



SUPPLIER QUALITY MANUAL

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#SM-0001

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SUPERCEDES DATE
10/16/02

VALID DATE
04/04/08

APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

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APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: ACCEPTANCE LETTER

DEAR SUPPLIER,

KNOTT BRAKE COMPANY HAS REVISED OUR SUPPLIER QUALITY MANUAL. ALL SUPPLIERS MUST COMPLY WITH THE NEW REQUIREMENTS CONTAINED WITHIN THIS MANUAL EFFECTIVE IMMEDIATELY. KNOTT BRAKE COMPANY REQUIRES YOUR COMPANY TO CONFIRM ACCEPTANCE TO THE REQUIREMENTS CONTAINED WITHIN THIS MANUAL. PLEASE READ AND SIGN THIS ACCEPTANCE AND AGREEMENT FORM AND RETURN TO YOUR KNOTT BRAKE COMPANY PURCHASING CONTACT. KEY POINTS IN THE MANUAL ARE:

- UNDER NO CIRCUMSTANCES WILL THE SUPPLIER MAKE UNAUTHORIZED CHANGES TO A PROCESS OR TOOLING UNTIL FORMAL APPROVAL HAS BEEN RECEIVED FROM KBC.
- THE SUPPLIER IS EXPECTED TO OBSERVE THE FORMS AND PROCEDURES WHEN PERFORMING ACTIVITES RELATING TO KBC MATERIAL AND/OR PARTS.
- WHEN DEVELOPING AND SUBMITTING PARTS FOR THE FIRST TIME OR RESUBMITTING FOR AN ECR OR PROCESS CHANGE ALL REQUIRED INFORMATION MUST BE SUPPLIED AS DETAILED IN THE ISIR SECTION OF THIS MANUAL (REFER TO PAGE 10 IN THIS MANUAL)

_____ HEREBY AGREES TO ABIDE BY THE REQUIREMENTS
STIPULATED WITHIN THE KNOTT BRAKE COMPANY
SUPPLIER QUALITY MANUAL.

NAME: _____ TITLE: _____ DATE: _____



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APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: MISSION STATEMENT

MISSION STATEMENT

Through continuous improvement we are committed to quality products, competitive prices, on-time deliveries, while securing a reasonable profit and maintaining a pleasant work place for employees.

All of the employees of Knott Brake Company are committed to providing our customers with the best possible brake systems. We specialize in providing flexible solutions to meet our customers' requirements. Our goal is to find and correct all problems before they become our customer's problem. Customer service means that all of us at Knott Brake Company work hard to make our customers look good. Customer service means giving the customer what he wants and when he wants it.

We are committed to the continuous improvement of quality. Quality is manufacturing and delivering on time, defect free quality products to our customers.

Quality is conformance to standards. Every product shipped, or service provided, shall conform to documented quality procedures.

Quality requires a personal commitment. Every employee at Knott Brake Company is expected to perform their job with pride, in strict conformance to quality procedures and with an eye towards continuous quality improvement.

We pledge to manufacture and deliver on-time, defect free quality products to our customers.

The policies under which Knott Brake Company will operate its quality system are contained within this manual and have been authorized by the president of Knott Brake Company.

Hans Kott, President



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APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: CONTACTS

KNOTT BRAKE COMPANY
144 WEST DRIVE
LODI, OHIO 44256

PHONE: (330) 948-0144
FAX: (330) 948-9222

CONTACT	TITLE	EXT.	E-MAIL
CORINA EVANS	QUALITY MANAGER	1410	C-EVANS@KNOTTBRAKE.COM
KAREN REYNOLDS	PURCHASING MANAGER	1210	K-REYNOLDS@KNOTTBRAKE.COM
MATTHEW FRESH	MATERIALS MANAGER	1140	M-FRESH@KNOTTBRAKE.COM
LOUIS CSEKO	MANAGER OF FRICTION TECHNOLOGY	1640	L-CSEKO@KNOTTBRAKE.COM
BRAD DEARTH	PLANT MANAGER	1530	B-DEARTH@KNOTTBRAKE.COM
MARYANNE BOWMAN	PURCHASING AGENT	1230	M-BOWMAN@KNOTTBRAKE.COM
SHERRY HOLCOMB	PRODUCTION PLANNER	1250	S-HOLCOMB@KNOTTBRAKE.COM
BOB GOGOLIN	SENIOR ENGINEER	1630	B-GOGOLIN@KNOTTBRAKE.COM
JOE KOTT, PE	CHIEF ENGINEER	1620	J-KOTT2@KNOTTBRAKE.COM

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DESCRIPTION: SCOPE

APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

THIS MANUAL WILL DEFINE THE REQUIREMENTS AND EXPECTATIONS THAT APPLY TO ALL SUPPLIERS PROVIDING SERVICES, PARTS AND MATERIAL TO KNOTT BRAKE COMPANY.

