



DELTA
SYSTEMS

SUPPLIER QUALITY MANUAL

Revision History:

Revision	Date:	Revised By:	REVISION
CR1852	3/12/10	C. Mason	Initial Release
2	1/29/2014	J. Brookover Sr.	Rewrite of manual to include Supplier Approval & Planning section, plus updates to criteria and Supplier Part Approval Process, Supplier Scorecards
3	12/3/14	J. Brookover Sr.	Renumbered from 7.4.1 to 7.4.1.002, Rewrite of Section 2.0 – Supplier Audit section, changed section 2.1 Level I supplier from “critical” to “major”, rewrite of section 4.2 and added the GD&T critical characteristic symbol, rewrite of section 4.7 SPAP’s.
4	1/21/15	J. Brookover Sr.	Rewrite of Quality portion of Section 1.2 and Section 3.1 Supplier Score Card to reflect actual supplier measures.
5	5/12/15	J. Brookover Sr.	Added Labor & Human Rights section to 1.2 Expectations.
6	3/8/16	J. Brookover Sr.	Update section 2.0 to reflect updated Quality Policy.
7	4/13/16	J. Brookover Sr.	Added Section 4.5 – Revisions
8	1/26/17	Emilia Lacatus	Added Communications paragraph 1.2 Expectations, Updated Product Change Notice paragraph, to add the requirement for written notification, updated “
9	2/8/17	Emilia Lacatus	Updated section 1.2, updated section 2.1, updated section 3.1.
10	5/10/2018	Michael Haessly	Updated with new logo.

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1.0 General Information

1.1 Introduction:

Delta Systems is a designer and manufacturer of switches, displays and electronic controls. We have been partnering with our customers to provide innovative solutions to the Outdoor Power Equipment industry for more than 40 years. We take pride in our ability to listen to the customer and understand their needs. We then serve their needs with a quality product. Our quality mindset begins in design, continues through testing and customer approval, flowing seamlessly into production and evolves even post delivery.

Listening to the Voice of the Customer (VOC) is paramount; henceforth, in order to meet and exceed the needs and expectations of our customers, Delta systems, Inc. has been deeply involved in, and committed to, providing high quality state-of-the-art products. Therefore, it is essential that Delta Systems Inc. partners with qualified and competent suppliers who integrate into the complete line of products, accessories, values, beliefs, culture, and leadership.

Towards this end, the purpose of this manual is to provide our suppliers and their associates with a reference of principles and details relating to the procurement and supply of quality products and services. Delta Systems Inc. is confident that the documentation of our quality and business expectations and requirements will enable us to work together more effectively as we strive for excellence.

1.2 Expectations:

Delta Systems, Inc. is committed to supply chain excellence; utilizing best tools available such as lean six sigma techniques and strive for lot size of one manufacturing capability. The following minimum criteria have been established as the basis for selecting suppliers for Delta systems, Inc.

Communications:

Communications is a critical factor of success. Appropriate methods to communicate requirements and performance must be established within the supplier's organization.

All suppliers of production parts, processes, assemblies, components, materials and services to Delta Systems, Inc., shall have the capabilities for the exchange of documents via electronic methods. The majority of the communications shall be handled through electronic documents and systems. The supplier shall adopt the necessary electronic systems to manage the process and improve communications with Delta Systems, Inc.

All communications, both electronic and otherwise, with Delta Systems, Inc. shall be in English.

Technical Capabilities:

As a strategic partner, Delta Systems, Inc. expects innovation and collaboration in product design and value-add activities. The supplier must maintain access to a technical staff that is current with modern technical equipment, methods, and processes. We expect assistance in Value Analysis/Value Engineering activities, New Product Introduction and in the generation and implementation of cost reduction and reliability improvement opportunities. We require

support of new process / product improvement ideas and engineering changes throughout the product's life cycle. We require RoHS, REACH, California Prop 65, and Conflict Minerals compliance and other applicable environmental regulations (as required).

Quality:

Our processes rely on the delivery of defect free products by our suppliers. We track supplier performance based primarily upon ppm (parts per million). Specific PPM goals are established for supplier performance monitoring. We must meet or exceed these quality performance goals to satisfy our customer expectations. Suppliers must maintain a documented, working, and auditable quality system that provides adequate confidence that products provided satisfy our requirements. The supplier survey and quality system audits are integral parts of supplier selection.

Planning Execution Responsiveness:

Our manufacturing process relies on timely delivery of a defect-free product. The supplier must be responsive to our requests for changes due to material, defective components, and schedule changes, both quantity and dates which sometimes require immediate action on orders in process.

