



Supplier Manual


COOPER

Revision History

Rev.	Date	Description of Changes
-	8/31/09	Release of initial Supplier Manual

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1 • Introduction

The purpose of this manual is to define the requirements for doing business with Cooper Industries Ltd. (Cooper Industries Ltd, and its affiliates shall be referred to herein as “Cooper”), and to outline processes used to ensure that our supply base is continually improving to prevent quality and delivery disruptions, provide the lowest cost, and top level service. Implementation of the processes outlined in this manual will not only reduce risk of supply chain disruptions, but will also help Cooper and its suppliers to increase our competitive industry position and ensure our continued success.

Scope

The requirements of this manual apply to all suppliers of finished goods, production materials (raw or components), as well as outside processes where applicable. Products and processes not incorporated into finished goods sold by Cooper are typically not covered by this manual. Any questions regarding the applicability of the requirements contained in this manual should be directed to your Cooper contact(s) for resolution.

Responsibility

It is the responsibility of the supplier to review, understand, and satisfy the requirements of this manual and any other applicable requirements as part of the acceptance of purchase orders from Cooper. The supplier should obtain any referenced documents to ensure full compliance with all applicable requirements.

Cooper will maintain and document changes in the general quality requirements included in this manual. Revisions to the Cooper Supplier Manual will be available on line at <http://www.cooperindustries.com/strategicsourcing> or can be obtained through Cooper’s purchasing departments.

1.1 About Cooper

Cooper is a global company comprised of several world-class businesses which are organized into two segments.

Cooper’s **Electrical Products** segment manufactures a full suite of electrical and circuit protection products, including lighting fixtures, harsh and hazardous-duty electrical equipment, fuses, emergency lighting, fire detection systems, specialty connectors, mass notification systems, fittings, support systems, enclosures, wiring devices and other products for use in industrial commercial and residential applications around the world. The segment also provides distribution switchgear and transformers, energy automation solutions and other power system components for use by utilities and in industrial and commercial applications.

The Cooper **Tools** division manufactures a collection of world-class hand tools and soldering products for industrial, construction, and consumer markets. In addition, this segment manufactures a complete range of industrial power tools and accessories for general industry, aerospace and automotive manufacturers.

Additional information about the various divisions of Cooper and its products and markets can be found at <http://www.cooperindustries.com>.

1.2 Cooper's Values & Principles

Cooper works with suppliers who deliver the best quality, value and service while exhibiting a high commitment to ethical conduct and social accountability. Cooper selects business partners who follow workplace standards and business practices that are consistent with our company’s key values & principles.

Culture and Values

- Integrity
- People & Leadership
- Accountability
- Speed & Adaptability
- Execution

Key Principles

- Passion for the Customer
- Innovation as our Lifeblood
- Leveraging Technologies
- Excel at Globalization
- Continuous Improvement Mindset in Everything We Do

1.3 Strategic Sourcing Mission & Vision

Cooper follows a Strategic Sourcing process to optimize supply chain activities by coordinating and leveraging the procurement of commodities from a select group of preferred suppliers. Cooper Strategic Sourcing provides a cohesive inbound supply chain that maximizes the value of all products and services procured by our worldwide locations, providing exceptional global operating efficiencies and innovation.

Cooper Strategic Sourcing also utilizes technology solutions to consolidate material and service spending across the company into one database. This technology helps consolidate and leverage our buying power, and provides visibility to ensure that sourced materials and services are being procured from preferred suppliers.

1.4 Corporate Quality Policy

Employees of Cooper Industries are committed and empowered to provide products and services that exceed our internal and external customers' expectations. We work together to achieve world-class quality with a relentless drive for continuous improvement.

2 • Doing Business with Cooper

2.1 Understanding Cooper

Established in 1833, Cooper has a long history of industry-leading businesses that maintain an intense focus on innovation; leading business practices and the customer across a diverse set of end markets. Cooper has unparalleled product breadth and well-established brands recognized around the world. Cooper's future depends on continued innovation, maintaining advanced business practices and satisfying our customers in an ethical and uncompromising manner. Working with suppliers that support these objectives are a critical element of our future success.

2.2 Code of Ethics & Business Conduct

The Cooper Code of Ethics & Business Conduct is located at <http://www.cooperindustries.com/common/governance/ethics.cfm> or can be obtained through your purchasing department contact.

