

Supplier Manual - Section I General Information

1.1 Purpose of Supply Base Manual

Shape / NetShape recognizes the importance of building strong partnerships with world-class suppliers. We are seeking partners who are interested in joining a high performance team committed to providing excellent customer satisfaction. The performance of our supply base has a dramatic impact on our ability to exceed our customer's expectations. Our goal is to have a positive impact on the performance and development of our supply base. The pursuit of this goal will ensure on time delivery of defect free products and services.

The purpose of this manual is to communicate the requirements and expectations of our suppliers. Through continuous improvement and a close working relationship with our supply base, we will continue to be a world class supplier to all of our customers.

The Supply base Manual is comprised of 5 main sections:

1. General Information
2. Quality Expectations
3. Delivery Expectations
4. Commercial Expectations
5. Supplier Rating System

Though we try to maintain consistency, the expectations of our customers may supercede our policies and procedures.

1.2 Goals of Supply Base

- Delivery - On-time delivery of products/services – Zero PPM
- Quality – Defect free products – Zero PPM
- Cost – Continuous reduction of costs through active participation in the DRIVE program and achieving our commercial expectations.

1.3 Values

The  Quality Policy is as follows:

The Shape Corp. and NetShape teams will achieve total internal and external customer service.

100% Customer Satisfaction

Our products will be complete, on time, and defect free. Through continuously evaluating and improving our customer satisfaction, we strive to be the benchmark for global quality standards in the metal forming, coating, and plastics industries.

A statement about ethics:

We believe the mutual interest of us and our suppliers is best served by a common dedication to excellence and that such dedication is adequate to express mutual respect and appreciation. Our expression of being an industry leader and maintaining exemplary ethical business practices is a key core principal. If you have any questions on what practices are acceptable, please feel free to contact the Vice President of Human Relations or the Director of Global Purchasing.



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- Continuous Improvement:

We operate under a “Lean Manufacturing” philosophy of continuous improvement and elimination of waste. Shape/NetShape has adopted many principles of the Toyota Production System (TPS). The primary focus of this philosophy is the elimination of waste. The seven areas of waste we focus on are:

1. Inventory
2. Overproduction
3. Correction
4. Material Movement or Conveyance
5. Processing
6. Motion
7. Waiting

It is expected that our supply base will eliminate waste in their own operations and adopt the same philosophies. The elimination of waste directly reduces cost. Our supply chain is expected to support our efforts to eliminate waste of correction by providing products and services that meet the goal of zero PPM quality defects and eliminating the need for inspection. Suppliers also support efforts to reduce waste of excess inventory and machine idle time by achieving a zero PPM delivery performance of products to our just-in-time delivery schedules.

1.4 General Responsibilities

We believe that our mutual success depends on forming strong partnerships based on cooperation and mutual respect. A critical element of developing and maintaining partnerships is the clear definition of expectations and responsibilities.

Shape/NetShape Responsibilities

Developing strong partnerships with the supply base starts with being a good customer. We are working to improve how we interact with a diverse group of companies providing vital goods and services Shape/NetShape’s responsibilities to our supply base include but not limited to:

- Communicating clear expectations and requirements
- Providing timely and accurate feedback on supplier performance
- Serving as a resource for suppliers
- Rewarding suppliers who consistently exceed our expectations

We welcome and expect continuous feedback from our supply base regarding opportunities for us to improve our performance as a customer.

Supplier Responsibilities

The capabilities of supply base partners are critical to the continued success and growth of our business. Valuable characteristics of excellent supply base partners include:

- Communicates proactively with us on any and all concerns that may affect our business
- Communicates proactively with us on all changes to materials and /or processes that may affect our business.
- Consistently meet our quality and delivery expectations
- Aggressively strives to continuously improve operational performance and customer service
- Exhibits flexibility in meeting dynamic customer needs
- Diversity in production capabilities supporting Shape/NetShape’s efforts to limit the number of supply base partners

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- Continually implements innovations in products and processes resulting in lower costs

1.5 Diversity

Policy Statement Minority/Women Business Enterprises

Our policy regarding the inclusion of minority and women- owned businesses (M/WBE) within the company's procurement system is as follows:

It is the policy of Shape/NetShape to ensure equal access to contracts and business opportunities within the company to all enterprises including M/WBE. We will attempt to establish relationships with those M/WBE who are capable of supplying goods and services that meet our needs.

In an effort to carry out this policy we have established a baseline goal of having 6% of our overall spend be with recognized M/WBE's.

“Minority Business Enterprise” shall mean a business that is at least 51% owned, controlled and operated by a minority person. The business must be certified as a Minority with a recognized minority council or government organization to qualify.

“Women Business Enterprise” shall mean a business that is at least 51% owned, controlled and operated by a woman. The business must be certified as a Woman with a certifying agency being Women Business Enterprise National Council-WBENC or government agency.

The Basic Components of our Supplier Diversity Program

- Outreach – Participate in organizations that provide interaction with Minority owned enterprises (Any regional affiliate of the National Minority Supplier Development Council, Small Business Administration)
- Certification – Verification of M/WBE status through certifications.
- Qualification – Compare potential supplier capabilities with current and future procurement needs
- Reporting – Providing our customers with feedback on our spend data

Shape/NetShape will look for minority candidates for all goods and services procured. We will track the minority spend and will attempt to achieve a 6% baseline of total spend goal for minority spend. We will have a Purchasing Agent that has primary responsibility for monitoring and reporting of our Minority efforts. Shape and NetShape encourage our suppliers to also utilize M/WBE Businesses. We will also review this objective at regular formal reviews with our supply base.

1.6 Environmental Policy

Shape Corp.and NetShape teams will achieve and demonstrate sound environmental performance by controlling the impact of our activities, products, and services on the environment by:

- Reducing Risks
- Compliance with Environmental Regulations
- Pollution Prevention
- Continuous Improvement

Information on specific requirements can be found in the Safety and Environmental Brochure.