

A close-up photograph of a hand holding a bolt against a dark, reflective background. The hand is positioned at the bottom of the frame, with the fingers gripping the bolt. The bolt is oriented vertically, with its head at the bottom and its threaded shaft extending upwards. The background is dark and glossy, showing reflections of light. The overall composition is centered and emphasizes the industrial nature of the subject.

PARKER
FASTENERS

SUPPLIER HANDBOOK

Parker Fasteners Supplier Handbook

Section 1 (Page Number)

- 1.0 Introduction (3)
- 1.1 Purpose of this Manual (3)
- 1.2 Scope (3)
- 1.3 Review Procedure (3)
- 1.4 Business Practices (4)
- 1.5 Blocked Suppliers (4)
- 1.6 Quality Pledge (4)

Section 2 (Page)

- 2.0 Supplier Business System Requirements (5)
- 2.1 Supplier Key Performance Indicators (5)
- 2.2 Quality Planning (5)
- 2.3 Non-Conforming Product & Supplier Corrective Action Report / SCAR (5)

Section 3 (Page)

- 3.0 Quoting (6)
- 3.1 Purchasing (7)
- 3.2 Packaging Requirements (8)
- Appendix A (10)

1.0 Introduction

Parker Fasteners (PF) is a premier cold heading manufacturer located in Buckeye, Arizona sourcing all materials used in their products from suppliers located within the USA. Apart from those products not required, PF utilizes 100% DFARS compliant raw material for every product manufactured within the plant. PF takes great pride in being a domestic manufacturer and is known for making high quality internal recess (commonly called socket) drive fasteners for the Aerospace, Military, and Commercial/Industrial markets. While PF produces and carries inventory on many products to industry specifications, they are also known for making special fasteners per customer specific drawings. Since its inception in 2012, PF growth has come from its ability to deliver within customer's due dates while maintaining less than 0.5% quality rejections. Our experienced "master cold headermen" and operating managers offer a combined industry experience of over 200 years. PF nurtures this unique depth of experience and understands the importance of passing this knowledge to the generations to come, which they call "Forging the Future". Look no further than Parker Fasteners when it comes to the highest level of quality, innovation, and ability to grow with your company.

1.1 Purpose of this manual

The objective of the Supplier Handbook is to:

1. Provide clear expectations of PF requirements.
2. Define performance criteria in which suppliers can be evaluated.
3. Communicate internal and external customer needs.
4. Give the supplier an understanding as how to partner and grow business with PF.

PF is dedicated to developing long-term suppliers who will abide by the requirements outlined herein and strive for continuous improvement. Expectations will be communicated up front and mutually understood so that both parties can easily resolve identified issues. When an issue occurs, we expect all parties to proactively work as a team to resolve the issue and identify solutions to eliminate recurrence. This handbook is intended to provide the structure by which PF and its suppliers will work. It is not intended to furnish all requirements and where in conflict, with specific requirements set forth in either the purchase order and/or other quality agreements supersede.

PF suppliers are ultimately responsible for their actions and will be held accountable. Continuous improvement will build the long-term partnership that will grow our business together.

1.2 Scope

Any supplier/vendor doing business with PF is controlled by the Supplier Handbook. This manual defines the minimum requirements and expectations set forth to companies accepting purchase orders from PF. This manual is intended to communicate expectations to ensure quality products and services are best in class. Each supplier's leadership has the responsibility to ensure their organization understands and is complying to this manual. Any questions regarding conformity should be directed to your appropriate PF contact for resolution.

1.3 Review Procedure

Each supplier is responsible for creating a defined review procedure ensuring all quality requirements, specifications, material, and purchase order requirements can be reached prior to accepting and supplying products or services to PF. This process shall be directed to all departments within the PF organization and suppliers should be sure to obtain all listed documents referenced to ensure conformity.

The review shall include the minimum of the following:

- Blueprints/Drawings and all relevant specifications.
- Industry standards.
- Quality requirements as noted within purchase order.
- Delivery expectations.

If for any reason a supplier cannot meet or achieve the requirements noted, suppliers must notify PF with the exception(s) prior to agreement. These exceptions must be documented and retained by all parties. If PF chooses to move forward with acceptance of exception(s), the supplier must attain a revised order noting these have been agreed upon prior to execution of the contract.

