties of the materials and certify that the materials meet all requirements listed in the document. Material Certification Sheets are to be E-mailed to PRD at [MaterialCert@prd-inc.com](mailto:MaterialCert@prd-inc.com).

### 2.8 Protecting Confidential Information

Suppliers will take appropriate measures to protect all confidential information of customers, suppliers, third parties, and our employees. Suppliers will not disclose or use any such information unless authorized to do so. Suppliers must adhere to all applicable data privacy and consumer protection laws.

### 2.9 Managing Imports

PRD expects suppliers to adhere to all applicable international trade laws including but not limited to import and controls, regulations, and compliance with sanctions and anti-boycott laws. Specifically, we require suppliers to comply with International Traffic in Arms Regulations (ITAR).

### 2.10 Anti-Bribery

PRD expects suppliers to comply with all relevant anti-corruption, anti-kickback, and anti-bribery laws and regulations. Suppliers may not give, promise or authorize any payments to any PRD employee for purposes of obtaining new business, retain existing business, or obtaining any improper advantage.

### 2.11 Fair Competition

PRD has a policy of absolute compliance with competition laws. We consider compliance with competition laws to be more than legal requirements, it is core to PRDS' values of integrity and responsibility. As such, we expect suppliers to not engage in collusive bidding, price fixing, price discrimination, or other unfair trade practices in violation of federal or state antitrust laws.

### 2.12 Diversity

PRD recognizes and supports the value of fostering diversity through minority and women owned businesses. We encourage our suppliers to implement programs that will drive sourcing to diverse suppliers, fostering the growth and prosperity of these companies.

## 3.0 COMPLIANCE WITH STATUTES AND REGULATIONS

Supplier warrants that all goods supplied will have been produced, sold and delivered to PRD in compliance with all applicable Federal, State, and municipal laws and regulations **including all environmental (toxic and hazardous) requirements**. Seller particularly warrants and guarantees to PRD that no shipment or delivery be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended. Supplier represents and warrants to PRD that the goods delivered were produced in strict compliance with the Fair Labor Standards Act of 1938, as amended.

## 4.0 LABELING AND PACKAGING REQUIREMENTS

PRD requires that all individual containers shipped to PRD (i.e. boxes, cartons, gaylords, etc.) have clearly identifiable labels on the outside of each container indicating the material description, part number, and lot # visible on the label. In addition, each shipment must have a packing slip indicating Purchase Order # and all of the aforementioned information.

It is incumbent upon the Supplier to provide adequate packaging to protect the products/materials they are shipping to PRD. Packaging must comply with the carrier's requirements for shipping.

All chemicals and resins will require a Material Certification Sheet with each shipment. Certs to be E-mailed to PRD at [MaterialCerts@prd-inc.com](mailto:MaterialCerts@prd-inc.com).

# 5.0 SUPPLIER PERFORMANCE AND EVALUATION

Suppliers to PRD shall be at least ISO 9001:2015 approved unless they are a directed source from PRD’s customer. The eventual requirement for each supplier is to be IATF 16949:2016 certified. Suppliers must submit their plan to get to this certification level. Calibration service shall be ISO/IEC 17025 certified.

Suppliers will be evaluated every 3-6 months for Quality and On-Time Delivery of products and services.

- Quality and On-Time Delivery shall each have a perfect score of 50. If a supplier falls below 90 for a total combined score in 3 months out of a 12 month rotating calendar, they will be asked to submit an action plan to correct the issue.
- Suppliers will also be assessed demerit points for each instance they use premium freight in order to meet normally scheduled shipments.
- PRD plant disruptions will be deemed as any supplier shipment issue which requires PRD to revise their scheduling plan or are unable to meet their customers’ requirements. These will be assessed demerit points outlined in the Vendor Performance Analysis Report.
- Suppliers with delivery/quality issues will have to complete a “Supplier Delivery/Quality Corrective Action Plan” identifying the root cause and corrective action.
- Vendors will be rated on the 2 elements of Delivery and Quality with a total weight of 50 for each element, or a total possible combined score of 100

Delivery Rating Calculation (expressed in days)		
From	To	Rate
-5	1	50
2	3	90% of 50
4	4	85% of 50
5	5	80% of 50
6	6	75% of 50
7	7	70% of 50
Quality Rating Calculation		
0	0	50 (No quality events)
Each quality event carries a weight of 95% of 50		

If the supplier cannot correct the problem, they will be re-evaluated as a supplier to PRD.

