

FASTENAL[®]

Supplier Quality Manual



Growth Through Customer Service.

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1. SUPPLIER QUALITY VISION

Our vision for all Fastenal Suppliers is to implement and maintain a Quality Management System (QMS) that allows them to produce and deliver competitive, high quality products for our customers. Fastenal expects our Suppliers to conduct business with integrity and in a socially, environmentally responsible manner.

Fastenal recognizes the very important role our suppliers have in the quality of product we offer our customers. As an extension of our own operations, we rely on our Suppliers to provide material, products, and services which meet all applicable requirements specified by Fastenal.

2. PURPOSE

The purpose of this Manual is to inform our Suppliers of the core expectations we have regarding our Suppliers' QMS. This Manual describes what Fastenal expects its Suppliers to maintain in assuring that all Fastenal requirements and expectations are consistently met.

Note: This Manual is not intended to replace a Supplier's existing QMS. Suppliers are requested to perform a self-evaluation to determine where their quality system aligns with this Manual. The requirements within this Manual are provided as a supplement, not as a replacement for or altering of terms or conditions with pre-established agreements, purchase orders (PO's), specifications (Fastenal Product Standards), etc.

3. RESPONSIBILITIES

As a Supplier to Fastenal, you are responsible for managing the quality of product or service you provide. Suppliers must also control all items purchased from their sub-tier suppliers and incorporate appropriately into products or services supplied to Fastenal in order to meet our requirements.

4. QUALITY MANAGEMENT SYSTEM

Suppliers should maintain a QMS suitable to the products and services provided to Fastenal. Suppliers may be certified / registered by an accredited, third-party certification body to the latest applicable QMS standard such as:

- ❖ ISO 9001
- ❖ ISO/TS 16949
- ❖ AS9100
- ❖ ISO 14001
- ❖ ISO 17025 (Testing & Calibration Laboratories)

In the absence of an accredited, third-party certification, depending on the product and criticality; Fastenal may approve a Supplier's QMS to be compliant to one of the mentioned QMS' above. This will include a self-assessment survey and/or on-site audit performed by Fastenal's Quality Assurance department.

Note: Fastenal Manufacturing – Loves Park (IL180) suppliers need to be at a minimum of ISO 9001: 2008 registered with a goal of becoming ISO/TS 16949 registered.

4.1 General Requirements for Suppliers

Suppliers are required to establish, document, implement, maintain, and monitor their QMS to continually improve its effectiveness in accordance with the requirement of this Manual. The supplier shall:

- ❖ Identify processes needed for the QMS and its application throughout their organization.
- ❖ Determine the sequence and interaction of these processes.
- ❖ Determine criteria and methods needed to ensure that both the operation and control of these processes are effective.
- ❖ Ensure the availability of resources and information necessary to support the operation and monitoring of these processes.
- ❖ Monitor, measure, and analyze processes critical to the quality of products supplied.
- ❖ Implement actions necessary to achieve planned results in their continuous improvement planning.

4.2 Documentation Requirements

QMS documentation shall include:

- ❖ Documented statements of a quality policy and quality objectives.
- ❖ Documented procedures as required by the QMS.
- ❖ Documents needed by the organization to ensure the effective planning, operation and control of its processes.



- ❖ Records required by the QMS.

4.3 Control of Documents

The Supplier shall establish, maintain, and document procedures to control all QMS documentation and all data generated under the QMS.

4.4 Control of Records

The Supplier shall establish, maintain and document all quality related records. These records must be stored in an environment that does not allow document deterioration and are readily accessible. The Supplier shall make available all quality related records upon request by Fastenal.

- ❖ All quality records need to be maintained for a minimum of 3 years, excluding MTR's/test results which are required to be maintained for 5 years minimum.

5. MANAGEMENT RESPONSIBILITIES

Top management shall have an active role in the Supplier's QMS. This commitment should address managerial processes of quality planning, quality control, and quality improvement.

5.1 Management Commitment

The Supplier shall demonstrate a commitment by top management to continuous improvement. Top management shall provide documented evidence of its commitment to the development and improvement of the QMS by:

- ❖ Communicating the importance of meeting customer as well as regulatory expectations and requirements to the organization
- ❖ Establishing the quality policy and objectives
- ❖ Conducting regularly scheduled management reviews on the effectiveness of the quality system and taking appropriate action when indicators are unfavorable
- ❖ Ensuring the availability of necessary resources

5.2 Customer Focus

Top management shall ensure that customer needs and expectations are identified, converted into requirements, and fulfilled with the intent of achieving customer satisfaction. Fastenal requires that Suppliers conform to applicable requirements specified on the Purchase Order (PO), Fastenal Product Standard as well as requirements for reliability, delivery, etc.



5.3 Quality Policy

Top management should endorse a written quality policy that:

- ❖ Is appropriate to the purpose of the organization
- ❖ Includes a commitment to meeting customer requirements and to continuous improvement
- ❖ Provides a framework for establishing and reviewing quality objectives
- ❖ Is communicated and understood at all levels in the organization
- ❖ Is reviewed for continued appropriateness

5.4 Quality Planning

Top management shall ensure that goals and objectives are established for the appropriate functions and levels. The goals and objectives must be measurable and consistent with the supplier's quality policy.

5.5 Responsibility, Authority and Communication

A QMS shall be implemented in order to provide confidence that the organization can satisfy the needs of its customers. The Supplier must show evidence of a quality policy emphasizing continuous quality improvement driven by top management. Management must define specific quality indicators and goals, as well as have a system in place to track and monitor trends. Improvement activities shall be based around these trends.

5.6 Management Representative

Top management must appoint member(s) of management who must have responsibility and authority for the planning, execution, control, and improvement of quality-related activities.

5.7 Internal Communication

The organization shall ensure that effective communication takes place between its various levels and functions regarding the processes of the QMS.

5.8 Management Review

The Supplier's management shall evaluate the degree of compliance and effectiveness of the QMS. Management Reviews shall be held at set intervals with a pre-determined agenda of items for review. The objective of the review should include a conclusion on the effectiveness of the quality system. Any metrics presented should also feature goals set by Top Management.

6. RESOURCE MANAGEMENT

6.1 Environment and Training

Employees shall be qualified for the job they perform through education, training, or work experience. Furthermore, employees should be provided with the equipment, facilities, training, and a work environment conducive to producing quality products and services that consistently meet the requirements set forth by Fastenal.

6.2 Human Resources

The Supplier is responsible for providing a system of ongoing monitoring of each employee's education, training, and work experience, and also for providing opportunities for training and continuing education to improve employee's skill level.

6.3 Infrastructure

The Supplier is responsible for maintaining the facilities, software, equipment, workspace, hardware, and support services to achieve conformity to the requirements set forth by Fastenal.

7. PRODUCT REALIZATION

7.1 Planning of Product Realization

As appropriate, the Supplier shall have a system where verification, validation, monitoring / measurement and any inspection or test activities related to the product and criteria for product acceptance are in place to ensure product conformance.

7.2 Confidentiality

The Supplier and its supply chain should ensure the confidentiality of customer-contracted products, projects under development, and related product information.

7.3 Customer Requirements

The Supplier shall demonstrate conformity to Fastenal's requirements. The supplier must communicate (flow down) characteristics to their supply chain, when and where applicable.

7.4 Change Notification

Fastenal must be notified of **any** proposed change in process, materials, or design for approval/acceptance of the change. Implementation of changes approved by Fastenal to materials, parts and assemblies is communicated to suppliers through purchase orders and/or Fastenal Product Standard.

7.5 Design and Development

Suppliers must provide technical leadership for their product, assist in the identification of potential problems, and work with Fastenal in correcting problems. When the supplier is responsible for the product's design control, it must conduct the reviews stated previously and include representation from their supply chain and Fastenal, as appropriate. Suppliers must develop the design verification and validation test plan at the system level.

The supplier and its supply chain must identify, document, communicate, and control all design changes to Fastenal. The supplier must evaluate the effect of any proposed changes to all products and inform Fastenal of the results.

7.6 Purchasing

Suppliers shall be responsible for the quality of the products and services provided by **their** supply chain.

The Supplier must have a system to properly select and monitor suppliers. The Supplier must communicate the specifications to their supply chain and continually verify the product meets specifications.

As a supplier to Fastenal, the Supplier is responsible for managing the quality of items purchased from your suppliers. Therefore:

- ❖ The suppliers are responsible for complying with the requirements mentioned in the PO (Purchase Order) and / or Fastenal Product Standard
(<http://www.fastenal.com/web/en/729/qualityassurance;jsessionid=5lfgTLWLcvKSfZxTD6pdWDTp37YH7kFgfvvBwvJmJRLJST79Zl!-1464438763!44978293>)
- ❖ Control of all items you purchase from your sub-tier suppliers and incorporate into products supplied to Fastenal.
- ❖ Suppliers are responsible to ensure that product is produced with authentic, conforming and specified material requirements, as required.

7.7 Production and Service Provision

Suppliers must incorporate and document controls as needed to ensure stable conditions for the manufacturing or distribution process. The Supplier should have readily available process control documents in place before parts are manufactured or distributed to Fastenal.

The Supplier must also validate any processes for production and service processes. This includes any processes where deficiencies may become apparent only after the product is in use or the service has been delivered. Validation must demonstrate the ability of the processes to achieve planned results.

7.8 Product Traceability

The supplier must establish and maintain documented procedures for product identification during all stages of production and distribution. Fastenal utilizes the purchase order number (internally known as the control number) to track material/products. To trace the part's history when determining the root cause and bounding of an issue, the supplier must use the purchase order number (control number) to identify records of raw materials, processes, operators, acceptance, test and process controls.

7.9 Material Test Reports (MTR's)

The supplier must provide Fastenal Company with Material Test Reports (MTR) when designated in the purchase order and/or Fastenal Product Standard. All questions should be directed to the Material Certifications Department materialcert@fastenal.com. MTR's must include results from all required testing listed in the applicable standard the parts are required to meet. See below for examples:

- ❖ Fastenal Part Number
- ❖ Fastenal Control (PO) Number
- ