



## **Ventura Manufacturing Supplier Manual**

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## 1. Delivery

### 1.1 Delivery Expectations

Suppliers are expected to provide 100% on time delivery of the Product. In order to achieve this delivery expectation Suppliers must:

- Meet reasonable schedule increases (defined as 15% more than the weekly plan or as otherwise required in a Statement of Work).
- Contact the Ventura Manufacturing Materials Representative(s) immediately if unable to meet the release schedule, and supply the following information:
  - Date the parts will be available
  - A plan to get back on schedule
- Arrange for expedited freight when necessary by coordinating with the Ventura Manufacturing Materials Representative(s). Every effort must be made at the time of shipment to reach an agreement on who is responsible for the cost of the expedited freight. If the Supplier is responsible, the freight must be shipped "PREPAID". The Supplier must also track the inbound freight and advise the Ventura Manufacturing Material Representatives as to shipment status.
- Assign the necessary resources to resolve any delivery issues.

**Ventura Manufacturing reserves the right to claim compensation from a Supplier for any downtime and/or any other associated costs resulting from a delivery issue.**

### 1.2 Material Requirements

Firm and Forecast material requirements will be provided to Suppliers by Ventura Manufacturing Materials Representative(s). These schedules show the expected quantity for each part number with "firm" and "forecast" sections. The amount of "firm" and "forecast" visibility will be specific to each program. Suppliers should refer to program routing instructions for carrier information and day of shipment to ensure timely delivery of "firm" requirements.



### 1.3 Labeling

All labels must meet the standard label requirements of AIAG (Manual B-10, current revision).

Label (and pack slips) shall contain the following information:

- Ventura Part number including revision
- Part description
- Box Quantity with unit of measure
- Purchase Order Number
- Supplier name and address

Sample product shall be marked as "Sample" and the name of the person that requested the product indicated on the label.

Label shall be located on the upper right corner of the front of the load. If front of carton is not large enough to fit the entire label, position such that the barcode and 3-letter code are visible from the front of the load and fold the remaining portion onto an adjacent side. Two labels are required on drums, one on top and one on the side.

### 1.4 Routing Instructions

Ventura Manufacturing requirements for transportation are as follows:

- Unless otherwise specifically stated on the Purchase Order, freight terms for shipments to Ventura Manufacturing are F.C.A., Sellers Dock (Incoterms 2018).
- Ventura Manufacturing will provide information to the Supplier regarding the preferred freight carrier.
- Supplier should contact Ventura Manufacturing for permission to deviate from the preferred freight carrier. Instances for deviation include expedited freight that is paid for by Ventura Manufacturing.
- Ventura Manufacturing may provide the Supplier with a routing letter, which will include:
  - Preferred freight carrier
  - Ventura Manufacturing "ship to" address
  - Ventura Manufacturing "bill to" address
  - Dock number
  - Shipping density and classification values
  - Ventura Manufacturing contact information

Suppliers who fail to comply with the routing letter specifications will be required to compensate Ventura Manufacturing with freight pricing differences and a potentially an administrative fee for each occurrence.



## 2. Quality Expectations

### 2.1 Non-Conforming Product

Ventura Manufacturing expects all Suppliers to maintain 0 Parts Per Million. Parts Per Million (PPM) is defined by Ventura Manufacturing as product received into any facility which does not conform to the drawing, specifications, and/or standards agreed upon by Ventura Manufacturing and the Supplier. PPM is defined in purchased units (i.e. pieces, pounds, kilograms, or linear feet).

Exceptions to PPM classification will be on a case by case basis.

### 2.2 Containment Requirements

If a Supplier's containment process fails and non-conforming parts are delivered to a Ventura Manufacturing facility, Level 1 or Level 2 Containment may be required depending on the severity of the quality issue. Launches and product or process changes may require containment based on a Supplier's readiness and the risk of the product.

**Level I Containment:** defined as a sort of *all* material for the specified defect at the Supplier's facility using the following guidelines:

- The product acceptance standards and measurement/testing processes must be agreed upon by Ventura Manufacturing.
- Data must be collected for all non-conformances and corrective actions. If required by Ventura Manufacturing business cell, the results of the activity must be reported.
- Problem solving must be formal, data-driven, and documented. Ventura Manufacturing prefers its Suppliers to use the 8D problem-solving method (see Section 3.1)
- Ventura Manufacturing may request supplier to contain parts at our facility.

**Level II Containment:** defined as a sort of all material for the specified defect by a third-party sorting company at the Supplier's expense. Ventura Manufacturing may specify which third-party sorting company the Supplier must use. The presence of the third-party sorting company does not relieve the Supplier of any Level I Containment requirements. Level II Containment will be warranted if Ventura Manufacturing receives subsequent defective material during a Level I Containment.