ITS INTENT IS TO EXPLAIN PROCESSES AND PROVIDE A MEANS OF COMMUNICATION BETWEEN OUR ORGANIZATIONS.

THE QUALITY POLICY OF KNOTT BRAKE COMPANY CONTAINS A CONTINUOUS IMPROVEMENT INVOLVING OUR SUPPLIERS. POOR QUALITY CARRIES A HEFTY PRICE TAG FOR BOTH THE CUSTOMER AND THE SUPPLIER. THE QUALITY AND DELIVERY THAT YOU PROVIDE FAVORABLY OR UNFAVORABLY AFFECT THE FINISHED PRODUCT THAT SUPPLIES OUR CUSTOMERS.

THIS MANUAL REPRESENTS KNOTT BRAKE COMPANY'S COMMITMENT TO OUR SUPPLIERS BY CLEARLY DEFINING OUR EXPECTATIONS AND PROVIDING TOOLS TO HELP MEET THOSE EXPECTATIONS. AS A SUPPLIER, YOU WILL BE EXPECTED TO FOLLOW THESE PROCEDURES. YOU WILL BE NOTIFIED VIA E-MAIL OR FAX OF ANY CHANGES OR ADDITIONS. IT WILL BE YOUR RESPONSIBILITY TO KEEP YOUR PERSONNEL UPDATED ON ANY CHANGES.

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DESCRIPTION: SUPPLIER RESPONSIBILITY

APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

TO ENSURE A ZERO DEFECT PRODUCT DELIVERED ON TIME, SUPPLIERS SHALL COMPLY WITH THE FOLLOWING:

- A) PROVIDE PRODUCTS AND/OR SERVICES THAT COMPLY WITH THE PURCHASE ORDER, DRAWINGS, SPECIFICATIONS, OR OTHER DOCUMENTS AS SPECIFIED. KNOTT BRAKE COMPANY RESERVES THE RIGHT TO REJECT ANY SHIPMENT IF CONFORMANCY HAS NOT BEEN MET.
- B) NO SUBSTITUTIONS, CHANGES, AND/OR DEVIATIONS FROM DRAWINGS OR SPECIFICATIONS ARE PERMITTED WITHOUT PRIOR KNOTT BRAKE COMPANY'S APPROVAL.
- C) PERFORM AND MAINTAIN DOCUMENTED INSPECTIONS OR TESTS TO VERIFY THAT THE MATERIAL ORDERED IS IN COMPLIANCE.
- D) SUBMIT SAMPLES AS REQUIRED FOR REVIEW AND APPROVAL.
- E) PROMPTLY NOTIFY KNOTT BRAKE COMPANY BOTH VERBALLY AND IN WRITING WHEN THERE IS REASON TO SUSPECT THAT CURRENT OR PREVIOUSLY SUPPLIED MATERIAL MAY NOT MEET CONFORMANCE.

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APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: SUPPLIER QUALITY SYSTEM
REQUIREMENTS

ALL SUPPLIERS THAT PROVIDE MATERIAL OR SERVICES SHALL HAVE A DOCUMENTED QUALITY SYSTEM.

KNOTT BRAKE COMPANY WILL PERFORM A DOCUMENTED EVALUATION (i.e., AUDITS, INSPECTIONS OR SURVEYS) OF YOUR PROCESSES TO DETERMINE IF THE CONTROLS OF YOUR PROCESSES ARE IN PLACE OR IF ADDITIONAL ACTION IS REQUIRED.

THE SUPPLIER QUALITY SYSTEM SHALL CONFORM TO THE FOLLOWING ITEMS, AS APPLICABLE, FOR THE PRODUCT AND/OR SERVICE PROVIDED.