1.4 Business Practices

Supplier is expected to follow all required government regulations and have policies in place to ensure that they are using best practices to avoid, civil or human rights violations, or sourcing materials that may be controlled by groups engaged in civil or human rights violations or other terrorist activities. This includes having an anti-slavery and human trafficking policy that ensures the prevention of slavery and human trafficking in your business operations and that of your sub-tier suppliers. *All suppliers agree that recording of false, fictitious, or fraudulent statements or entries on a document may be punishable as a felony under federal statute.*

PF will continue to award business to those suppliers based on total cost, not necessarily based on individual piece price. This includes but is not limited to total cost of ownership. Strategic partnerships and agreements between PF and your company will be favored when it comes to business growth. In order to conduct honest and ethical business practices, PF believes discussions between customers or suppliers is a private matter between the two parties and will be kept confidential. We expect our suppliers to abide by the same standard.

1.5 Blocked Suppliers

Suppliers may become disqualified from receiving purchase orders due to legal, ethical, business issues and/or continued poor performance (I.E. delivery & quality). Some examples which may disqualify a supplier but are not limited to: Taking current business directly from PF in any way; sharing/distribution of confidential information without prior approval from PF; fraud/deception of any product or service; misrepresentation of material facts such as invoices; certifications and packing lists.

1.6 Quality Pledge

Parker's top priority focuses on meeting the customer expected level of quality products. Every supplier involved within the supply chain has a direct impact to the quality in which PF provides to its customers. Our goal is "best

in class” when any customer discusses the quality of PF in every industry. In order to achieve this goal, we must partner with our supplier to develop strong relationships in which both parties benefit equally.

Minimum Quality Expectations:

- On time delivery as specified on the purchase order.
- Zero defects to information and products.
- Competitive costs within the marketplace.
- Accurate and timely certifications upon request.
- Documentation of inspection for both incoming and outgoing material.
- Continuous improvement where necessary.
- Certifications to meet PF customer’s needs (ISO, NADCAP, AS9100, QSLM, etc.)

2.0 Supplier Business System Requirements

There are several industry standards such as ISO 9001, TS 16949 and AS9100 which define fundamental business system requirements that provide for continual improvement, an emphasis on defect prevention, and reduction of variation and waste in the supply chain. PF expects that all suppliers of production materials and services establish, document, and implement effective systems based on an industry standard. While third party accreditation to ISO 9001, TS 16949 and AS9100, or other applicable industry standards is not specifically required for all suppliers, the expectation remains that all suppliers maintain a documented business system. Select PF customers do require the utilization of suppliers with certain accreditations. These may require third party accreditation to applicable standards and PF is open to discussing how we support supplier development.

2.1 Supplier Key Performance Indicators

PF strives for its suppliers to be best in class including pricing, quality, logistics, innovation and risk. Our company continues to innovate, and we will continue to build our metrics so that suppliers receive feedback on their performance. This feedback provides a platform for continuous improvement and an open dialogue among its suppliers. Below points show examples of current and future KPI’s:

- On time delivery of 90% or more.
- Rejections / RMA are to be at or below 2%.
- Pricing
 - o Competitiveness (within 5% of the local market rate.)
 - o Accuracy 98% or more.
- Compliance to PF Supplier Expectations
 - o NDA.
 - o Supplier Handbook.
 - o Terms & Conditions.
 - o Payment Terms.
 - o Business Systems Credentials (ISO, NADCAP, AS9100, etc.)

Suppliers who are deemed as underperforming will be notified and an improvement plan will be expected. PF will play an active role in assisting with the planning of improvements. If no improvement in KPI’s is seen in a reasonable amount of time, the Supplier can be put on a “Do No Use List” and PF will be forced to do engage an alternative supplier.

2.2 Quality Planning

PF suppliers will be held to the well-known quality benchmark Advanced Product Quality Planning (APQP) process that follows the Plan, Do, Check, Act (PDCA) methodology. If a supplier is not certified they must be able to demonstrate the processes like this method ensuring repeatable and scalable quality planning.