Ventura Manufacturing may contact the Supplier by email or phone to notify them of necessary containment actions.

A Supplier must have written approval from Ventura Manufacturing before concluding Level I or Level II Containment. Before the Containment can end, the Supplier must have a corrective action plan that has been approved by Ventura Manufacturing. If Level II Containment is discontinued, the Supplier will still be responsible for Level I Containment requirements until Ventura Manufacturing removes this requirement.



## **Non-Conforming Report (NCR)**

Some instances may warrant the issuance of a Quality NCR. These include but are not limited to:

- Parts that are dimensionally inaccurate
- Parts which do not meet fit, form, function
- Parts that do not pass color or appearance standards as specified in PPAP, boundary samples, etc.
- Parts that do not meet the drawing specifications

Some instances may warrant the issuance of a Material NCR. These include but are not limited to:

- Shipment quantities or part numbers that do not match Releases or Purchase Orders
- Shipments damaged in transit where supplier is responsible for freight
- Missing documentation (i.e. pack lists, bills of lading, NAFTA certificates, commercial invoices, hazardous materials information)
- Mislabeled product
- Shipments that are not delivered to Ventura Manufacturing within the requested delivery window
- Shipments that are invoiced incorrectly

NCRs are issued to a Supplier by Ventura Manufacturing business cell that is affected by the problem. The Supplier is required to provide corrective action in the 8D Problem Solving Process format (see Section 3.1), when requested within the NCR document.

### **2.3 Supplier Certification Requirements**

Ventura Manufacturing has adopted the ISO-9001 and IATF-16949 Quality System. Ventura Manufacturing strongly encourages all Suppliers to be third-party registered to a relevant quality system specification for their particular industry. These include, but are not limited to:


- The current revision of ISO-9001
- The current revision of IATF 16949

Suppliers that are not registered with a third-party quality registration organization will be handled by Ventura Manufacturing on a case-by-case basis. These Suppliers may be required to submit a plan to Ventura Manufacturing that outlines future plans for registration and continue to demonstrate progress towards registration.

### **2.4 Assessments**

Ventura Manufacturing may choose to perform a Supplier assessment with either a current or new Supplier. The assessment evaluates a Supplier's systems and processes to ensure they meet Ventura Manufacturing's required operational excellence performance level.

- On site audits of vendors will be conducted based on determination by Management and/or Purchasing Decision for need of audit will be based on:



Suppliers risk to Ventura and Ventura's customers

Supplier's performance (based on scorecard results which include delivery, quality and QMS Certification)

Type, frequency and scope of audit will be determined by Management based on risk and performance of supplier.

- When audits are conducted, records will be maintained of results of audit and action plans created based on audit  
During audit risk will be identified and risk will be reported to Management as appropriate
- Audits will be conducted by qualified Internal Auditors

## 2.5 PPAP/ISIR Requirements

A Supplier must submit PPAP (or Initial Submission Inspection Report (ISIR) in accordance with office furniture industry) information according to the guidelines in the most current edition of the AIAG PPAP Manual. If a PPAP is more than one year old and Ventura Manufacturing is required to submit an updated Customer PPAP, a Supplier may be required to resubmit a PPAP at no additional cost to Ventura Manufacturing.

## 3. Issue Response

### 3.1 Eight Disciplines (8D) Problem Solving


Ventura Manufacturing requires Suppliers to formally respond to issues with an 8D Problem Solving Process format. All Suppliers must have a thorough knowledge of this process and its required steps. On occasion, a response may be requested in an alternate Customer-specified format (i.e. Honda's "5 Principles" or Chrysler's "7 Steps"). **Supplier must provide Ventura Manufacturing with a 4D within 24 hours of the time supplier is notified of the issue. Supplier must submit complete 8D and submit to Ventura within 7 working days.** Exceptions may be made to the response timing based on severity, risk, complexity, etc. Ventura reserves the right to reject a 4D or 8D submission based on the quality of the submission.

The 8D process is designed to ensure:

- Immediate *Containment* of the defect or problem
- Analysis to determine the true *Root Cause* (R/C) of a problem
- *Corrective Action* (C/A) to eliminate the root cause
- *Prevention* of the issue from occurring again to both the product in question and other similar products or processes. *Prevention can only be achieved if Root Cause Analysis and Corrective Action are done correctly.*

The 8 Disciplines / Steps in the 8D Problem Solving Process are:

1. **Team Contact:** Assemble a team to solve the problem and implement corrective action. Select a team leader.
2. **Problem Description:** Describe the problem in measurable terms.