- A. **MANAGEMENT RESPONSIBILITY** - THE SUPPLIER'S MANAGEMENT WILL ESTABLISH, DOCUMENT, IMPLEMENT AND MAINTAIN A QUALITY SYSTEM TO INSURE PRODUCTS AND/OR SERVICES PROVIDED CONFORM TO KNOTT BRAKE COMPANY'S SPECIFIED REQUIREMENTS
- B. **QUALITY SYSTEM** - SHALL CONTAIN DOCUMENTED PROCEDURES, WORK INSTRUCTIONS, PROCESS SHEETS, QUALITY PLANS, AND INSPECTION/TEST REPORTS ETC. THAT CLEARLY DEFINE FUNCTIONS AND RESPONSIBILITIES OF THE VARIOUS ACTIVITIES REQUIRED TO PRODUCE CONFORMING PRODUCT TO KNOTT BRAKE COMPANY'S SPECIFICATIONS.
- C. **CONTRACT REVIEW** – PROCEDURES SHALL BE ESTABLISHED TO REVIEW AND DOCUMENT KNOTT BRAKE COMPANY PURCHASE ORDERS AND SUBSEQUENT REVISIONS THERE OF TO ENSURE THAT ALL REQUIREMENTS HAVE BEEN IDENTIFIED AND ARE EXECUTABLE.
- D. **DOCUMENT AND DATA CONTROL** – PROCEDURES SHALL BE ESTABLISHED TO SPECIFY AND CONTROL THE ISSUANCE, USE, REVISION AND RETENTION OF DOCUMENTS THAT AFFECT QUALITY. THESE DOCUMENTS MAY BE EITHER ELECTRONIC OR HARD COPY AND SHALL BE REVIEWED FOR ADEQUACY BEFORE USE. A MASTER LIST OF THESE DOCUMENTS INCLUDING CURRENT REVISION LEVELS SHALL BE READILY AVAILABLE.
- E. **PURCHASING** – PROCEDURES SHALL BE ESTABLISHED TO ENSURE THAT PURCHASED PRODUCT CONFORMS TO SPECIFIED REQUIREMENTS. PROCUREMENT DOCUMENTS SHALL CLEARLY DEFINE PRODUCT ORDERED BY REFERENCING ALL RELEVANT, TECHNICAL AND QUALITY REQUIREMENTS INCLUDING REVISION LEVELS. THE SUPPLIER PROCUREMENT DOCUMENTS SHALL BE REVIEWED, APPROVED AND ACCURATELY REFLECT KNOTT BRAKE COMPANY'S DRAWING AND SPECIFICATION CRITERIA WHEN APPLICABLE.
- F. **PRODUCT IDENTIFICATION** – PROCEDURES SHALL BE ESTABLISHED TO DOCUMENT AND IDENTIFY PRODUCT THROUGHOUT ALL STAGES OF RECEIVING, MANUFACTURING, AND SHIPPING.

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DESCRIPTION: SUPPLIER QUALITY SYSTEM REQUIREMENTS

APPROVED
QUALITY MANAGER: *Corin Evans*
PURCHASING MANAGER: *Karen Reynolds*

- G. **PROCESS CONTROL** – AS A MINIMUM, SHALL INCLUDE MANUFACTURING, TESTING, AND EQUIPMENT, INCLUDING ITS QUALIFICATION AND MAINTENANCE, WORKMANSHIP, PROCESS APPROVAL AND COMPLIANCE TO KNOTT BRAKE COMPANY’S REFERENCES, STANDARDS OR PROCUREMENT DOCUMENTS. PROCEDURES AND / OR PROCESS PLANS SHALL BE ESTABLISHED TO ENSURE THAT MANUFACTURING CONTROL IS MAINTAINED ACCORDING TO YOUR QUALITY SYSTEM. THE PLANS MAY BE IN THE FORM OF TRAVELERS, ROUTINGS, WORK INSTRUCTIONS, PROCESS SHEETS, ETC... AND SHALL BE SUFFICIENT DETAIL TO ENSURE THE OPERATIONS PERFORMED ARE UNDER CONTROLLED CONDITIONS. RECORDS SHALL BE MAINTAINED FOR QUALIFIED PROCESSES, EQUIPMENT, AND PERSONNEL AS REQUIRED.
- H. **INSPECTION AND TESTING** – PROCEDURES SHALL BE ESTABLISHED TO RECORD INSPECTIONS AND/OR TESTING ACTIVITIES AT RECEIVING, IN-PROCESS AND FINAL OPERATIONS AS APPLICABLE. INCOMING AND FINAL PRODUCT SHALL NOT BE ACCEPTED UNTIL IT HAS BEEN VERIFIED AS CONFORMING TO KNOTT BRAKE COMPANY’S REQUIREMENTS.
- I. **CONTROL OF INSPECTION, MEASURING AND TEST EQUIPMENT** – PROCEDURES SHALL BE ESTABLISHED TO CONTROL, CALIBRATE AND MAINTAIN EQUIPMENT INCLUDING SOFTWARE USED TO VERIFY PRODUCT QUALITY OF KNOTT BRAKE COMPANY’S ITEMS. THE SUPPLIER WILL ESTABLISH CALIBRATION INTERVALS BASED ON CONDITIONS SUCH AS ENVIRONMENT, FREQUENCY OF USE AND STORAGE. EQUIPMENT SHALL BE IDENTIFIED TO SHOW THE CALIBRATION STATUS.
- J. **INSPECTION AND TEST STATUS** – PROCEDURES, QUALITY PLANS, ROUTINGS, TRAVELERS, ETC. SHALL BE ESTABLISHED TO ENSURE THAT PRODUCT IS IDENTIFIED TO INDICATE ITS CONFORMANCE OR NONCONFORMANCE TO REQUIRED INSPECTIONS AND/OR TESTS THROUGHOUT THE MANUFACTURING PROCESS.
- K. **CONTROL OF NONCONFORMING PRODUCT** – PROCEDURES SHALL BE ESTABLISHED TO ENSURE THAT NONCONFORMING PRODUCT IS PREVENTED FROM UNINTENDED USE AND/OR SHIPMENT. CONTROLS SHALL BE ESTABLISHED TO IDENTIFY, SEGREGATE (EITHER PHYSICALLY OR IDENTIFIABLY), DOCUMENT AND DISPOSITION (EVALUATE) NONCONFORMING MATERIAL. THE DEPARTMENT (S) RESPONSIBLE TO REVIEW AND DISPOSITION NONCONFORMING PRODUCT SHALL BE DEFINED. REWORKED OR REPAIRED PRODUCT SHALL BE INSPECTED PER THE ORIGINAL REQUIREMENTS.
- L. **CORRECTIVE/PREVENTATIVE ACTION** – PROCEDURES SHALL BE ESTABLISHED TO IMPLEMENT CORRECTIVE AND PREVENTATIVE ACTION OF NONCONFORMING MATERIAL. THE PROCEDURE (S) FOR CORRECTIVE ACTION SHALL INCLUDE THE HANDLING OF COMPLAINTS IDENTIFIED BY KNOTT BRAKE COMPANY, INVESTIGATE ROOT CAUSE, IMPLEMENTATION AND VERIFICATION OF THE CORRECTIVE ACTION REQUIRED. SEE PAGE 13 FOR MORE INFORMATION ON KNOTT BRAKE COMPANY SCARS.

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DESCRIPTION: SUPPLIER QUALITY SYSTEM REQUIREMENTS	APPROVED QUALITY MANAGER: <i>Corin Evans</i> PURCHASING MANAGER: <i>Karen Reynolds</i>
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- M. **HANDLING, STORAGE, PACKAGING AND SHIPPING** – PROCEDURES SHALL BE ESTABLISHED TO PREVENT DAMAGE AND DETERIORATION WHEN HANDLING, STORING, PACKAGING OR SHIPPING KNOTT BRAKE COMPANY’S PRODUCT. THE SUPPLIER SHALL CONSIDER CONDITIONS SUCH AS MOISTURE, MOVEMENT, CONTACT OF DUST, DIRT, CHIPS, SHAVINGS, PREVIOUS CARRIER EXPERIENCE, ETC...

- N. **QUALITY RECORDS** – PROCEDURES SHALL BE ESTABLISHED TO IDENTIFY, COLLECT, INDEX, FILE STORE, MAINTAIN AND DISPOSE OF QUALITY RECORDS. QUALITY RECORDS SHALL BE MAINTAINED TO DEMONSTRATE CONFORMANCE TO KNOTT BRAKE COMPANY’S SPECIFICATIONS.

- O. **INTERNAL QUALITY AUDITS**- PROCEDURES SHALL BE ESTABLISHED TO PERFORM INTERNAL QUALITY AUDITS TO VERIFY THE EFFECTIVENESS OF THE QUALITY SYSTEM. PERSONNEL PERFORMING THE AUDIT ACTIVITY SHALL NOT BE DIRECTLY RESPONSIBLE FOR THE AREA BEING AUDITED. THE RESULTS OF THE AUDITS SHALL BE DOCUMENTED AND REVIEWED WITH THE AUDITED AREA. DEFICIENCIES SHALL REQUIRE CORRECTIVE ACTION WITH FOLLOW UP ACTIVITIES TO VERIFY EFFECTIVE IMPLEMENTATION.

