



### 1.0 **Objective**

- 1.1. The objective of this document is to communicate Franklin Electric's quality requirements and expectations to suppliers. It is the intent of Franklin Electric to do business with suppliers who are able to provide parts/materials/processes and services consistently to specifications, at a competitive price, and in accordance with the defined delivery schedule. This manual is intended to assist suppliers in their understanding of requirements regarding specific management, communication, and reporting processes.

### 2.0 **Related Procedures and Documents**

#### Description

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### 3.0 **Quality System Requirements**

- 3.1. Franklin Electric encourages suppliers to develop fundamental quality systems that provide for continuous improvement and emphasize defect prevention while reducing variation and waste.

### 4.0 **Regulatory Compliance**

- 4.1. Where applicable, the Supplier shall maintain compliance to industry standards and product listings such as UL, ULC, CSA, NSF, ANSI, IEC, API, ISO, ATEX CE, DIN, etc., for all Products delivered to Franklin Electric. Refer to the applicable engineering documents for required regulatory approvals and associated markings.
- 4.2. Once approval has been granted, there shall be no changes without prior approval from Franklin Electric Engineering and from the applicable registering agencies. Any changes in process, materials, material composition, properties, construction, supply chain, and/or other parameters as required under the applicable standards must be submitted for approval in advance to Franklin Electric Engineering prior to receipt of the first shipment. Supplier shall provide written notice to Franklin Electric even if the changes are independently approved by the registering agencies.
- 4.3. Where applicable, Supplier shall also maintain compliance to EU Directives and Regulations, and their member state transpositions, including EU Directives 2011/65/EU (RoHS) and 2012/19/EU (WEEE) and the REACH Regulation, (EC) No. 1907/2006, as amended.
- 4.4. Additionally, the supplier shall maintain compliance with any and all laws and government regulations that apply in the manufacturing and delivery of its products, including, reporting, record keeping and production testing applicable to the manufacturing of their components for all products delivered to Franklin Electric. Such laws may include, but are not limited to, United States and foreign laws, regulations, DFARs, FARs and directives, labor laws, environmental laws, Custom Trade Partnership Against Terrorism (CTPAT) regulations and product safety laws. The supplier shall provide Franklin Electric all information necessary to enable Franklin Electric to comply with the laws and regulations applicable to the Franklin Electric products. The supplier is also expected to provide information regarding the tariff code and country of origin of the material and/or products provided to Franklin Electric in order to comply with customs laws and free trade Agreements when applicable.
- 4.5. Supplier shall maintain compliance with Section 1502 of the Dodd-Frank Act.



- 4.6. Supplier is responsible for maintaining material lot traceability by date code.

### **5.0 Safety**

- 5.1. The supplier is responsible for complying with all Franklin Electric safety rules and requirements while in our facility. The supplier is responsible for providing the appropriate safety equipment for their personnel in our facility. At a minimum, safety glasses with side shields meeting the requirements of ANSI Z87.1 are mandatory. Depending upon the nature of the visit, additional safety equipment may be required.

### **6.0 Supplier Selection**

- 6.1. The supplier's ability, capacity, financial status, geographical locations, performance, reliability, quality of product, delivery and overall customer-supplier relations are factors which govern the evaluation of all potential suppliers prior to soliciting their quotation and are periodically evaluated during the tenure of the purchase agreement. Franklin Electric must be assured that new suppliers will be able to produce an improved product, reduce costs or offer other competitive advantages.
- 6.2. The supplier selection process consists of three steps:
  - 6.2.1 Franklin Electric may request the Supplier to provide financial information to confirm general financial worthiness.
  - 6.2.2 The Supplier shall complete a Supplier Quality System Assessment in order to provide general information on the quality system that is in place at the supplier's location. Third party certifications and accreditations shall be provided to Franklin Electric.
  - 6.2.3 The Supplier's quality system and/or special processes may be audited based on the results of the Supplier Self-Assessment.

