



Supplier Quality Manual



Supplier Quality Manual



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This Supplier Quality Manual is written to align with the ISO9001:2015 and IATF16949:2016 standards.

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Revision History		
Revision Number	Revision Date	Comments for Revision
1	10/4/2017	New release to meet the ISO9001:2015 and IATF16949:2016 Quality Management Systems Requirement
2	11/17/2017	Changes to Section 3, Planning (6), Support (7), Operations (8)
3	03/15/2018	Changes to Introduction, Sections 2, and Section 3
4	10/01/2019	Changes to area 3, 4, 8.4.1.2 & 8.4.2.3
5	10/31/2024	Updating the wording throughout the document

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Introduction - Welcome to the Supplier Quality Manual

Charter Steel takes great pride in being a supplier of quality steel bar, rod and coil at competitive prices. We look to our suppliers as partners in our production team. This relationship has assisted us in maintaining both our quality and our value to the ultimate customer. Our world is becoming more demanding, looking for continuous improvement, and demanding better quality at lower costs. Working together to meet these goals is paramount **to success**. We ask all of our suppliers to take on the great challenge of partnering with our customers and us. **Please join us in this challenge!**

This manual is distributed via the chartersteel.com website. Printed copies are considered uncontrolled documents. While Charter Steel will communicate to suppliers major revisions to the manual, it is the supplier's responsibility to remain up-to-date on Charter Steel requirements by frequently visiting chartersteel.com. Questions regarding this manual should be directed to Charter Steel buyers and/or representatives that you are working with on contracts and purchases orders.

Charter Steel recognizes and emphasizes the importance of continuously improving and maintaining the quality of its products. This recognition becomes both the supplier's and Charter Steel's responsibility to provide consistent quality products and services that meet Charter Steel requirements and the specifications of our customers.

Charter Steel Safety, Sustainability, and Quality Policy:

My job is important.

If I do my job right: Our workplace will be safe

Our commitment to sustainability will be upheld

The customer will be satisfied

Charter Steel will continuously improve and grow.

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1 Scope

This manual applies to suppliers providing products and/or services to any of the Charter Steel locations:

Charter Steel – Saukville
1658 Cold Springs Road
Saukville, Wisconsin 53080

Charter Steel – Cleveland
4300 E. 49th Street
Cuyahoga Heights, Ohio 44125

Charter Steel – Fostoria
6255 State Hwy. 23
Rising Sun, Ohio 43457

The products and/or services purchased shall be produced, controlled, inspected, and tested in accordance to our requirements as stated in this manual. The intent of this manual is to explain Charter Steel’s policy as it relates to Charter Steel’s Preferred suppliers as well as communicating basic requirements that must be met. It will also provide a means of communication between Charter Steel and our suppliers. The purpose of this manual is to clarify Charter Steel’s policies regarding its suppliers and to outline the essential requirements that must be fulfilled. Additionally, it serves as a communication tool between Charter Steel and its suppliers. The products and services acquired must be manufactured, managed, inspected, and tested according to the requirements outlined in this manual.

2 Normative References

Charter Steel is proud to have achieved and maintain several management system credentials:

- ISO9001:2015 – International Quality Management System
- IATF16949:2016 – International Automotive Task Force Quality Management System
- ISO/IEC17025 – Accredited Laboratory (Testing for mechanical and chemical analysis)
- ISO14001:2015 – Environmental Management System
- OHSMS 45001 – Occupational Health and Safety Management System
- ISO50001:2018 – Energy Management

Supplier Safety, Environmental, and Energy Responsibilities

This section applies to Suppliers who are scheduled to come on-site to a Charter Steel facility to fulfill the requirements of a purchase order or contract. The assigned Charter Steel Buyer for the contract and purchase order will provide suppliers with the **Charter Steel Contractor Management Program** information. This is to ensure that all personnel (Charter Steel and supplier) work together in a safe, environmentally friendly, and sustainable manner, ensuring efficient use of natural resources

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3 Terms & Definitions (Preferred and Approved Supplier Definition)

Charter Steel defines a **Preferred Supplier** as a supplier who provides raw material(s), and/or primary manufacturing equipment used in the manufacturing process and Sub-suppliers who provide outside processing for Charter Steel. Preferred suppliers are further defined as those suppliers whose failure to support established quality or delivery performance requirements will have a direct impact on the production process, the final product, or could cause a significant degradation to production volumes and/or loss of revenue to the organization. All Preferred Suppliers files shall have:

1. A new Supplier Information Form approved and on file.
2. Current Certificate of Insurance on file.
3. A completed Supplier Self survey form.

OR

4. Current Certificate of Accreditations showing a certified ISO9001:2015 quality system, IATF16949:2016 quality system, and/or ISO/IEC17025 testing and calibration laboratories, as applicable.

All Charter Steel designated Preferred Suppliers shall hold a valid Quality Management System certification from a recognized governing body, with the ultimate target of becoming certified to IATF 16949. If a designated Preferred Supplier does not hold such a certification, submittal and approval of the Charter Steel Self-Assessment Survey may be an acceptable alternative.

Charter Steel's Procurement team along with the appropriate Charter Steel facility management establishes the designation of a Preferred Supplier. The list of preferred suppliers is maintained and reviewed periodically by the Procurement team. If at any time during the supply relationship, Charter personnel deem a specific supplier an unacceptable risk or observe non-compliance to this manual, Charter Steel reserves the right to prohibit any purchases until sufficient corrective action has been provided to mitigate the supplier's specific identified risk.

Approved Suppliers are defined as all suppliers who provide goods and services to Charter Steel, who have not been designated as a preferred supplier. Our Procurement Department maintains files for all of our suppliers. All Approved supplier files shall have:

1. A new Supplier Profile approved and on file
2. Current Certificate of Insurance on file, if applicable.

4 Context of the Organization

Suppliers are responsible for all provisions of the purchase order. This manual defines the safety, environmental, energy, and quality systems the supplier must employ to control products and/or services subject to Charter Steel purchase orders. These requirements supplement and are an extension of the requirements of the purchase order. In the pages ahead, Charter Steel also has responsibilities to the supplier.

It is the supplier's responsibility to work with Charter Steel to resolve all questions relating to fulfillment of the contract before accepting the purchase order. In addition, it is the supplier's responsibility to maintain specific procedures and controls necessary to ensure on time shipments of consistent and acceptable quality products. Charter Steel's Quality Assurance

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department will assist suppliers in the interpretation and applications of these requirements, if needed.

An ISO9001:2015 system is preferred but may not be required based on the size of your organization and commodity you provide to Charter Steel. Certified suppliers must submit their initial and renewal quality system certifications to the Charter Steel Procurement Department. In addition, all Charter Steel suppliers are required to immediately notify Charter Steel of any changes to their registration status to csprocurementdept@chartersteel.com.

For suppliers who provide calibration and/or laboratory services, such as tests, to our Charter Steel Labs, we require these suppliers to have an established and registered ISO/IEC17025 system. For some suppliers we require they have certified operators performing qualification tests in place of ISO17025. Certified suppliers must submit their current ISO/IEC17025 certificate to the Charter Steel Procurement Department.

Suppliers must perform or have performed the inspection and tests required to substantiate product conformance to drawings, specifications, and purchase order requirements. The supplier's quality system to control products and/or services shall be documented and be available for review by Charter Steel representatives when requested.

Suppliers are also encouraged to be certified to ISO14001. All suppliers should understand the environmental impacts of their goods and/or services and Charter Steel welcomes suggestions for improvements to environmental performance and sharing of concerns and best practices.

Charter Steel commits to uphold sustainability and manage our energy use to ensure efficient consumption of natural resources. To improve our efficiency, Charter Steel has developed an Energy Management System (EnMS) in accordance with ISO50001 requirements. These requirements include understanding the benefits of improved energy performance and suppliers' potential impact on energy use. Suppliers are encouraged to offer energy suggestions and/or improvements by contacting the energy manager or emailing green@chartersteel.com.

5 Leadership

The intent of this requirement is to ensure that top management visibly demonstrates leadership and commitment in maintaining focus on meeting Charter Steel's requirements and enhancing customer satisfaction.

6 Planning

6.1 Contingency Plans

Charter Steel requires that suppliers have a current contingency plan. Suppliers are required to have contingency plans for continuity of supply in the event of any of the following: key equipment failures; interruption from externally provided products, processes, and services; recurring natural disasters; fire; utility interruptions; labor shortages; IT or infrastructure disruptions.

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7 Support

7.1 Infrastructure

Facilities, Equipment, and Process Planning

The supplier shall utilize a systematic approach to facilities, equipment, and process planning, incorporating cross-functional involvement to optimize performance. This approach should ensure that all resources are effectively allocated and managed, enhancing overall efficiency and quality. By engaging various departments and stakeholders, the supplier can identify potential improvements, address challenges proactively, and ensure alignment with Charter Steel's quality standards and operational goals.