- P. **TRAINING** – PROCEDURES SHALL BE ESTABLISHED TO IDENTIFY AND DOCUMENT THE TRAINING NEEDS AND QUALIFICATION OF PERSONNEL USED THROUGHOUT THE MANUFACTURING PROCESS OF KNOTT BRAKE COMPANY’S PRODUCT. QUALIFICATION SHALL BE BASED ON EXPERIENCE, EDUCATION, ON THE JOB TRAINING OR BY OTHER APPROPRIATE MEANS. RECORDS SHALL BE MAINTAINED TO VERIFY TRAINING AND QUALIFICATIONS ARE CURRENT AND IDENTIFY THE STATUS OF PERSONNEL PERFORMING QUALITY RELATED ACTIVITIES.

- Q. **STATISTICAL TECHNIQUES** – PROCEDURES SHALL BE ESTABLISHED, IF APPLICABLE, TO IDENTIFY STATISTICAL TECHNIQUES REQUIRED FOR ESTABLISHING, CONTROLLING AND MAINTAINING PROCESS AND PRODUCT CAPABILITIES THAT ARE USED IN THE MANUFACTURING OF KNOTT BRAKE COMPANY’S PRODUCT.

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ANY SAMPLE PART SUBMISSION, INCLUDING PROTOTYPES MUST HAVE AN ISIR PACKAGE SUBMITTED WITH EVERY SUBMISSION. PROTOTYPE SUBMISSION DOES NOT AUTOMATICALLY FULFILL REQUIREMENTS FOR PRODUCTION APPROVAL.

ISIR SUBMISSION SHALL BE EVALUATED AND APPROVED BY KNOTT BRAKE COMPANY 'S QUALITY MANAGER PRIOR TO THE SUPPLIERS FIRST SHIPMENT OF PRODUCTION PARTS. ANY DIMENSIONS FOUND OUT OF TOLERANCE REQUIRES KNOTT BRAKE COMPANY'S APPROVAL BEFORE SHIPMENT. SUPPLIER REQUEST FOR DEVIATION (SEE PAGE 13) MUST BE APPROVED BEFORE SHIPMENT.

PART APPROVAL WILL BE GRANTED ONLY WHEN ALL REQUIRED DOCUMENTATION HAS BEEN RECEIVED AND PARTS(S) ARE SUBMITTED FROM PRODUCTION TOOLING, FIXTURES AND PROCESSES. **NOTE:** FIRST ARTICLES THAT ARE SUBMITTED WITHOUT THE REQUIRED INSPECTION AND/OR PAPERWORK WITHOUR PRIOR APPROVAL WILL BE REJECTED OR A \$50.00 CHARGE FOR THE NONCONFORMANCE WILL BE APPLIED.

ISIR PACKAGES WILL INCLUDE THE FOLLOWING:

- A) Certificate of Conformance (F-0028)
- B) ISIR Report (F-0029)
- C) Numbered Drawing - number each characteristic (dimensions, notes and material block) on the Knott Brake Company's drawing with an item number (1, 2, 3, etc.) This number will be used to identify the characteristics on the Knott Brake Company's ISIR report.
- D) Sample Parts - numbered, 5 pieces, if multiple cavities 1 per cavity
- E) Material Certification, if applicable.
- F) Supplier request for deviation, if applicable (F-0033)

ISIR SAMPLES AND DOCUMENTATION MUST BE SHIPPED IN A SEPARATE CONTAINER. CONTAINER MUST BE IDENTIFIED AS ("ISIR SAMPLES", "ATTENTION QUALITY DEPARTMENT")

PURCHASING WILL RETURN THE CERTIFICATE OF CONFORMANCE TO THE SUPPLIER WITH ONE OF THE FOLLOWING DISPOSITIONS:

- A) APPROVED FOR PRODUCTION - APPROVAL WILL BE GRANTED IF ALL APPLICABLE REQUIREMENTS ARE MET. SAMPLES MUST MEET ALL FIT, FUNCTION AND VISUAL REQUIREMENTS.
- B) CONDITIONAL - IF A SPECIFICATION HAS NOT BEEN MEET AND A KNOTT BRAKE COMPANY'S ENGINEER HAS DETEREMINED THE NONCONFORMANCE WILL NOT CREATE A CUSTOMER COMPLAINT A CONDITIONAL APPROVAL WILL BE GIVEN. A DATE OF EXPIRATION OR QUANTITY WILL BE GIVEN. ISIR MUST BE RESUBMITTED WITH CORRECTIONS.
- C) REJECTED - A REJECTED DISPOSITION WILL BE ISSUED IF SAMPLES DO NOT MEET SPECIFICATIONS. SAMPLE WILL NEED TO BE RESUBMITTED BEFORE PRODUCTION CAN BEGIN.