Product Change Notice:

Suppliers are required to submit a written request to Delta Systems, Inc. for any change to parts or process and obtain approval prior to implementing the change. This includes changes at Sub-suppliers throughout the supply chain. Examples of changes include, but are not limited to, engineering change to design records, specifications, component change, discontinued part, equipment/tooling change, firmware/software change, material change, manufacturing location change, manufacturing process change. Delta Systems, Inc. will require an SPAP submission based upon the type of change being made.

Changes shall not be implemented prior to the receipt of written approval from Delta Systems, Inc.

End of Life Product:

For product nearing end of life, suppliers must provide minimum 12-month advance notification of product withdrawal and accept last time buy purchase orders. Additionally, at time of notification, supplier must provide suggestions to global procurement for potential alternatives/replacements of last time buy products or materials.

Material Obsolescence:

Suppliers are to request disposition of obsolete material within 90 days of notification. Delta Systems, Inc. reviews/approves requests and determines disposition; scrap at supplier, ship, or rework. All material obsolescence disposition notifications are to be provided to buyers for review and use-up determination.

Capacity:

Delta Systems, Inc. requires suppliers to be flexible, responsive, and able to absorb new volume into production. Suppliers must notify Delta Systems Inc. of any capacity constraints related to Delta systems Inc. owned or supplier owned tooling (including tool life), fixturing, and test equipment. Additionally, suppliers must periodically review and advise Delta systems, Inc. of

any internal production constraints or machine capacity constraints at its facilities or its sub-tier suppliers that could affect delivery or quality of product. Suppliers must notify Delta Systems, Inc. when capacity utilization reaches the threshold stated within their specific contract. If no contract exists, the threshold is 80%.

Delta Systems, Inc. desires the mixed capacity to support early product development prototypes, as well as production volumes. This is of importance in the early design stage. We routinely require short runs on a number of parts at the same time to meet pilot production runs.

Manufacturing Interruption:

Delta systems, Inc. expects suppliers to provide defect free product on time. When it has been determined that supplier delivery or quality issues severely impact our operations, the supplier must implement a corrective and/or preventive action to attain an immediate and final resolution.

Disaster Recovery:

Delta Systems, Inc. depends on our suppliers to provide product as agreed upon. Natural or manmade disasters can have a significant impact on operations/business. Therefore, Delta Systems, Inc. requires that all suppliers indicate whether they have a Disaster Recovery Plan in place.

Logistics Air Shipments:

All shipments made to Delta Systems, Inc. must be via GROUND or OCEAN freight, excluding contractually agreed upon product. Authorization for AIR, deferred or expedited, must be approved via the P.O. or written consent. For any AIR shipment made without providing proper authorization, payment will be rejected, and carrier will be instructed to back-charge the invoice.

Domestic Shipments:

The following information is required for Domestic Shipments: Purchase order and/or sales order number, carrier PRO number, bill of lading, origin & destination information, date and time of pick up, skid count & total weight and if there are any special requirements.

International Shipments:

All shipments must include a commercial invoice and packing slip. Please place the commercial invoice and packing slip in a pouch on the outside of the package. When shipping internationally, suppliers must comply with commercial invoice requirements.

Freight charges will not be paid on any supplier invoice submitted unless prior arrangements between Delta Systems, Inc. and the supplier have been made. Excessive freight charges incurred due to non-compliance of these instructions will be charged back to the supplier.

Packaging:

Packaging specifications must be followed and may specify designated quantities, skids, boxes, marking, weights, and recyclability. Many items are specified with box quantities and sizes to facilitate production and warehouse efficiencies. Packaging requirements may be reviewed

periodically to facilitate quality improvements, cost reduction, and/or production efficiencies. If you have any questions concerning packaging requirements, please contact your Buyer.

Labeling:

All products must be labeled with; Delta Systems, Inc. part #, revision level, date of shipment and Delta Systems, Inc. P.O. # at a minimum.

Safety: Dangerous Goods Compliance:

Dangerous goods are articles or substances capable of posing significant risk to health, safety or property, and that ordinarily require special attention when transported. Dangerous goods require special packaging, marking, labeling, storage, and documentation. Shipments of certain classes of hazardous materials may require additional preparation and pre-approval.

Labor and Human Rights: Forced and Child Labor:

In the absence of local law or regulations, suppliers may not employ workers under the age of 14 per the United States Fair Labor Standards Act of 1938.

The California Transparency in Supply Chain Act, enacted in January 2012, requires retail sellers and manufacturers to eradicate slavery and human trafficking from the supply chain.

Delta Systems Inc. supports this legislation and expects all suppliers to not participate in human trafficking; use forced, involuntary, or slave labor; or purchase materials or services from companies using forced, involuntary, or slave labor.

Conflict Minerals Policy:

“Conflict Minerals” refers to minerals or other derivatives (specifically, Tin, Tantalum, Tungsten, and Gold) mined in the eastern provinces of the Democratic Republic of the Congo (DRC) and in the adjoining countries where revenues may be directly or indirectly financing armed groups engaged in civil war resulting in serious social and environmental abuses. In July 2010, the United States passed HR4173, the Dodd-Frank Financial Reform Bill section 1502(b) requiring all US public companies and their suppliers to disclose the chain of custody usage of conflict minerals.

Delta Systems, Inc. supports this legislation and its position to avoid the use of conflict minerals mined from the DRC and adjoining countries:

- Delta Systems, Inc. expects our suppliers to source materials from socially responsible suppliers.
- Delta Systems, Inc. expects all of its suppliers to comply with the Dodd-Frank regulation and provide all necessary declarations.
- Suppliers must pass this requirement through the supply chain and determine the source of specified minerals.
- Suppliers who are non-compliant to these requirements shall be reviewed by our purchasing managers for future business.

This conflict minerals policy is in line with the Global Business Initiatives on Human Rights and the framework of the United Nations Principles of Human Rights encouraging governments and businesses to respect, protect, and remedy human rights.

Safety Data Sheet:

Every manufacturer must supply a MSDS/SDS on every product supplied which identifies the chemical composition and their physical properties. It allows operators to use chemicals safely by making them aware of hazards and risks associated with products. For any product supplied by your company, the current version of the MSDS/SDS should be provided prior to or at shipment; PDF e-mailed copies are preferred.

Battery imbedded in a device:

Suppliers must provide an MSDS/SDS for all material and/or components that contain hazardous materials within the product supplied. An example would be a battery imbedded in a device or mounted on a circuit board. If any of the products supplied to Delta Systems, Inc. contain embedded items or materials covered by a MSDS/SDS, the MSDS/SDS must be supplied as prescribed in the Safety Data Sheet section above.

Manufacturers recommended “Use by Dates”:

“Use by Dates” on appropriate products are effective and useful for consumption of the product. Suppliers must provide recommended “use by dates” for all items manufactured or shipped that may be affected. Suppliers are to submit recommended “use by dates” at the time of quote.

Moisture Sensitive/Electrostatic Discharge (ESD)/Electrostatic Discharge Sensitive (ESDS):

Moisture Sensitive or ESDS assemblies and equipment containing ESDS parts and assemblies should be marked with an ESD caution symbol. The symbol should also be located on the equipment or shipping carton in a position readily visible to personnel.

2.0 Supplier Approval & Planning

Delta Systems, Inc. Quality Policy:

Customer Satisfaction through Compliant Products built on Quality Processes through the use of an effective Quality Management System.

2.1 Supplier Selection and Classification

The matrix below provides a summary of the requirements for supplier selection and classification of suppliers, as listed in the ERP system or as applicable for unclassified suppliers.

Type	Definition	Selection Criteria
Level I	Major Suppliers: based upon the risk to Delta Systems, Inc. This may include, single source, quantities ordered, tooling ownership, customer specific requirements.	Supplier Self-Survey, On-Site Audit & Quality Manual
Level II	Suppliers of parts made to Delta Systems, Inc. specification and are low risk.	Supplier Self Survey & Quality Manual
Level III	Suppliers of commodity parts that may be obtained from multiple suppliers, but are a component in a Delta Systems, Inc. saleable product.	Buyer discretion

Level IV	Off-the-shelf parts/services that are not a component in a Delta Systems, Inc. saleable product.	Buyer discretion
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In general, supplier selection is made by a cross-functional team of Delta Systems, Inc. personnel. Inputs to the selection process include, but are not limited to, a Supplier Self-Survey and On-Site Audit. The Supplier Self-Survey is provided to the potential supplier for completion. The On-Site Audit will not be conducted until a Supplier Self-Survey has been fully completed, returned, and reviewed. Delta Systems, Inc. may require suppliers to update/resubmit assessments periodically. Once the survey is complete, the On-Site Audit will be conducted as required by Delta Systems, Inc. personnel. The Quality representative or another qualified auditor leads the audit team. In general, the audit is based on the quality systems requirements as described in the ISO 9001.

Based upon the Supplier Self-Survey and the On-Site Audit, A Delta Systems, Inc. cross-functional team will determine whether the supplier will be approved. A conditional approval may be given upon the submission and acceptance of a documented improvement plan. These plans will be reviewed and jointly approved by the Delta Systems, Inc. cross-functional Team.

2.2 Contract Review:

Should a supplier be unable to meet requirements contained in this manual or purchase order specifications, the Delta Systems, Inc. buyer must be furnished written documentation detailing all noted exceptions within five (5) business days of determination.

2.3 Sub-supplier Quality Control:

When sub-suppliers are involved, it is the responsibility of the Delta Systems, Inc. contracted supplier to adequately control the sub-supplier. Delta Systems, Inc. reserves the right to audit the sub-supplier. Where the sub-supplier is making parts to Delta Systems, Inc. specifications, a part approval process similar in scope to PPAP must be used.

2.4 Advanced Product Quality Planning (APQP):

Advanced Product Quality Planning (APQP) is a structured method for defining and executing the actions necessary to ensure a product satisfies the customer. APQP is a supplier-led program and is recommended of all system, subsystem and component manufacturing locations. The goal of Advanced Product Quality Planning is to facilitate communication with everyone involved to assure that all required steps are completed on time. Delta Systems, Inc. strongly recommends the use of APQP.

2.5 Supplier Team:

Delta Systems, Inc. deploys a cross functional team during supplier selection and development. This team could consist of representatives from Sourcing, Quality, Engineering, Manufacturing, Finance, and others as needed. The responsibilities of the team include:

- Identify and recommend supplier for team approval.
- Schedule and conduct supplier audits and business reviews.
- Represent Delta Systems, Inc. during supplier qualification process.
- Assure that the supplier understands and meets objectives and requirements.
- Provide the supplier with performance data and feedback.
- Verify that the supplier understands and meets any required regulatory standards.

3.0 Supplier Score Card & Performance Monitoring

3.1 Supplier Score Card:

The Score Card is a primary communication method used with key suppliers to monitor, communicate, and achieve specific and overall supplier performance goals. Delta Systems, Inc. will provide scorecards on as needed basis, (based on a calendar year) for all Level I suppliers. The scores will be based on the following (please refer to the DSI scorecard for specifics on scoring of each area):

The content may include:

- Quality Performance (ppm)
- Supplier Corrective Actions
- Supplier Registration (ISO9001 or other)
- Supplier Audit

Periodic reviews may be conducted with Level I suppliers as needed. During these reviews, information is shared pertaining to current business conditions and trends, a cross-functional evaluation of the Delta Systems, Inc.-Supplier relationship, and supplier performance.

4.0 Supplier Process Validation

The intent of this section is to provide the means of validating the supplier's process and assure parts meet or exceed requirements.

4.1 Process Documentation

All suppliers manufacturing Delta Systems, Inc. designed, or contracted products must have documentation to support the specific process and routing method to be used. This documentation must be current to the drawing revision specified.

This process documentation must include data on approved production fixtures and tooling as well as approved gauging, test equipment inspection and test requirements. All documents must carry issue and revision dates.

Upon issuance, the documented process becomes the only authorized manufacturing method, and regular production material must be manufactured in accordance with this approved documentation and process.

Once initial production samples have been approved, any change in the defined process that could potentially affect the product conformity to print or specification requirements *must be* submitted for written approval prior to use. Failure to comply with this section shall place full responsibility with the supplier including any/all rework costs.

4.2 Critical Characteristics:

Critical characteristics are defined as those characteristics that affect form, fit, function & performance of a given material or product. Critical Characteristics are noted on the Deltas Systems, Inc. engineering drawings by using the following symbols:



4.3 Process Capability:

Process Capability Requirements for all critical characteristics defined by Delta Systems, Inc. shall have a Cpk of >1.33 unless otherwise agreed upon prior to production of product. Suppliers should also choose key process characteristics to monitor their manufacturing process internally and strive for a six-sigma level (Cpk \geq 2.00).

4.4 Engineering Changes / Deviations:

All engineering change requests or deviation requests shall be submitted to Delta Systems, Inc.'s Quality Department for **written** approval prior to implementation or shipment. A SPAP will be requested with supporting layout and/or test results validating the request. These changes include any or all changes to the normal process flow originally stated to Delta Systems Inc.

4.5 Revisions:

The supplier shall comply with the latest revision of the supplied purchase order. **If a discrepancy is identified, between the purchase order and the supplied engineering print,** it is the responsibility of the supplier to reconcile the discrepancy before producing the product.

4.6 Traceability:

Suppliers shall establish a system to identify the product through all stages of production within their facility. This shall include storage, delivery, subcontractor operations and other outside process such as heat treating and plating. Supplier shall be able to contain within a defined interval. Ex: By date code, lot #, qty, etc.

4.7 Material Certifications:

Material certifications shall accompany all shipments of raw material lots specifying conformance to Delta Systems, Inc. purchasing and validation testing specifications, if defined.

If an alternate raw material source is desired, the supplier will be required to submit SPAP per Delta Systems, Inc. requirements. If a raw material shortage is in effect and the supplier must use an alternate supplier, prior to submitting a SPAP, the supplier shall request a written deviation from Delta Systems, Inc. This deviation request shall include validation testing to show that the material is equivalent or superior to the raw material currently being received from the primary supplier.

4.8 Supplier Part Approval Process (SPAP):

The Supplier Part Approval Process (SPAP) is required for all components purchased from a Level I or Level II supplier. The SPAP (similar to PPAP) requirements are determined by Delta Systems, Inc. and the appropriate requirements are submitted to the supplier.

The supplier shall submit the appropriate SPAP documentation to Delta Systems, Inc. for review and approval. Once approved, the component is able to be purchased.

4.9 Containment:

If at any time a defined critical characteristic process / product falls below the C_{pk} requirements the supplier shall notify Delta Systems Inc. with containment actions. The Root Cause and intended Corrective Actions along with verification of actions must be relayed to Delta Systems Inc. in writing per Section 5.1 – Corrective Action.

Short term sorting actions may be requested if the product is required at Delta Systems Inc. All additional expedited shipping costs will be at the expense of the supplier.

4.10 Control of Non-conforming Material/Notification:

Suppliers shall have a system in place to contain, control, and disposition nonconforming product or material. Suppliers shall have traceability to smallest lot size available. In cases where nonconforming material or product is discovered and may have been shipped to Delta Systems, Inc., a system of notification and positive recall must be in place to ensure timely notification to Delta Systems, Inc.

If nonconforming product is detected at Delta Systems, Inc. the supplier may choose from one of the following options:

- Supplier may have the material returned at the suppliers' expense and replaced in a timely manner. All expedited shipping costs will be at the supplier's expense.
- Supplier may sort for the nonconformance at Delta Systems, Inc. by providing their own labor or incur the labor costs for a Delta Systems, Inc. sort at the current labor rate.
- Supplier can have Delta Systems Inc. discard the material and send replacement material.
- Supplier may request an alternative that must be approved by Delta Systems, Inc.

Delta Systems Inc. may charge back to the supplier any expenses directly related to the non-conformance. This may include; lost labor, lost production, scrapped assemblies, etc.

5.0 Manufacturing Controls

5.1 Corrective Actions:

Suppliers shall have a corrective action system in place utilizing root cause analysis and containment procedures. Delta Systems, Inc. will provide the preferred Supplier Corrective Action form. Upon discovery of suspect or discrepant material by Delta systems, Inc., the supplier will be notified immediately, and where applicable, a sample will be sent.

A response will be required within 24 hours as to the containment and disposition plan for the discrepant material, unless other actions have been communicated to Delta Systems Inc.

A formal corrective action response will be required within two weeks, outlining the root cause, long-term corrective actions and verification of those corrective actions.

All Corrective Actions shall be addressed and closed within 30 days. If the identified actions are determined to take longer than 30 days, the supplier is required to notify Delta Systems, Inc. for an approved extension.

5.2 Waivers for Non-conforming Materials:

In certain instances, material that does not conform to specifications may be fit for use and may be granted a onetime waiver (also commonly referred to as 'deviation').

A supplier cannot intentionally ship non-conforming material to a Delta Systems, Inc. facility without advance waiver authorization. Suppliers must submit a request for waiver prior to shipment of material. If the waiver is accepted, deviated material and shipping papers must be positively identified with the resulting waiver number.

When a supplier discovers that non-conforming material has been inadvertently shipped without an authorized waiver the Buyer, must be contacted immediately by the Supplier.

5.3 Warranty:

If any warranty claims, made against Delta Systems, Inc., are traceable back to a supplier nonconformance, Delta Systems, Inc. will require the supplier to make retributions back to DSI at the cost of the warranty claim from Delta Systems Inc.'s customer. Any external testing costs incurred by outside laboratories to come to the root cause will be at the expense of the supplier that produced and delivered the nonconformance.

6.0 Acknowledgement:

By signing below, the supplier is acknowledging receipt of this Supplier Quality Manual and understands its content.

Company Name: _____

Company Address: _____

Supplier Rep: _____ **Date:** _____