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# SUPPLIER QUALITY MANUAL

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(Signed copy must be sent to Velvac, Inc.)

### 1.0 DEFINITIONS

- 1.1 Production Part Approval Process (PPAP) -- The purpose of PPAP is to determine if all customer engineering design record and specification requirements are properly understood by the organization and that the manufacturing process has a potential to produce product consistently meeting these requirements during an actual production run at the quoted production rate.
- 1.2 Non-Conforming Material – Material that does not conform to the drawing, referenced specifications, purchase order, or quality requirements.
- 1.3 Non-Conformance Material Report (NCMR) – A document that records the non-conforming material description, engineering evaluation, and quality disposition.
- 1.4 Supplier Corrective Action Request (SCAR) - A document issued as a result of a non-conformance which requests and documents corrective action.

## **2.0 INTRODUCTION**

**2.1** Velvac's Supplier Quality Manual (SQM) has been developed to inform our suppliers of the **minimum level of management system functionality and documentation** necessary to compliment our system and meet our intended quality objectives.

**2.2** Our expectations are that all qualified suppliers to Velvac, Inc. will have an ISO 9001 or TS 16949 certified quality system. Supplier is to maintain their quality system approval status, and provide updated certificate copies to Velvac in electronic format.

**Note 1:** All suppliers of Velvac custom parts must have an ISO 9001 or TS 16949 certified quality system. The supplier must also receive an "Approved" rating from an on-site audit by Velvac or an approved third party.

**Note 2:** All suppliers of secondary operations must receive an "Approved" rating from an on-site audit by Velvac or an approved third party. or be ISO 9001 or TS 16949 certified.

**2.3** Velvac recognizes the importance of being a defect free supplier. We place the highest priority on furnishing our customers product that meets all of their requirements. We expect our suppliers to be able to do the same for us and ask your company to strive to be a defect free supplier.

**2.4** Defect free means that all the entire contents of each shipment of purchased components or materials meet all of Velvac's stated requirements and are properly documented. All shipments will completely conform to all drawings, 3-D models, specifications and purchase order requirements including arrival within Velvac's delivery window.

**2.5** Supplier's are expected to provide shipments that comply fully with our specifications and are delivered with required documentation 100% on time. Velvac maintains a supplier scorecard which monitors supplier performance, which includes quality, on-time delivery, quality documents, packaging, and customer service scores, and is issued quarterly. To maintain current and obtain new business, Velvac requires suppliers to maintain a rating of qualified or preferred, with a score of "70" or higher.

**2.6** All non-production lot related supplier quality communication and information, i.e., certificates, surveys, annual renewal forms, etc..., should be sent to [QA@velvac.com](mailto:QA@velvac.com).

## **3.0 SUPPLIER RESPONSIBILITIES**

**3.1** The supplier will utilize a quality system which has a process for:

**3.1.1** Assuring parts conform to all print specifications.

**3.1.2** Documenting the conformance of a part to the characteristics (dimensions and specifications) listed on a drawing and purchase order.

**3.1.3** Handling non-conforming material. The process must include the segregation and formal disposition of discrepant of material.

**3.1.4** Addressing and confirming the effectiveness of corrective actions, both external and internal.

**3.1.5** Controlling the revision for drawings and documents.

**3.1.6** Controlling records.

**3.2** The supplier will provide parts that:

**3.2.1** Conform to all dimensions on Velvac drawings and 3-D models.

**3.2.2** Conform to all specifications on Velvac drawings.

**3.2.3** Conform to all requirements, including quality clauses, listed on the purchase order (PO).

**3.2.4** Are free of burrs, flash or sharp edges.

**3.2.5** Have a uniform surface finish and appearance.

**3.2.6** Are free of scratches, dents or blemishes.

**3.2.7** Conform to applicable industry accepted standards for characteristics that are not called out on drawings.

**3.2.8** Are packed adequately to protect the parts from damage in shipment are packaged, identified and labeled per Velvac specifications

**Note:** All Velvac drawings are in inches unless otherwise indicated.

Default tolerances (unless otherwise indicated) are:

2 decimal places =  $\pm 0.010$ "

3 decimal places =  $\pm 0.005$ "

Angle =  $\pm 1^\circ$

**Note: All referenced Velvac documents can be found on Velvac's website, [www.velvac.com](http://www.velvac.com), under 'Supplier Information'. A Velvac purchasing agent can provide the password.**

**4.0** **The supplier will:**

**4.1** Adhere to Velvac's Code of Conduct.

**4.2** Be able to provide inspection results for all dimensions on the Velvac drawing upon request.

**4.3** Be able to provide certificates for all specifications on the Velvac drawing upon request.

**4.4** Package and label all materials according to Velvac specification #EIP00001, unless otherwise indicated.

**4.5** Include the revision of the part with all references to the part number, i.e.,

certificates, labels, packing lists, etc...

**4.6** Inform a Velvac purchasing representative of any changes to a process or supplier in the production of a part supplied to Velvac. A PPAP will be required for first time parts or for any changes made to parts. The PPAP level required will be determined by Velvac quality department.

**4.7** Not ship non-conforming parts without an approved waiver from Velvac.

**Note:** Requests for waivers should be documented in writing and submitted to your Velvac purchasing representative.

**4.8** Follow Velvac's Tooling Policy.

**4.9** Follow industry accepted tooling maintenance practices which are detailed in Velvac's Form.

**4.10** Have a signed "Letter of Acceptance for Velvac's Supplier Quality Manual" on file with Velvac. The letter is the last page of this manual.

**4.11** Have a completed Velvac Quality Assurance Survey/Questionnaire on file with Velvac.

**4.12 Quality Documents:**

**4.12.1 Control Plans:** Supplier must submit a control plan for every Type "A" custom engineered product to Velvac for review and approval. If a part undergoes a Design revision, the supplier needs to provide an updated version of the control plan.

**4.12.2 Inspection/certification documents:** Supplier must provide an inspection report for each lot of material, and send in electronic format to [gareynosa@velvac.com](mailto:gareynosa@velvac.com). Depending on the product's specifications, other documents may be required including: material test reports, hardness/physical properties, certification of finish, environmental/CASS/salt spray test results, performance test results, color match, etc. Electronic reports provided to Velvac are to be named as follows:

**Note: Inspection Report File Naming Convention:**

PartNo█IR-PONo█MFG Lot #█SupplierName

**Control Plan Naming Convention:**

PartNo█CP-Rev█SupplierName

Note: on the Inspection Reports and Control Plans, supplier is to fill in file name sections as shown by "█".

**4.12.3** Annual performance or certification of compliance to DOT, SAE, or other industry standards: Supplier must provide to Velvac, New Berlin Quality Department prior to the beginning of each calendar year.

## **5.0 Discrepant Material:**

**5.1** If non-conforming material is identified and a NCMR issued, the supplier must immediately take actions to rectify the situation. The goal of the supplier's corrective action is to fully and immediately remedy the situation with no additional delays or costs to Velvac. Velvac may need to perform sorting at our Reynosa, MX facility to meet immediate production requirements. Should this be necessary due to unavailability of acceptable products from a different lot or shipment, Velvac will charge \$40.00 per hour for labor as a debit against the applicable invoice. Suppliers must replace defective material as soon as possible to minimize sorting or rework charges, and respond to the NCMR with an effective Corrective Action plan. In addition, there may be additional charges for the supplier's account to replace the defective material, including: premium freight, customs/import/export and handling fees, and administrative charges.



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## Letter of Acceptance

For

### Velvac's Supplier Quality Manual:

Dear Velvac:

We have read and understand the expectations communicated by Velvac in the attached Supplier Quality Manual (SQM). We agree to conduct business in accordance with and meet these expectations.

We also agree to openly communicate with Velvac concerning issues which may affect our ability to meet these expectations.

\_\_\_\_\_  
*Supplier's Name*

\_\_\_\_\_  
*Supplier's Location*

\_\_\_\_\_  
*Management Representative*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Quality Representative*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Purchasing Representative*

\_\_\_\_\_  
*Title*

*Date Signed:* \_\_\_\_\_