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APPROVED
QUALITY MANAGER:

Corin Ems

PURCHASING MANAGER:

Karen Reynolds

**DESCRIPTION: VENDOR PERFORMANCE
REPORTS**

KNOTT BRAKE COMPANY HAS DEVELOPED A STANDARDIZED RATING SYSTEM TO EVALUATE OUR SUPPLIERS.

SUPPLIERS WILL RECEIVE A QUALITY VENDOR PERFORMANCE REPORT EVERY QUARTER TO ENCOURAGE SUPPLIERS TO BECOME A CERTIFIED SUPPLIER FOR KNOTT BRAKE COMPANY.

THE FOLLOWING CATEGORIES WILL BE USED TO DETERMINE A SUPPLIERS QUALITY RATING:

- A) QUALITY
- B) TIMELINESS
- C) COST IMPROVEMENT
- D) NO PRICE INCREASE

****NOTE: CATEGORIES WILL TOTAL UP TO 96%. VENDORS WHO CAN GIVE US A 4% COST IMPROVEMENT/IDEA AND NO PRICE INCREASE WOULD BE ELGIBLE TO RECEIVE A 100% RATING.**

PERCENTAGES FOR THE VENDOR PERFORMANCE REPORT ARE CALCULATED AS FOLLOWS:

- A) QUALITY PERCENT IS CALCULATED BY THE NUMBER OF PIECES RECEIVED MINUS PIECES REJECTED DIVIDED BY QUANTITY RECEIVED.
- B) TIMELINESS PERCENT IS CALCULATED BY THE TOTAL SHIPMENTS MINUS OCCURRENCES (EARLY OR LATE SHIPMENTS) DIVIDED BY TOTAL SHIPMENTS. (OUR TIMELINESS IS DEFINED AS ZERO DAYS LATE AND 5 DAYS OR LESS EARLY)

OVERALL RATING IS CALCULATED AS FOLLOWS:

- A) TOTAL QUALITY AVERAGE TIMES .47 (47% OF RATING)
- B) TOTAL TIMELINESS AVERAGE TIMES .47 (47 OF RATING)
- C) ADD TOTALS TOGETHER
- D) ADD 4% COST IMPROVEMENT, IF APPLICABLE
- E) ADD 2%, IF THERE HAS BEEN NO PRICE INCREASE

YEAR TO DATE AVERAGE IS CALCULATED AS FOLLOWS:

- A) OVERALL RATINGS ADDED TOGETHER, DIVIDED BY THE NUMBER OF QUARTERS.

NONCONFORMING MATERIAL THAT IS DEVIATED BEFORE SHIPPING IS NOT COUNTED IN THE VENDOR PERFORMANCE REPORTS. NONCONFORMING MATERIAL THAT IS DEVIATED AFTER RECEIPT IS STILL COUNTED IN THE VENDOR PERFORMANCE REPORTS.

KNOTT BRAKE COMPANY ENCOURAGES SUPPLIERS TO DEVELOP QUALITY SYSTEMS SUCH THAT NONCONFORMING PRODUCT IS FOUND BEFORE SHIPPING PRODUCT.



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APPROVED
QUALITY MANAGER:

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PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: ENGINEERING CHANGE
REQUEST

THE PURPOSE OF THE ENGINEERING CHANGE REQUEST (ECR) IS TO INITIATE A PERMANENT CHANGE TO PRINT SPECIFICATIONS. ECR'S SHOULD BE USED TO REDUCE COST, IMPROVE QUALITY, AND CHANGE PART REQUIREMENTS (DIMENSIONAL, MATERIAL ETC.)

THE SUPPLIER SHALL SUBMIT AN ENGINEERING CHANGE REQUEST (USE F-0040) TO KNOTT BRAKE COMPANY PURCHASING.

ECR'S SHOULD HAVE AS MUCH INFORMATION AS POSSIBLE, INCLUDING ANY SUPPORTING EVIDENCE.

KNOTT BRAKE COMPANY'S PURCHASING SHALL ROUTE ECR AS REQUIRED AND CONTACT THE SUPPLIER WITH THE ECR DISPOSITION.

IF APPROVED, THE PRINT WILL BE CHANGED, AND WILL BE FORWARDED TO THE SUPPLIER BY PURCHASING.