2.3 Social Accountability

Cooper selects business partners who comply with local law and internationally acceptable fair and safe labor practices. Suppliers shall comply with all applicable federal state and Local laws, and rules and regulations of any government authority which have the effect of law.

3 • Quality System Requirements

3.1 Quality Systems:

All suppliers should be compliant with an industry recognized quality standard such as ISO9001:2008, ISO/TS16949 or other Cooper business group specified management system. Certification by an accredited third party registrar is highly recommended, and will be a factor considered in the award or continuation of business with Cooper. Cooper may elect to perform an on-site compliance assessment when 3rd party certification does not exist. Any change in a third party approval/certification status must be communicated to Cooper within five business days of the occurrence.

3.2 Quality Planning:

Suppliers must follow a New Product Development (NPD) process. Suppliers to Cooper shall be able to demonstrate a robust NPD system during a qualifying on-site audit which will include the five basic phases of NPD:

- Plan and define the program specific to the product and Cooper's needs and requirements.
- Product Design and Development Verification, where applicable.
- Process Design and Development Verification.
- Product and Process Verification.
- Product Launch, Feedback, Assessment and Corrective Action.

Additional requirements and provisions specific to individual Business Units of Cooper will be provided by the Sourcing Group or Purchasing Team of each Division.

3.3 Quality Records:

Suppliers must retain all quality system records for a minimum of 3 years, unless otherwise specified to be longer. This includes records of process control and traceability which are vital to any required failure analysis.

3.4 Material Traceability:

As applicable, the supplier is required to establish a lot traceability system that tracks raw material lot / batch numbers to the finished product lot / batch numbers including traceability to inspection records.

4 • Supplier Selection & Approval

4.1 Supplier Selection & Approval

Cooper uses a cross functional process to select and approve suppliers. During the process Cooper looks for suppliers that show strong quality processes, are financially viable, provide exceptional customer service, and are cost competitive.

During the selection process, Cooper may require the following:

- Supplier Profile completed (form to be provided by Cooper)
- Signed Non-Disclosure Agreement (when applicable)
- Request for Quote (Quote based on Cooper's requirements)
- Supplier Self/On-Site Quality Assessment – Based on the critical nature of the business Cooper may elect to have the supplier complete a Self Quality Assessment and/or complete an on-site assessment. (Assessment form to be provided by Cooper)
- Financial Analysis – Cooper will determine financial viability based on the information provided in the Supplier Profile. Further analysis, including the use of Dunn & Bradstreet, may be used in the financial viability decision.

The decision to select a supplier can include many cross-functional team members. Some suppliers will be accepted with conditions that must be addressed before award of business. Upon approval, suppliers will be added to the Approved Supplier List (ASL).

4.2 Sub-contractor Management:

Supplier may not engage any subcontractor without the prior written authorization of Cooper. It is the responsibility of the supplier to manage the quality of all sub-contractor operations. All requirements described in this quality manual are also to be applied for sub-contractors. All documents, registers and audit reports must be kept available by the supplier and/or submitted for Cooper evaluation when required.

5 • Requirements Communication

5.1 Requests for Quote (RFQ)

All RFQ will typically contain all necessary documents for full quotation, including:

- Engineering drawings
- Technical specifications
- PPAP submission requirements
- Physical samples when available

The supplier must contact Cooper in the event the RFQ materials are illegible, unclear, or missing key information that is necessary for quotation. Later amendments or changes to supplier's commercial proposals, due to any reason, will not be accepted.

5.2 Supplier Manual

General supplier requirements are contained within the Cooper Supplier Manual. Supplier compliance with this manual is a requirement of doing business with Cooper. Performance of suppliers in meeting these requirements will be assessed on an ongoing basis, and will be a factor in supply strategy.

5.3 Purchase Orders (POs)

Product specific requirements may also be communicated on POs. Product drawings called out on PO's may specify characteristics that affect the fit, form, and function of the product. Each PO should be followed by an acknowledgement from the supplier confirming for each part number, the price agreed, quantity and delivery date. Product configuration will be specified by the prints, in addition to the configuration specified by the part number. Acceptance of the PO is an acceptance of the standard Terms and Conditions of the PO.