### **7.0 Supplier Assessments**

- 7.1. Suppliers will be sent a Pre-assessment survey before the audit date. This pre-assessment should be returned prior to Franklin Electric conducting the audit. Following the audit Franklin Electric will forward our findings and any needed corrective actions on part of the supplier. Results of the audit will be used in the sourcing decision of potential suppliers
- 7.2. With prior notification Franklin Electric will conduct audits at the supplier's facilities. The goal of the audits is to understand suppliers' capabilities and quality systems, validate self-assessment claims, and identify continuous improvement opportunities.
- 7.3. Supplier Reassessments:
  - 7.3.1 Equipment moves to a different supplier manufacturing facility may require a Quality System audit of the new facility/site/location. Suppliers are prohibited from moving equipment without prior notification and approval from Franklin Electric.
  - 7.3.2 Current suppliers may be re-audited if there are ongoing quality problems.



### **8.0 Approved Supplier**

- 8.1. Franklin Electric evaluates and selects suppliers based on their ability to supply product/services in accordance with specified requirements.

### **9.0 Process and Product Control Planning**

- 9.1. Suppliers are responsible for developing process and product control plans to achieve product quality objectives. Franklin Electric may need to assess the supplier's quality plans to evaluate whether the supplier has demonstrated an acceptable level of process control for Franklin Electric's products.
- 9.2. This review will include inspections of the supplier's documents and processes associated with the production of parts for Franklin Electric.
- 9.3. Process Capability Studies should be completed for all special characteristic dimensions as determined by Franklin Electric. All special characteristics must have Cpk > 1.33 or Ppk > 1.67.
- 9.4. Supplier will be responsible for maintaining & calibrating all gages required for 9.3.

### **10.0 Purchase Order Information**

- 10.1. The purchase order is the controlling document that identifies and specifies the requirements of the product being ordered.
  - 10.1.1 FE Terms & Conditions
  - 10.1.2 Attached Standard Terms & Conditions
- 10.2. The supplier is responsible to review the purchase order and ensure that all pertinent documents are available, current and understood. Suppliers are responsible for obtaining general industry standards and specifications. Verbal updates alone to a document are not acceptable.
- 10.3. The supplier is responsible to ensure that all stated requirements can be met before the acceptance of any purchase order.

### **11.0 First Article Submission**

- 11.1. Suppliers are required to obtain approval through the First Article Approval process prior to shipment of production parts. The purpose of the First Article Approval process is to establish evidence that a supplier's production process is capable of producing parts to meet Franklin Electric specifications.
- 11.2. Any questions regarding the requirements of Franklin Electric requirements for first article submittal should be directed to the Purchasing Buyer at Franklin Electric.
- 11.3. Suppliers shall conduct a First Article production run and produce parts utilizing normal production equipment, tooling and processes that would be used as in mass production. The Supplier will then submit sample parts from this First Article Production run for approval by Franklin Electric.
- 11.4. First Article due dates will be determined and communicated to suppliers by the Franklin Electric Buyers. First Article submissions shall be sent to the Franklin Electric Buyer unless otherwise instructed.
- 11.5. Suppliers may be able to submit one First Article submission for a family of parts. Franklin Electric will notify the supplier when this type of submission is necessary.



- 11.6. Supplier shall make every attempt to implement corrective action for any out of spec condition. Suppliers shall contact Franklin Electric if they are unable to meet part drawing prior to First Article due date. Franklin Electric will then inform suppliers on required course of action.
- 11.7. If production parts are run at the same time as parts for first article submittal, the vendor will be responsible for any loss related to the rejection of the submittal.
- 11.8. When First Article Samples are Required
  - 11.8.1 Prior to shipping production parts i.e. first time a vendor produces a specific part
  - 11.8.2 It will be the responsibility of Franklin Electric Purchasing to notify the supplier if a revision change is made that will require a new first article submission.
  - 11.8.3 Prior to a supplier change of existing parts, processes, molds, drawings, manufacturing locations, sub-contractors, or materials, etc.
    - 11.8.3.1. It will be the responsibility of the supplier to notify Franklin Electric Purchasing of these changes and to arrange a first article submittal prior to shipping production parts.
- 11.9. First Article Sample Submission Requirements
  - 11.9.1 A minimum of 5 sample parts per First Article Submission.
    - 11.9.1.1. For tools and equipment with multiple tool locations (e.g. mold cavities, fixture stations etc.) the minimum number of pieces per location will be determined by quality & engineering and communicated by the buyer.
  - 11.9.2 A Ballooned Drawing identifying all dimensions, finish requirements, callouts and notes impacting the part under submission.
    - 11.9.2.1. Notation of in tolerance / out of tolerance for each measurement
    - 11.9.2.2. A full ballooned layout of all part features for a minimum of 1 part for tools and equipment with multiple tool locations (e.g. mold cavities, fixture stations etc.) the minimum will be 1 part per location. The cavity number or fixture must be marked on each part.