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DESCRIPTION: DEVIATION REQUEST

APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

THE PURPOSE OF THE DEVIATION REQUEST IS USED TO DOCUMENT A ONE-TIME DEVIATION TO PRINT SPECIFICATIONS. A DEVIATION REQUEST SHOULD ONLY BE USED IN EXTREME CASES SUCH AS PRODUCTION LINE STOPPAGE OR WHEN REWORK IS NOT ECONOMICALLY FEASIBLE.

THE SUPPLIER SHALL COMPLETE A DEVIATION REQUEST (USE F-0033) AND PROCEED AS FOLLOWS:

- A) PRODUCTION MEASURES SHOULD IMMEDIATELY BE TAKEN TO MANUFACTURE ADDITIONAL CORRECT PARTS TO ENSURE DELIVERY QUANTITIES ARE MET, IF THE REQUEST IS REJECTED.
- B) SEGREGATE AND CLEARLY IDENTIFY ALL CONTAINERS WITH NONCONFORMING PRODUCT. DO NOT SHIP.
- C) IF REQUEST IS APPROVED, KNOTT BRAKE COMPANY'S PURCHASING WILL FAX A COPY TO THE SUPPLIER.
- D) THE SUPPLIER SHALL CLEARLY IDENTIFY EVERY AFFECTED CONTAINER BY ATTACHING A COPY OF THE APPROVED REQUEST.

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QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: SUPPLIER CORRECTIVE ACTION
(SCARS)

KNOTT BRAKE COMPANY EXPECTS MATERIAL TO MEET REQUIREMENTS. KNOTT BRAKE COMPANY USES SUPPLIER CORRECTIVE ACTION REQUESTS F-0036 (SCAR) FOR IDENTIFYING NONCONFORMING MATERIAL AND REQUESTING CORRECTIVE ACTION BY THE SUPPLIER.

KNOTT BRAKE COMPANY'S PURCHASING WILL FAX SCAR TO THE SUPPLIER. WHEN IMMEDIATE ACTION IS REQUIRED PURCHASING WILL NOTIFY THE SUPPLIER TO DETERMINE IMMEDIATE DISPOSITION. IMMEDIATE DISPOSITION WILL INCLUDE:

- A) SORTING AT KNOTT BRAKE COMPANY BY SUPPLIER.
- B) IF TIME ALLOWS SEND BACK TO SUPPLIER FOR SORTING.
- C) SORT AT KNOTT BRAKE COMPANY, BY KNOTT BRAKE COMPANY PERSONNEL, A SORTING CHARGE WILL BE INCURRED. (AN ADMINISTRATIVE FEE OF \$75.00 AND A SORTING/REWORK CHARGE OF \$60.00 HR.)

ANY SCAR VALUE THAT IS \$10.00 OR LESS SHALL BE MARKED AS SCRAP BY KNOTT BRAKE COMPANY. NO SCAR WILL BE ISSUED TO THE SUPPLIER. THESE NONCONFORMANCES WILL BE INCLUDED IN THE VENDOR PERFORMANCE REPORT, WHICH IS SENT OUT QUARTERLY. IF OVER A YEAR PERIOD THE NONCONFORMANCE KEEPS APPEARING, THAN AFTER THE \$10.00 MARK HAS BEEN REACHED, THE COST WILL START BEING DEBITED TO THE SUPPLIER'S ACCOUNT UNTIL THE NONCONFORMANCE HAS BEEN CORRECTED.

ANY GREY IRON, DUCTILE OR STEEL CASTING PART THAT HAS A TOTAL MONTHLY VALUE AT \$50.00 OR LESS WILL BE SCRAPPED AUTOMATICALLY AT KNOTT AND DEBITED TO THE SUPPLIER. NO SCAR WILL BE ISSUED TO THE SUPPLIER. THESE NONCONFORMANCES WILL BE INCLUDED IN THE VENDOR PERFORMANCE REPORT, WHICH ARE SENT OUT QUARTERLY. THIS PROCEDURE WILL CONTINUE UNTIL THE NONCONFORMANCE HAS BEEN CORRECTED.

SUPPLIER MUST COMPLETE SCAR AS FOLLOWS:

- A) DISPOSITION OF PARTS.
- B) SHORT TERM CORRECTIVE ACTION.
- C) LONG TERM CORRECTIVE ACTION
 - a) ROOT CAUSE OF THE NONCONFORMITY.
 - b) CORRECTIVE ACTION (S) TAKEN TO PREVENT REOCCURRENCE OF THE ROOT CAUSE.
- D) SIGNATURE, TITLE AND DATE

COMPLETED SCAR MUST BE RETURNED TO KNOTT BRAKE COMPANY WITHIN 15 DAYS OF RECEIPT OR PARTS WILL BE SCRAPPED AND DEBITED TO YOUR ACCOUNT.