5.4 Packaging & Logistics Requirements

Packaging and Logistics requirements will be called out on Cooper specific requirement as referenced in product specifications, drawings, PO's and/or supply chain agreements. Supplier must comply with such requirements, according to the production needs of each Cooper site (e.g. MOQ, batch sizes, etc...).

5.5 Revisions

Any revisions to the product requirements will be communicated through the Cooper purchasing organization, or through revision levels called out on Purchase Orders. It is the supplier's responsibility to review Purchase Orders to ensure that up-to-date revisions of product requirements are utilized by their manufacturing. In case of non-compatibility, it is the supplier's responsibility to request from Cooper an updated specification. The supplier is not allowed to deliver previous revision level parts, except by written agreement with the pertinent Cooper plant quality team.

6 • Part Qualification

6.1 Production Part Approval Process (PPAP)

Cooper utilizes the **Production Part Approval Process** to qualify both new purchased parts and changes to existing parts. Cooper has specific requirements for completing and submitting PPAP that are covered in Cooper's Production Part Approval Process Manual. The manual is available online at <http://www.cooperindustries.com/strategicsourcing>

How and when PPAP is applied is defined by each individual Cooper Division through a risk management process. If PPAP is required for a purchased part the supplier will be informed by a representative from the Cooper **Division** that is sourcing the part. The supplier is responsible for ensuring that the sourced product meets all requirements identified both on the part print and all other referenced documentation. This includes applicable specifications, referenced specifications, assembly related prints, industry standard requirements for testing and performance and specific testing requirements identified by Cooper Engineering, Purchasing or Quality.

PPAP must be submitted on time prior to the PPAP due date that is assigned by the Cooper division you are working with. Cooper will not pay for material or shipping related costs associated with production product that is not PPAP approved in cases where PPAP is required. All product is considered unapproved until the PPAP submission is formally approved by the Cooper division sourcing the product.

Cooper has training material that is available to all suppliers as well as a [PPAP Forms Kit](#) containing many of the document formats required for PPAP submission. Cooper's PPAP resource material is located at <http://www.cooperindustries.com/strategicsourcing>.

6.2 First Article Inspection (FAI)

Cooper requires First Article Inspection on many of our new parts and even changes to existing parts. First Article Inspection (FAI) is typically a dimensional or performance related inspection performed by Cooper on a production ready part to verify compliance with our specifications prior to mass production trials and orders. FAI is typically required on new design project parts and quite often on significant changes that can affect form, fit, function or performance that occur on existing production parts.

If PPAP is required for a purchased part then Cooper performs FAI using the supplied PPAP sample parts. As a supplier you are required to send properly identified PPAP sample parts for First Article Inspection with full dimensional analysis on the Cooper Dimensional Data Sheet to the designated Cooper representative.

If PPAP is NOT required then your Cooper purchasing or quality representative will make arrangements to have specific parts delivered for FAI. These parts will require a full dimensional analysis to be sent with the parts and should be on the Cooper Dimensional Data Sheet. *Note: FAI is typically still required even if the part is not going through PPAP submission and approval.*

For more information on how to submit and properly label PPAP sample parts refer to the PPAP Sample Parts section of Cooper PPAP manual. For specific questions on FAI or PPAP sample part orders you should contact your Cooper Purchasing representative who placed the order.

6.3 Material Compliance

Cooper requires suppliers to understand and verify the composition of their raw materials. At any time Cooper reserves the right to request raw material confirmation on any supplier purchased product. The supplier should be able to provide a Certificate of Acceptance (CoA) report when required. Particularly with metal, cast or plastic parts, Cooper may ask for a material composition report to verify that the raw material contained within the purchased product meets known or specific industry standards.

If you are making a permanent change to any raw material or sub supplier providing your company with raw material you are required to submit a [Supplier Change Request](#) (SCR) to Cooper and receive approval prior to making the change.

If your company does not have in-house capability to test your materials you must secure an accredited external third party source that has the capability of material compliance analysis for your specific raw materials. All suppliers must have the ability to provide evidence of both material compliance and, when external testing is performed, third party accreditation if requested by any of Cooper's manufacturing facilities, engineering or quality representatives. In addition, Cooper can require ongoing material certification be provided on a routine basis for any purchased product at the supplier's expense during the life of the product.