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3. **Interim Containment Action & Verification:** Decide on a temporary method to protect the customer from the problem until permanent corrective action is in place. Verify with date that the interim containment process is completely effective.
  4. **Define the Root Cause(s):** Identify all potential causes of the problem and narrow them down to the root cause.
  5. **Define Permanent Corrective Action(s) and Validate:** Define permanent corrective action that will eliminate the root cause and ensure that problem is resolved.
  6. **Implement Permanent Corrective Action:** Implement the permanent corrective action and take appropriate measures to ensure the root cause is eliminated.
  7. **Prevent Recurrence:** Improve and update practices and processes to prevent any future recurrence of this and all similar problems.
  8. **Congratulate Your Team:** Recognize and reward the work of each of your team members.

### 3.2 Administrative Costs

Ventura Manufacturing reserves the right to charge Suppliers for any administrative or engineering costs associated with the issuance of NCR notifications. These charges are in addition to any downtime or any other costs associated with an issue at Ventura Manufacturing.

## 4 End of Life Requirements

### 4.1. Balance Out

Ventura Manufacturing seeks to minimize balance out claims by Suppliers when a product becomes obsolete. This is accomplished by strictly managing incoming material and ensuring that shipments match what is ordered. Ventura Manufacturing will contact the Supplier using a Balance-out Notification Form prior to balance out. This will outline the projected date of balance out and forecast the remaining production volume. The forecast is subject to change based on the needs of our Customers, but it will be our best estimate of the number of parts needed for the remainder of production. This form must be signed and returned to Ventura Manufacturing within one week of receipt. Failure to submit the completed form to Ventura Manufacturing constitutes acceptance of the balance-out notification.

As the balance-out date approaches, Ventura Manufacturing will email or fax the Supplier the forecasted amount remaining to be ordered. In the event that Ventura Manufacturing does not purchase the amount ordered, the Supplier should fill out a balance-out claim form. In order to receive reimbursement from Ventura Manufacturing, a Supplier must have documentation proving that Ventura Manufacturing ordered the material; additionally, the dollar amount of the order must be at least \$250.

### 4.2. Service Part Requirements

Supplier is expected to adhere to the same terms of service that Ventura Manufacturing adheres to with our Customer. Those requirements can be reviewed on a program by program basis.





#### **4.3. IMDS Requirements**

In 2000, the European Union established the End of Life Vehicle (ELV) Directive, which states, "All OEMs & Suppliers must account for all prohibited, restricted, and reportable substances for all components." International Material Data Sheets (IMDS) provide substance breakdowns necessary to safely recycle vehicles at the end of their useful lives.

Ventura Manufacturing requires IMDS to be submitted through the MDSsystem, which can be accessed at <http://www.mdssystem.com> and observe the requirements of the most current edition of IMDS.

Suppliers must include IMDS data with their PPAP submissions. If the data is not received with the PPAP submission, Ventura Manufacturing reserves the right to refuse PPAP sign-off.

### **5. Commercial Expectations**

#### **5.1. Cost**

Prices set forth on the Purchase Order are firm and not subject to increase.

Exceptions to this policy are documented agreements regarding raw material adjustments that follow a commercially published index. Quarterly index adjustments must be communicated via the Ventura price adjustment template and submitted no later than 3 weeks prior to the start of the calendar quarter. Updated prices will take effect on the first day of the next quarter.

#### **5.2. Cost Reductions**

Ventura Manufacturing is committed to continuously looking for opportunities to reduce cost. Cost reductions opportunities can be generated through changes in materials, packaging, logistics, process redesign, or VA/VE. Proactive communication of cost reductions and continuous improvement initiatives are expected. Ventura Manufacturing is committed to involving our Suppliers as early as possible in commercial quoting activities with our customers to reduce costs. Ventura Manufacturing's expectation is that Suppliers will provide innovation ideas during the initial sourcing decision, productivity improvements annually and VA/VE submissions throughout the year.

#### **5.3. Purchase Orders**

Every purchase order issued by Ventura Manufacturing whether written or oral, is bound to the Ventura Manufacturing's Terms and Conditions which can be found at <http://www.venturamfg.com/supplier-resources>. Suppliers accept these Terms and Conditions upon acceptance of any purchase order.



**Change Log:**

- Revision D    Updated section 1.4 to latest Incoterms  
                 Clarified Section 2.3 to reflect IATF vs. TS  
                 Corrected hyperlink in section 5.3
- Revision E    Section 1.3 to add labeling requirements
- Revision F    Added exceptions to section 5.1