The Layout must include the following:
    - 11.9.2.3. Dimension numbers from ballooned drawing
    - 11.9.2.4. Nominal dimensions, dimension limits or notations from drawing
    - 11.9.2.5. Actual measured dimensions.
    - 11.9.2.6. Inspection equipment used for each measurement.
    - 11.9.2.7. Name of person performing layout.
    - 11.9.2.8. Date layout was performed
    - 11.9.2.9. The part(s) used for the layout should be identified for traceability between the layout and the measured part
    - 11.9.2.10. The part(s) used to perform the layout should be included as part of the sample submission
  - 11.9.3 A copy of the process control plan or in process inspection sheet to be used in production when parts are manufactured.



- 11.9.4 A Material Certification for all material used to produce First Article parts
  - 11.9.4.1. Material certifications are defined as certificates or test reports that show direct identification and traceability to the lot of the material supplied (Part #, description, invoice #, lot #, batch #, heat #...) and all chemical, electrical, dimensional, mechanical properties, etc test results that verify that the material conforms to the stated standard. Actual test results showing conformance to the specification or standard may be required.
  - 11.9.4.2. Suppliers may be required to provide evidence of compliance to material specifications through material and/or performance test results.
- 11.9.5 Capability Study – Critical Features
  - 11.9.5.1. Where specified a capability study may be required.
  - 11.9.5.2. It shall be the responsibility of Franklin Electric Buyer to notify the vendor of any Capability Study requirements.
- 11.9.6 First Article Sample Identification Requirements
  - 11.9.6.1. Each sample part must have a tag outside of its box indicating it is a First Article sample.
  - 11.9.6.2. The tag should include part number, revision level, date parts were produced, and supplier and site name.
- 11.9.7 Submission Review Process
  - 11.9.7.1. Franklin Electric Quality Department will review the samples and supplied documentation for completeness and conformance to this standard.
- 11.9.8 Other requirements will be communicated.

### **12.0 Temporary Deviation / Concession**

- 12.1. If a supplier manufactures product that does not conform to Franklin Electric specifications a temporary deviation request must be submitted to Franklin Electric Buyer and approved prior to shipping non-conforming material.
  - 12.1.1 Franklin Electric approval will be based on how deviations might impact the form, fit and function of the parts.
  - 12.1.2 Deviation requests must include details of the non-conformance and the number of parts affected.
  - 12.1.3 Temporary Instructions (TI) number must be on the outside of the package.

### **13.0 Process Change Request (PCR)**

- 13.1. A Process Change Request form must be submitted and approved if any of the following occur.
  - 13.1.1 Change in the manufacturing process and or equipment



- 13.1.2 Manufacturing location changes
- 13.1.3 Sub-supplier changes
- 13.1.4 NONE OF THE ABOVE CHANGES CAN OCCUR PRIOR TO APPROVAL

### **14.0 Engineering Change Request (ECR)**

- 14.1. Should a supplier wish to make a permanent change to a part or drawing an Engineering Change Request (ECR) form must be submitted to Franklin Electric Buyer and approved prior to any change.
  - 14.1.1 CHANGES CANNOT BE IMPLEMENTED WITHOUT APPROVAL
  - 14.1.2 Franklin Electric approval of changes will be communicated to the supplier through the following:
    - 14.1.2.1. Revised specification
    - 14.1.2.2. Revised purchase order
    - 14.1.2.3. Concession / Temporary Deviation
    - 14.1.2.4. Denial of request

### **15.0 Supplier Performance Monitoring**

- 15.1. Franklin Electric maintains a Supplier Evaluation Procedure.
  - 15.1.1 A statistically abnormal number of Nonconforming Material Reports logged against the supplier - relative to the number logged against all other Franklin Electric suppliers within the same review period - can be used as a basis for requesting a Supplier Quality Meeting and/or Qualification Status Change.
  - 15.1.2 Suppliers may request a copy of their Quality Performance to monitor their continuous improvement or the need for corrective action.