2.3 Non-Conforming Product & Supplier Corrective Action Report (SCAR)

Every supplier is expected to notify PF immediately when they become aware or suspect that nonconforming material has been provided to PF and/or a customer of PF in effort to prevent this material from getting installed in the field.

When PF or a customer of PF detects non-conforming material, they reserve the right to instate a quarantine process which may include having material processed/reworked internally and/or sorting of material. Any costs associated with the logistics, labor, and administrative costs will be the responsibility of the supplier. The supplier will be notified by PF and can be furnished with data/supporting documentation from the incident that warranted the rework.

In addition, a SCAR must be completed by the supplier anytime PF feels non-conforming material has been found. If suspect material must be returned for root cause analysis, the supplier is responsible to cover the expedited freight costs. Upon receipt of a SCAR, an initial response and quarantine is expected within 24 hours of notice. PF will appoint a quality representative to work with the supplier to close the SCAR within 7 days. Long term SCAR responses must be submitted in an 8D format and are due within 14 days of notice. All corrective action responses must include steps planned to prevent the issue from recurring as well as addressing what steps are being taken to ensure it is detected and does not show up within PF or a PF customer in the future. All approved permanent SCAR recommendations must be implemented within 30 days of notice unless an extension is given by a PF Quality Manager.

Recovery of Fees and/or Consequential Damages

In the event where PF has incurred justified costs for any issues resulting from a supplier quality, delivery or other performance issues, there is an understanding that the supplier will contribute to the incurred fees. PF is devoted to maintaining a fair and trustworthy partnership with its suppliers which includes reimbursement for supplier caused issues.

Monetary charges may be charged as follow:

- Shipping and documentation discrepancies may be debited at \$100 for each occurrence.
- Sorting rates may be debited at a minimum of \$50.00/hour however if a 3rd party sorting is required; the full invoice may be debited at cost plus a \$100 administrative fee.
- Any fines or fees that are issued by PF customers and root cause supports a supplier issue.
- Premium/Expedited freight charges that are incurred due to supplier issue plus a \$100 administrative fee.
- SCARS's that do not get resolved include \$150 processing and administrative fee

3.0 Quoting

Suppliers are expected to respond to request for quotes in the same format that was given. Suppliers which have a standard offering are encouraged to provide PF with a discounted price list so that RFQ's will not be necessary. These price lists shall be refreshed regularly to ensure that quotations are accurate. When responding to a quote request, PF requires the following information to be listed to be considered:

- Cost/Price per/each or per/lb.
- Lead time / processing time.
- Note any exceptions to the print, material, or specifications.
- Weight in pounds (lbs.)
- Material to be DFARS compliant (otherwise note exception.)
- Minimum order quantity or lot charge.

Tooling certification and quality costs should not be amortized into the piece price and must be itemized separately within the proposal.

Every RFQ will include a timeline to which the supplier must adhere. Quotes received past the noted deadline may not be considered within our proposal to the customer. Suppliers are expected to respond with one of the following options: quote exact, quote with exception, or no quote. No response from a supplier on a request will be noted as poor performance and addressed accordingly. Holidays and predicted plant closures must be communicated in advance at the earliest possible time.

3.1 Purchasing

PF will favor suppliers which engage in Long Term Agreements (LTA) and are committed to providing additional value to the business. Orders will be based on forecast and demand from PF customers combined with current inventory values.

PF Purchase Orders process:

- PO's are issued and approved by management
- Emailed to supplier and hard copy to be included with product for secondary processing vendors
- Expected delivery date, weight, and quantity noted within PO

Supplier Confirmation & Lead Times

All PF purchase orders must be confirmed in writing within two business days of receipt. Deviations or discrepancies from the purchase order to what was quoted or what can be supplied must be reported immediately to your PF contact. PF will make every effort to adhere to the suppliers lead time provided at time of quote. The supplier is responsible to notify PF of any change in lead-times prior to the change taking effect.