8 Operations

8.1 Review of the Requirements for Products and Services (Charter Steel Specific Requirements)

1. Specific Documentation: Our customers, from time to time, request that we provide the contents of the parts we supply. The Reportable Substance Report will be provided when deemed necessary by our customer as part of the purchase order.
2. Material and Testing Certification: Suppliers subcontracted to perform tests and calibrations must provide appropriate certifications as defined on the Purchase Orders, in compliance with ISO/IEC 17025 standards.
3. Packaging: Products must be packed and labeled according to Charter Steel's specifications. Instructions will be communicated by Charter Steel through purchase orders, contracts, email correspondence, or telephone conversations.
4. Cost-savings Partnership: Suppliers are encouraged to submit cost-saving suggestions that do not compromise product quality or reliability.
5. Supplier Charge Back: The supplier will be held responsible for non-standard costs due to incidents causing delays, disruptions, or inefficiencies at Charter Steel, as specified in Charter Steel's Terms and Conditions of Purchase. Charter Steel will prepare and submit a Chargeback statement to the supplier to recover these costs. The supplier is also responsible for costs related to nonconforming products or services.

8.2 Supplier Selection Process

The selection of a new supplier, one not previously approved by Charter Steel, is a critical process that demands rigorous evaluation and cross-functional collaboration. This process ensures that Charter Steel partners with suppliers who align with our strategic goals and quality standards. The selection is overseen by a cross-functional team composed of representatives from procurement, quality, and other relevant departments. This team is responsible for executing a comprehensive supplier sourcing strategy prior to awarding any contracts.

1. Source Evaluation
 - a. Identification and Initial Contact: The process begins with identifying potential suppliers and establishing communication channels to exchange essential information.
 - b. Preliminary Information Review: The initial supplier data is reviewed to determine whether further engagement is warranted.

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- c. Detailed Information Exchange: A more in-depth exchange of information occurs, where suppliers provide detailed insights into their capabilities, followed by a comprehensive review and recommendation process.
 - d. Request for Quotation (RFQ): Qualified suppliers are invited to submit quotations, which are then evaluated against predefined criteria.
2. Source Selection
- a. Cost Competitiveness: Evaluation of the supplier’s pricing structure, including transparency, cost-saving opportunities, and overall price competitiveness.
 - b. Technical and Support Capability: Assessment of the supplier's technical expertise and their ability to provide ongoing support.
 - c. Delivery Performance: Analysis of the supplier’s historical and projected ability to meet delivery schedules, including on-time and in-full deliveries.
 - d. Quality Performance: Review of past quality performance metrics and their alignment with Charter Steel's expectations.
 - e. Quality System Status: Suppliers are expected to have a robust quality management system. ISO9001:2015 certification is a minimum requirement for preferred suppliers and outside processors. Depending on the product or service, ISO/IEC 17025 certification may also be necessary.
 - f. Regulatory Compliance: Suppliers must demonstrate compliance with all relevant statutory and regulatory requirements. On-site technical and quality assessments are conducted when deemed appropriate to validate these claims.
 - g. Energy Efficiency: Consideration is given to the supplier's commitment to energy efficiency and sustainability practices.
 - h. On-Site Quality Audits: Outside processors without ISO certification may be required to undergo a successful on-site quality system audit, conducted as a second-party audit by Charter Steel if necessary.
 - i. Customer-Directed Sourcing: In cases where customers specify suppliers, Charter Steel ensures that these suppliers meet our standards before proceeding.
 - j. Final Recommendation: The cross-functional team consolidates findings and provides a final recommendation for supplier selection.

8.3 Supplier Quality Management System Development

Charter Steel maintains rigorous Quality Management System (QMS) certifications to meet and exceed our customer requirements, as outlined in Section 2. In alignment with the ISO9001:2015 and IATF16949:2016 standards, Charter Steel is committed to working closely with our Preferred Suppliers to help them develop a robust plan aimed at achieving certification to IATF16949:2017. This collaborative effort includes the facilitation of second-party audits, where necessary, to ensure that our suppliers are on the right path toward certification.

The Quality Assurance Department at Charter Steel prioritizes these second-party audits, and the development initiatives of our Preferred Suppliers based on their strategic importance and impact on our operations. We consider our suppliers as valuable partners, and our on-site visits and audits are intended to foster a deeper understanding of their quality management systems. These on-site visits and audits are scheduled as mutually agreed-upon events, ensuring transparency and collaboration throughout the process.

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Charter Steel mandates that Preferred Suppliers involved in outside processing activities actively assess and enhance their quality management systems, with the ultimate goal of achieving certification to the IATF16949 standard. This expectation underscores our commitment to maintaining the highest standards of quality and consistency across our supply chain (see Section 3: Terms and Definitions).

8.4 Identification and Traceability

Suppliers must implement and maintain robust methods for identifying and tracking products throughout all stages of production and service operations. Effective identification practices may include the use of travelers, bar codes, and scanners, ensuring clear status marking for monitoring and measurement. For certain industries, configuration management or other documented methods may be utilized. Traceability is non-negotiable, and suppliers must establish a systematic approach to control and record the unique identification of products. This process is crucial for maintaining product integrity and ensuring accountability throughout the supply chain.