Outsourced processes (such as platers, calibration, production product...) shall be controlled and evaluated the same as suppliers. Calibration services will not be asked to be IATF certified.

The need to evaluate suppliers with a second-party audit will be based on the supplier’s delivery/quality performance, and the risk determined the supplier creates in the PRD system. Suppliers shall be given a PRD “Terms and Conditions” document which states products supplied to PRD must meet all applicable statutory and regulatory requirements.



# 5.0 SUPPLIER PERFORMANCE AND EVALUATION (Continued)

## CRITERIA FOR EVALUATING A NEW SUPPLIER

Name of Supplier: \_\_\_\_\_

Address: \_\_\_\_\_

Material(s) to be supplied: \_\_\_\_\_

Reason to add Supplier: \_\_\_\_\_

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

Selection Criteria		
	Yes	No
Current Supplier		
New Supplier		
Directed by Customer		
Quality Management Systems: ISO 9001/TS 16949 Certified		
ISO 9001: 2015 Certified		
TS 16949: 2016 Certified		
Reliable		
Good Value for Dollar		
Strong Customer Service		
Financial Stability		
A Partnership Approach		
Transportation Logistics (if applicable)		

Comments:

## 6.0 CAPACITY MANAGEMENT

Supplier capacity planning includes allocating required equipment, tooling and resources, and accounting for their utilization in current PRD business and shared capacity with other customers. Suppliers to PRD are responsible for managing their own supply chain (including sub-suppliers of components and raw materials) and shall identify, communicate and resolve any constraints that prevent an uninterrupted flow of product to PRD's manufacturing locations.

## 7.0 RECORD RETENTION

The table below states and illustrates the mandatory record retention related to products supplied to PRD. Regulatory or customer requirements supersede these standards.

Record Retention Standards	
Document	Retention Period
Production Part Approval Process Packages (PAPP)	Length of time that the part is active for production and service requirements plus 15 years or, if there are no such production or service requirements, a minimum of 10 years unless otherwise specified by PRD, Inc.
Tooling Records	
Traceability Records	
Engineering Records	
Purchase Orders	
Corrective Action Records	5 Years
Years Quality Performance Records such as control charts	10 Years
Internal Quality Records	3 Years
Management Reviews	3 Years

## 8.0 CHANGE CONTROL

Suppliers and sub-suppliers to PRD shall not implement a change to a product and/or process that has been previously approved without first receiving written authorization from PRD. Examples of such changes include, but are not limited to tool moves, changes to manufacturing/shipping location, and material changes.

Before implementing any product and/or process change, the supplier is required to submit a Supplier Change Request. No changes shall be made until approval is received from PRD.

Any supplier who does not adhere to this requirement will be held responsible for all damages, losses and liabilities attributable to any unapproved change made by supplier or its sub-suppliers (i.e. customer rejections, customer lines stoppage penalty fees, field failures costs, warranty expense). Suppliers who implement unauthorized product and/or process changes will be immediately placed on Controlled Shipping Level 2 (CS2) and may be placed on New Business Hold.

Initial shipments of new or revised material will be labeled per PRD receiving Plan Quality of Logistics for a duration determined by the receiving Plant. Suppliers are responsible to ensure all superseded materials have been cleared from the supply chain.

## 9.0 SUB-SUPPLIER MANAGEMENT

PRD suppliers shall require their suppliers of production goods and services to conform to the requirements specified herein, as well as applicable customer requirements, and must implement and document appropriate controls. Suppliers will be responsible for maintaining and improving the quality of sub supplier parts even if it is a PRD directed or customer directed source. Suppliers to PRD must select their suppliers based on PRD's expectation of zero defects and on their capability to continually maintain robust processes throughout the life of the product.

## 10.0 OBSOLESCENCE

Suppliers shall make a good-faith effort to maintain material availability for PRD. Should a material become discontinued by the supplier/manufacturer, it is incumbent upon the supplier to give PRD sufficient notice and time to find a suitable replacement.