Important: It is critical that you reference the Cooper Specification for material outlined in Cooper's Engineering documentation such as the part print or associated specifications. "Equivalent Specifications" for materials are not to be used for performing material analysis such as chemical composition. **For example:** If an ASTM specification is referenced on the print, then your material analysis results should be compared to the ASTM specification when judging conformance and not an "equivalent" material specification.

6.4 Hazardous Substances Requirements

Cooper markets and sells product all over the world and many of our products must comply with various directives and legislation related to controlling, reducing or eliminating hazardous substances. Many of the latest initiatives originate from various European directives and apply to product sold in various European countries. However, due to the ever expanding global marketplace, most of these standards are being applied to US sold products in addition to product sold in Europe. Various industries such as automotive, medical and electrical have specific requirements that relate directly to these standards. Some of the most common referred to directives include:

REACH: An acronym for an EU Regulation entitled **R**egistration, **E**valuation and **A**uthorization of **C**hemicals. REACH came into force in 2007 and replaced a patchwork of pre-existing legislation. REACH aims to: (i) ensure a high level of protection for human health and the environment; (ii) make the people who place chemicals on the EU market responsible for understanding and managing the risks associated with their use; and (iii) promote the use of alternative, i.e. greener/safer chemicals. REACH applies to substances manufactured or imported into Europe in quantities of 1 ton per year or more.

WEEE: An acronym for EU legislation restricting the use of hazardous substances in electrical and electric equipment (Directive 2002/95/EC) and promoting the collection and recycling of such equipment. (Directive 2002/96/EC) has been in force since February 2003. The objective is to increase the recycling and/or re-use of such products. It also requires heavy metals such as lead, mercury, cadmium, and chromium and flame retardants such as polybrominated biphenyls (PBB) or polybrominated diphenyl ethers (PBDE) to be substituted by safer alternatives.

RoHS: An acronym for a European directive that stands for the “**R**estriction **O**n the use of certain **H**azardous **S**ubstances” in electrical and electronic equipment”. Its goal is to control the use of certain hazardous substances in the production of new electrical and electronic equipment (EEE) and it is a partner directive to the WEEE legislation. The RoHS regulations apply to those businesses defined as producers that manufacture or assemble electrical or electronic equipment in the EU or import electrical or electronic equipment from outside Europe. RoHS restricts the use of mercury, lead, hexavalent chromium, cadmium and a range of flame retardants notably polybrominated biphenyls and polybrominated diphenyl ethers.

Cooper may require compliance with one or more hazardous substance initiatives. Each Division of Cooper has different requirements and compliance guidelines. Contact your Cooper Purchasing or Quality representative for additional information.

7 • Packaging & Labeling

The supplier is expected to meet the shipping, packaging, and label requirements as specified by the applicable Cooper location. Country of origin needs to be labeled on the product in accordance with Cooper procedures and the laws of the shipping, in-transit, and receiving countries.

Unless otherwise agreed upon with Cooper, suppliers should ensure that the product packaging and pallet unit are capable of passing International Safe Transit Association (ISTA) requirements. Specifically, shipping packages should be tested to the specific ISTA requirement, depending on package type and weight.

Cooper Purchase Orders define required routing information. Non-compliance will result in refusal of transportation charges back to the shipper and a chargeback penalty fee as well.

8 • Management of Change

8.1 Management of Change

Cooper requires suppliers to inform us of all supplier related changes and in many cases get prior approval from Cooper to proceed with a change. The effect of many different types of changes that occur without prior approval can adversely affect our business. **As a supplier to Cooper you are required to notify us in writing via a Supplier Change Request (see below) no less than 90 days prior to any anticipated change.** The request must be made to your purchasing contact at the Cooper Division you do business with. Unapproved changes made by the supplier are subject to chargebacks on costs incurred related to the change.

Managing any change correctly is critical and each event must be done to minimize any potential adverse effect. There are a number of different “**types of change**” that require approval from Cooper. Below is the table of “Change Types” that require approval before any significant planning or expense is undertaken. Cooper typically has specific requirements for each of these change types and as a supplier you are required to submit and provide evidence that the product impacted by the change is meeting requirements as directed by your Cooper Divisional representative.