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SUPERCEDES DATE
10/16/02

VALID DATE
04/04/08

DESCRIPTION: VENDOR SURVEY/MINI-AUDIT

APPROVED
QUALITY MANAGER:
PURCHASING

Corin Evans
Karen Reynolds

THE INTENT OF THE VENDOR QUALITY SURVEY (USE F-0046) IS TO MEASURE YOUR QUALITY PROCEDURES AND TO INSURE THAT CONFORMANCE TO OUR REQUIREMENTS IS NOT BEING COMPROMISED. KNOTT BRAKE COMPANY IS SEEKING ZERO DEFECTS AND 100% TOP QUALITY WORK AT ALL TIMES FROM OUR SUPPLIERS.

PURCHASING AND QUALITY PERSONNEL FROM KNOTT BRAKE COMPANY WILL CONDUCT THE SURVEYS.

ON-SITE VENDOR SURVEYS WILL BE CONDUCTED FOR:

- A) ALL POTENTIAL NEW SUPPLIERS, IF ECONOMICALLY FEASIBLE.
- B) ANY VENDOR NOT ISO OR QS CERTIFIED.
- C) MAJOR PROBLEMS WITH AN EXISTING VENDOR.

ALL EXISTING VENDORS WILL BE SURVEYED ON A NEED TO BASIS OR AS TIME PERMITS.

OFF-SITE SURVEYS WILL BE PERFORMED WHEN IT IS NOT ECONOMICALLY FEASIBLE OR TIME DOES NOT ALLOW FOR AN ON-SITE VISIT.

PURCHASING WILL NOTIFY ANY SUPPLIER WHEN AN OFF-SITE SURVEY IS DEEMED NECESSARY.



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APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

DESCRIPTION: RECEIVING REQUIREMENTS

IN ORDER FOR KNOTT BRAKE COMPANY TO EVALUATE OUR VENDORS APPROPRIATELY, KNOTT BRAKE COMPANY HAS SPECIFIC RECEIVING REQUIREMENTS AS FOLLOWS:

- A) QUANTITIES SHIPPED SHOULD BE THE QUANTITY REQUESTED ON THE PURCHASE ORDER. KNOTT BRAKE COMPANY WILL ONLY PAY FOR WHAT WE RECEIVE. ANY OVER SHIPS MUST HAVE PRIOR APPROVAL FROM OUR PURCHASING DEPARTMENT. UNDER SHIPS WILL LEAVE THE PO OPEN UNTIL THE QUANTITY HAS BEEN MET OR UNTIL THE VENDOR HAS REQUESTED THE PO TO BE CONSIDERED COMPLETE.
- B) ALL PACKING SLIPS AND INVOICES MUST REFERENCE THE APPROPRIATE KNOTT PART NUMBER, PURCHASE ORDER, LINE ITEM NUMBER, AND RELEASE NUMBER.
- C) INDICATE THE CORRECT TARE WEIGHTS ON ALL YOUR SHIPMENTS, THIS WILL ENABLE KNOTT BRAKE COMPANY TO RECEIVE THE CORRECT QUANTITY OF YOUR ORDER.



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SUPERCEDES DATE
10/16/02

VALID DATE
04/04/08

DESCRIPTION: INVOICE BILLING

APPROVED
QUALITY MANAGER:

Corin Evans

PURCHASING MANAGER:

Karen Reynolds

IN ORDER TO PREVENT INVOICE PROBLEMS, KNOTT BRAKE COMPANY HAS DEVELOPED THE FOLLOWING PROCEDURE FOR INVOICE BILLING:

- A) IF A PAYMENT HAS NOT BEEN RECEIVED WITHIN 2 WEEKS OF THE INVOICE DUE DATE, YOU SHOULD ASSUME THAT WE DO NOT HAVE THE INVOICE AND EITHER SEND ANOTHER COPY OR CALL TO CHECK ON IT.
- B) IF WE ARE EXPECTING AN INVOICE BUT HAVEN'T RECEIVED IT WE WILL GENERALLY CALL TO CHECK ON IT, BUT IT IS ULTIMATELY THE VENDOR'S RESPONSIBILITY TO INVOICE US IN A PROMPT AND ACCURATE MANNER.
- C) WE WILL NOT ACCEPT ANY INVOICES MORE THAN 90 DAYS OLD OR FOR GOODS OR SERVICES THAT WERE, RECEIVED OR PROVIDED MORE THAN 90 DAYS BEFORE THE CURRENT DATE.

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