### **16.0 Verification of Purchased Product**

- 16.1. Product received at Franklin Electric may be inspected upon receipt against the Purchase Order requirements. If product received does not conform to the product ordered, the product may be returned to the supplier at the supplier's expense. Nonconformities relating to document specifications (such as missing certifications) may also be grounds to return or otherwise delay processing and payment.
- 16.2. Franklin Electric reserves the rights to request or perform source inspection on purchased products or processes at the supplier's premises. Source inspection performed due to poor performance will be at the supplier's expense. Depending on the situation, FE may require a supplier to inspect/sort product at FE site at its expense.
- 16.3. Our customers shall be provided full access to our supplier facilities in order to validate and/or audit the flow-down control of requirements from Franklin Electric to the supply base and the subsequent flow down of customer requirements to sub-tier suppliers as well as conduct source inspection on the parts or processes.
- 16.4. Franklin Electric may, at its discretion, debit the supplier for costs resulting from supplier non-conformance. Payments for non-conforming goods/services shall not limit or impair Franklin Electrics' right for Cost Recovery or diminish the suppliers' responsibility for being responsible for absorbing any Franklin Electric cost experienced due to latent material defects.



### 17.0 Nonconforming Material Requirements

#### 17.1. CONTAINMENT

17.1.1 Suppliers are responsible for developing a process to protect Franklin Electric from receiving material that does not meet the quality requirements and specifications set by Franklin Electric.

#### 17.2. NONCONFORMING EVENT SUPPLIER RECORD

17.2.1 Upon receipt of nonconforming material from a supplier, the following will occur:

17.2.1.1. Franklin Electric may issue a Non-Conforming Material (NCM) report. Nonconforming material can be found during incoming inspection, audit, assembly or warranty returns.

17.2.1.2. These reports will be monitored to evaluate possible erosion of capability and/or stability of the supplier's quality management system.

17.2.2 Return Material Authorization (RMA) must be provided for material that is defective or considered suspect and needs to be returned to the supplier.

17.2.3 Franklin Electric reserves the right to sort suspect material to avoid shutdown of its production lines.

#### 17.3. NCM PROCESS

17.3.1 When Franklin Electric issues a Non-Conforming Material Report suppliers are required to submit a formal response. NCM responses must be in the format supplied by Franklin Electric.

17.3.2 Approval and closure of NCM Responses will be at the discretion of Franklin Electric Quality Department. All NCM Reports will remain open until problem-solving requirements are met.

17.3.3 Within 24 hours of notification of defective parts through a NCM report, suppliers must:

17.3.3.1. Implement requirements of Normal Containment

17.3.4 Within 72 hours of notification of defective parts through a NCM report, suppliers must:

17.3.4.1. Inform Franklin Electric of the plan to replace suspect material

17.3.4.2. Identify short term corrective actions

17.3.4.3. Send initial NCM responses

17.3.5 Within 10 business days of notification of defects suppliers must:

17.3.5.1. Define and verify Root Causes of defect and Escape

17.3.5.2. Determine and Implement permanent corrective actions for Root Cause and Escape

17.3.5.3. Verify and Validate permanent corrective actions

17.3.6 Franklin Electric will analyze the final NCM response and provide the supplier with a decision on closure of the NCM Report. NCM responses will be Accepted or Rejected. Resubmission of the NCM response with discrepancies corrected is required within 5 days.



### 17.4. COST RECOVERY

17.4.1 Suppliers may be responsible for all costs associated with Franklin Electric or Franklin Electric's customers receiving defective material. Costs may include, but are not limited to:

- Administrative
- Sorting of suspect material
- Rework
- Customer Charges
- Premium Freight
- Production Downtime
- Additional Value Added
- Third party containment
- Scrap
- First Article rejection
- Overtime
- Laboratory Testing
- Travel

17.4.2 All costs will be debited from the suppliers account. Upon notification of the intent to debit, suppliers will have 10 days to appeal the charges. If there is no response from the supplier Franklin Electric will consider this lack of response as acceptance of the charges.

### **18.0 Delivery Requirements**

18.1. Suppliers are expected to achieve 100% on time delivery. If a supplier will be unable to deliver product by the required due date it is the supplier's responsibility to notify Franklin Electric as soon as possible.

18.2. Notification to Franklin Electric must occur anytime suspect material has been shipped. Suppliers are to notify the Franklin Electric Purchasing or Supplier Quality department.