Type of Change (Select One)	(Note:) You are required to notify and receive approval from Cooper for any of these types. Designations in () are the recommend PPAP Level submissions for this type of char
<input type="checkbox"/> 1. Change to construction, material or component (L3)	<input type="checkbox"/> 7. Product/process changes on components of the product (L4)
<input type="checkbox"/> 2. New, additional or modified tools (L3)	<input type="checkbox"/> 8. Change in test or inspection method (L4)
<input type="checkbox"/> 3. Upgrade or rearrangement of existing tools (L2)	<input type="checkbox"/> 9. Bulk Material: New source of raw material (L2)
<input type="checkbox"/> 4. Tooling, production or equipment transferred to different site (L3)	<input type="checkbox"/> 10. Change in product appearance attributes (L2)
<input type="checkbox"/> 5. Change of supplier or non-equivalent materials/services (L3)	<input type="checkbox"/> 11. Change in production process or method (L4)
<input type="checkbox"/> 6. Product when tooling has been inactive for 12 months (L2)	<input type="checkbox"/> 12. Change of Sub Supplier or material source (L3)

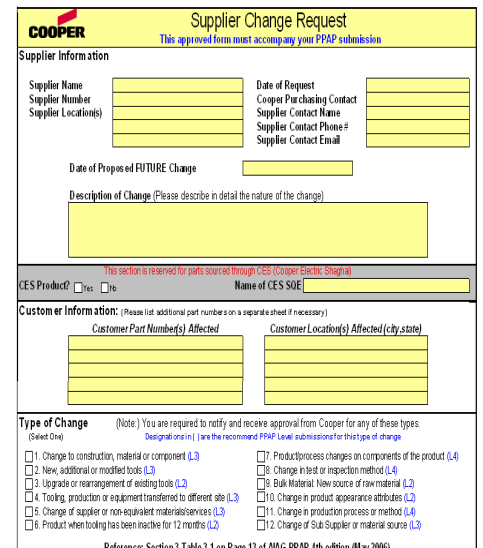
Reference: Section 3 Table 3.1 on Page 13 of AIAG PPAP 4th edition (May 2006)

8.2 Supplier Change Request (SCR)

Cooper provides a form called the **Supplier Change Request Form**, (SCR), which must be completely filled out and sent to your purchasing representative. An SCR cannot be used for a change occurring in less time than 90 days. An SCR is only to be used for Permanent changes; it does not apply to a temporary change. Temporary changes are handled through the receiving plant’s temporary deviation process.

The SCR should be filled in completely and sent to the Cooper divisional purchasing representative you work with. You should include part numbers and a timing plan to outline your organization’s change preparation in addition to any quality planning that you are doing to minimize the risk. It is possible that you will be asked to submit PPAP for the change depending on the type of change you are requesting. Cooper considers some types of change, such as change in bulk or raw material (change number 9) to be significant and, therefore, will likely request a PPAP submission to ensure product conformance.

To the right is the Cooper Supplier Change Request (SCR) Form that must be submitted for approval prior to proceeding with any significant planning for your company’s change. The Supplier Change Request (SCR) is located within the PPAP Toolkit which may be found at <http://www.cooperindustries.com/strategicsourcing>



Supplier Change Request
This approved form must accompany your PPAP submission

Supplier Information

Supplier Name: _____ Date of Request: _____
 Supplier Number: _____ Cooper Purchasing Contact: _____
 Supplier Location(s): _____ Supplier Contact Name: _____
 _____ Supplier Contact Phone #: _____
 _____ Supplier Contact Email: _____

Date of Proposed FUTURE Change: _____

Description of Change (Please describe in detail the nature of the change):

This section is reserved for parts sourced through CES (Cooper Electric Stagnal)

CES Product? Yes No Name of CES SUE: _____

Customer Information: (Please list additional part numbers on a separate sheet if necessary)

Customer Part Number(s) Affected: _____

Customer Location(s) Affected (city/state):

Type of Change (Note:) You are required to notify and receive approval from Cooper for any of these types.
 (Select One) Designations in () are the recommend PPAP Level submissions for this type of change.