Delivery

Suppliers who are unable to ship materials to arrive at destination within the PO delivery date are expected to communicate best delivery/promise date. This new date will be reviewed, and if acceptable, will become the date used to track on time delivery. Ninety eight percent (98%) or greater is required for all purchase orders. On-time delivery is determined by company delivery date versus the date material arrives at PF and/or PF customer dock. On-time delivery is evaluated based on the materials arriving up to ten (10) working days early and zero (0) days late. If a supplier expects the shipment to be received outside the delivery window, the supplier should communicate details to the appropriate PF contact in advance as early as possible. If late shipments require expedited freight to meet customer deadlines, the supplier will be responsible for absorbing the additional costs.

In addition, please review the following requirements:

- All partial and over-shipments must receive approval from PF in writing prior to shipment. This may result in short/delayed payment or return of product to the supplier at their expense.
- Where deliveries are short, PF will pay the initial delivery charges however subsequent partial deliveries are the suppliers' responsibility.
- The supplier shall prepare contingency plans to protect against interrupted supply of product in the event of an emergency interruption including fire, flood, environmental incident, etc., labor shortage, key equipment failure, IT failure, utility supply interruptions and have these available upon request.

Purchase Order Terms and Conditions

Suppliers are to refer to PF website for PF T&C's for these are not printed on purchase orders, faxed or mailed to suppliers: <https://parkerfasteners.com/wp-content/uploads/2021/07/PF-Terms-and-Conditions-7-7-2021.pdf>

Acceptance of any PF purchase order indicates acceptance of said Terms and Conditions. Any deviations must be accepted in writing by a PF management.

Price Changes

All price change requests must be submitted for approval in writing 60 days prior to effect with supporting documentation that clearly validates price increase. No price increases will be accepted for any open orders with a supplier.

3.2 Packaging Requirements

Suppliers are expected to ship complete unless authorized in writing prior to shipment be a PF contact. Partial shipments are not allowed and will be noted as late deliveries.

Product should always be packaged in a manner that maintains the product quality, integrity, and suitability for use. All packages must be clearly labeled and barcoded so that PF purchase order number, part number, quantity, weight, and lot number is identifiable. PF requires 100% lot traceability. Mixing or combining of PF lots in any way is not permissible and will be refused at the supplier's expense.

Proper paperwork must also accompany every shipment and should detail complete supplier information including PO, PF part number, complete description of the product inclusive of dimensions and material, lot number(s), number of boxes, accurate weight and total quantities shipped.

Any certifications are to be emailed electronically to CustomerService@ParkerFasteners.com along with hard copies inside packaging. A rejection will occur until proper paperwork is received.

For the safety of our employees and suppliers, each box, pan or container **cannot exceed 35 pounds. Suppliers must package product the way it was received (I.E. if supplied in poly bag, must return in poly bag)** and if supplied with PF composite gaylord, product must continue to destination in supplied container (See Appendix A for Gaylord). If gaylord is not provided, supplier is to utilize a wood pallet size of 36 inches x 36 inches (36" x 36"). Any stacking of pallets/skids or gaylords is not acceptable.

If product is being shipped common carrier and not palletized, suppliers are required to package as follow:

- Re-pack parts in good usable Parker Fasteners boxes.
 - o Substitute new boxes as necessary to protect product in transit.
- Each box to total 35lbs or less being careful to not overpack
- Parts to have paper and/or foam in bottom, poly bagged, and paper on top so product is packed tightly and cannot move in transport.
- Boxes to included packing slip and be labeled accordingly.
- Boxes to be double taped reinforcing cardboard from braking open as shown in photos below (See Appendix A.)

Appendix A

PF Gaylord will be used and are required when shipping material between suppliers for any secondary processing. These Gaylords are property of PF and must be reused whenever provided. The expectation is that the supplier will package and ship products identical to the way it was received.



Detailed below are images showing double taped (reinforced tape) boxes which will minimize box breakage and loss of material during transport. This is required for any material being shipped without being palletized (UPS, FedEx, Etc.) *PF always prefers to utilize gaylords or pallets for movement of product needing secondary processing:*

- Reference photos below showing boxes are taped to all Parker Fastener customers
 - o Recommend Kraft Paper, Carton Sealing Tape Water-Activated Adhesive, 5.00 mil Thick, 70mm X 450 ft.