8.5 Control of Changes

Suppliers are accountable for preserving the integrity of production and service provision by rigorously controlling any changes that may occur. A systematic and comprehensive approach to change management is essential, and suppliers are expected to follow these key steps:

Review: A thorough assessment of the proposed change, including potential impacts on the product or service.

Verification or Validation: Testing and validation of the change before it is implemented to ensure it meets all required specifications.

Approval: Formal approval of the change, including obtaining authorization from Charter Steel where necessary.

Implementation: Execution of the change, including updating all relevant elements of the supplier's Quality Management System (QMS) to reflect the new processes or standards.

8.6 Statutory and Regulatory Conformity

As outlined in our "Terms and Conditions" document referenced on the purchase order, Charter Steel requires that all suppliers ensure the products, processes, and services provided are fully compliant with the latest applicable statutory, regulatory, and other requirements. Suppliers must be able to provide documented evidence of conformity, particularly in the countries where manufacturing occurs, to ensure seamless integration into Charter Steel's production flow.

9 Performance Evaluations

9.1 Monitoring, Measurement, Analysis, and Evaluation

Annual Supplier Performance Report Process - Preferred Suppliers Only

Monitoring supplier performance is crucial for maintaining the high standards expected by Charter Steel. The objectives of this process are to:

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Communicate Performance Feedback: Provide our Preferred Suppliers with clear, actionable feedback on their performance, enabling them to implement necessary improvements.

Evaluate and Manage Supply Base: Establish an internal measurement system that allows Charter Steel to assess and manage the performance of our supply base effectively.

Determine New Business Awards: Assist in identifying and awarding new business opportunities to suppliers who consistently meet or exceed our performance criteria.

Each year, the Charter Steel Procurement Department selects a group of top Preferred Suppliers to receive supplier scorecards. These scorecards assess supplier performance on a 100-point scale, weighted across the following categories:

Category	Definition	Weight
Cost	Saving opportunities, cost transparency, and price competitiveness	35%
Delivery	On-time and in-full product delivery	25%
Partnership	Problem resolution, capacity flexibility, and continuous improvement focus	20%
Risk (Quality)	Business continuity, disaster recovery, and adherence to quality standards	20%

Suppliers are required to conduct regular audits of their entire quality system to ensure ongoing compliance and effectiveness. Suppliers certified to ISO9001 must have a documented audit procedure in place. Audit results should be reviewed by the supplier’s management team, and any corrective actions must be documented and retained for the agreed-upon retention period. Additionally, summaries of third-party audit reports conducted at supplier sites must be shared with Charter Steel Quality Assurance Management upon request, ensuring transparency and continuous improvement.

10 Improvement

10.1 Nonconformity and Corrective Action (Supplier Corrective Action Request - SCAR)

Suppliers who receive a Supplier Corrective Action Request (SCAR) from Charter Steel must respond within 10 working days with a detailed and meaningful corrective action plan. This response must include a thorough root cause analysis, both at the process and system levels, as well as containment and corrective actions. While corrective actions may require time to implement, a clear timeline for completion is expected. Charter Steel may verify the effectiveness of the corrective actions through subsequent on-site visits. Failure to adequately address issues may impact the supplier’s performance rating, particularly in areas related to delivery and quality (see Section 9.1: Monitoring, Measurement, Analysis, and Evaluation). Repeated failures to protect Charter Steel and our customers from nonconformities may lead to escalation, including on-site audits and potential resourcing decisions.

10.2 Continual Improvement

Suppliers are expected to foster a culture of continuous improvement, actively seeking ways to enhance quality, cost-efficiency, and delivery performance. This commitment should be evident across all departments, with a strong focus on meeting Charter Steel’s expectations for quality, cost, and delivery. Executive and operational management should monitor key performance indicators and drive continuous improvement initiatives to ensure long-term success and alignment with Charter Steel’s strategic objectives.

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Acknowledgement of Review or Acceptance:

Suppliers to Charter Steel who have received a Supplier Quality Manual are requested to complete this information below and return this signed Acknowledgement of Review or Acceptance to the Procurement Department at Charter Steel. The Supplier's authorized representative's signature is an acknowledgement of receiving and understanding the content of this manual.

Supplier Company Name (please print legibly): _____

Primary Products/Services: _____

Authorized Signature: _____

Title: _____

Date Signed: _____

For our recordkeeping purposes, if we do not receive your signed acknowledgement of this Supplier Quality Manual within 30 days from the date of this correspondence, Charter Steel assumes that your organization has accepted this manual as written. We will update our supplier approval records of your acceptance. You may scan and email this signed Acknowledgement of Review or Acceptance to:

csprocurementdept@chartersteel.com

If you have any questions regarding the content of this Charter Steel Supplier Quality Manual, please contact your Charter Steel Buyer.

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