<input type="checkbox"/> 1. Change to construction, material or component (L3)	<input type="checkbox"/> 7. Product/process changes on components of the product (L4)
<input type="checkbox"/> 2. New, additional or modified tools (L3)	<input type="checkbox"/> 8. Change in test or inspection method (L4)
<input type="checkbox"/> 3. Upgrade or rearrangement of existing tools (L2)	<input type="checkbox"/> 9. Bulk Material: New source of raw material (L2)
<input type="checkbox"/> 4. Tooling, production or equipment transferred to different site (L3)	<input type="checkbox"/> 10. Change in product appearance attributes (L2)
<input type="checkbox"/> 5. Change of supplier or non-equivalent materials/services (L3)	<input type="checkbox"/> 11. Change in production process or method (L4)
<input type="checkbox"/> 6. Product when tooling has been inactive for 12 months (L2)	<input type="checkbox"/> 12. Change of Sub Supplier or material source (L3)

Reference: Section 3 Table 3.1 on Page 13 of AIAG PPAP 4th edition (May 2006)

9 • Corrective Action

9.1 Methodology – 8D

Cooper suppliers must maintain and apply an effective closed loop corrective and preventative action system, when process or product non-conformances are identified to have occurred or have the potential to occur.

When supplier non-conformances are identified within a Cooper Manufacturing Site or Business unit a supplier corrective action request may be initiated. Determination of when a corrective action will be issued is the responsibility of the Cooper Manufacturing Site or Business Unit. Feedback from the supplier shall be within the Cooper provided format and shall follow the guidelines specified by the Cooper Manufacturing Site or Business Unit.

It is expected that the supplier be responsive with regard to status and information requests.

The Cooper Corrective Action Request process is as follows:

- a. Nonconformance identified by Cooper or a customer of Cooper.
- b. The Cooper receiving location will issue a request for corrective action to the supplier.
- c. Supplier will provide a containment response to Cooper within 24 hours/1 business day.
- d. Supplier will provide a root cause and corrective action plan response within 14 calendar days, unless otherwise specified by the location issuing the request for corrective action.
- e. Supplier will provide evidence of effectiveness of corrective actions within 21 calendar days, unless otherwise extended by the Cooper receiving location.

Corrective Action responses shall include:

Define the Problem: Cooper will provide an initial problem statement with other related information including test data and photos when available. The supplier should be pro-active in obtaining further detail from the Cooper receiving location, when necessary. Additional information may include the status of samples, a further understanding of the product application, or further information including lot codes and defect rates.

Identify Team: It is expected that corrective actions are to be investigated and resolved by cross-functional teams. The leader of the 8D is typically the process owner. This contact should be communicated to the Cooper receiving location contact.

Containment and Impact of Similar Products/Processes: It is expected that the supplier communicate Containment Actions aimed at protecting Cooper and our customers from repeat issues within 24 hours of being notified of the issue. Actions should identify a responsible person and due date. Suspect material should be identified, labeled, and segregated internally. Quarantine and containment actions must consider product in on-site inventory, distribution centers, in-transit, or at customer locations. Tightened process controls should be added to ensure on-going manufacturing can proceed without passing along further defects to Cooper, and should be kept in place until permanent corrective actions are in place and determined by Cooper to be effective. Product supplied to Cooper prior to corrective action implementation should be clearly identified to show that the product has been subjected to containment actions.

Root Cause: It is expected that the supplier will communicate details of the evaluation, root causes, and contributing factors within 14 calendar days of being notified of the issue. Investigation can begin before samples by reviewing defects found in containment, evaluating process paperwork, and inspecting on-going production. Identification of root causes should include reviewing nonconformance, detection failure, and system failure. Root Causes should be numbered and should align with corrective actions listed later. The root cause should be validated through experimentation (turn the issue on/off).

Choose and Verify Permanent Corrective Action: It is expected that the supplier report short and long term corrective action plans within 14 calendar days of being notified of the issue. Actions should identify the responsible person and due date, and should directly relate to previously identified nonconformance, detection, and system root causes. Work instructions, Control Plans, FMEAs, process inspection checklists, visual workstandards, and other quality documentation should be considered for updating. Training of affected team members should be completed.

Implement Permanent Corrective Action: It is expected that the supplier will report a plan to validate short and long term corrective action plans within 14 calendar days of being notified of the issue. Actions should identify the responsible person and due date, and should be quantitative in nature. (i.e., C=0 sample plan, AQL 1.0 will be used to audit the next 3 production lots.) Implementation dates and lot codes should be identified. A follow-up date should be identified. Plans should verify that the root cause and defect have been eliminated, not only that the correction action was implemented.

Preventive Actions / Mistake Proofing: It is expected that the supplier will report preventative actions or mistake proofing methods identified within 14 calendar days of being notified of the issue. Action should identify the responsible person and due date. Any additional tooling or process changes that will prevent mistakes from occurring must be documented. If no reasonable mistake proofing / poke yoke method can be identified, it must be noted that the evaluation was completed with no additional control identified.

Verification of Implementation and Effectiveness of Corrective Actions: It is expected that the supplier will report verification of corrective action effectiveness within 21 calendar days of being notified of the issue. Results should be quantifiable results of verification activity (Cpk=1.5, 0 defects out of 30 random samples, etc.) If defects are found in verification activity, the 8D process must be started again from the beginning. Closure of an SCA is at the discretion of Cooper upon review of verification results

9.2 Chargeback

Non-conformances on product supplied to Cooper can have a large effect on deliveries and product performance. In the case of a nonconformance, it is the responsibility of the Supplier to insure adequate conforming parts or material is delivered in time to prevent any line stoppage situations. This can be accomplished in the following ways:

1. Expedite shipping of conforming and certified parts so they arrive before line stoppages occur; or
2. Provide sorting, repair or rework resources to the appropriate Cooper facility in a timely fashion to prevent any line shortages.
3. If 1 and/or 2 cannot be accomplished within a timely fashion to prevent line stoppage, Cooper reserves the right to sort, repair or rework the non-conforming material at Supplier's expense in order to ensure acceptable parts or material is utilized and production requirements are met. All sorting will be coordinated with the Cooper production facilities by the appropriate plant personnel.

Non-Conforming Parts or Material Charges: In the event that non-conforming parts or material results in costs to Cooper (costs may include, but are not limited to, charges related to sort, rework, repair, product scrap, production downtime, customer imposed charges, warranty or recall costs, shipping, Engineering effort, etc.), Cooper reserves the right to charge the supplier all reasonable associated costs. Cooper will attempt to notify the supplier at its earliest opportunity.

10 • Monitoring and Improvement

10.1 Supplier Scorecard / Performance Evaluation

Cooper continually monitors and ranks suppliers using a supplier scorecard. The output of the supplier scorecard is used by the Cooper Sourcing and Quality teams to determine opportunities to grow business and to determine opportunities for supplier improvement.

The Cooper supplier scorecard is comprised of six major elements: Quality, Delivery, Productivity, Payment Terms, Lead Time, and Service & Support.

10.2 Continuous Improvement

Cooper Suppliers are expected to create and maintain continuous improvement plans focused on bettering Quality, Delivery, Cost, and Service performance for Cooper. Regular reviews will be scheduled to review progress and results of improvement plans. Supplier continuous improvement activity is taken into account in scorecard performance and in supply strategy.

The supplier's management should take a lead role in continuous improvement by embracing the concept and by adopting continuous improvement as a key element of their business plan and by ensuring that key personnel are trained and can apply the following techniques.

- Lean Manufacturing
- Mistake Proofing
- Capability Indices (Cp, Cpk, Pp, Ppk)
- Control Charts (Variable and Attribute)
- Cost of quality
- Parts per million analyses
- Disciplined problem solving
- Pareto analysis
- Trend analysis
- Design of experiments (DOE)
- Value analysis
- Benchmarking
- Theory of constraints
- Cooper MVP /DMVP Methods

10.3 Supplier Development

Supplier development activities within Cooper allow us to work closely with our suppliers and assist in driving their improvement efforts. Supplier development initiatives with a supplier focus on the following:

- Improving process control
- Improving quality systems
- Improving product quality
- Improving supplier delivery
- Reducing costs
- Improving Supply Chain effectiveness
- Reducing lead time
- Improving productivity
- Increasing capacity and Training

Cooper will select key suppliers for development who present the best opportunity for improvement and who present the greatest potential impact to the organization. Once a supplier has been selected, a cross-functional team consisting of appropriate Cooper and supplier personnel will be formed to work together and have regular follow-up meeting to ensure that certain targets are achieved. Cooper may choose to provide training to suppliers on techniques for operational and process improvement.



SUPPLIER AGREEMENT CONFIRMATION

(Supplier) _____ agrees to fully comply with requirements set forth in the Cooper Supplier Manual (Revision --).

Supplier Authorized Representative _____ Date _____

Title _____

Cooper Representative _____ Date _____

Division _____

Title _____

Signed Manuals should be submitted via e-mail, fax, or mail to your Cooper representative.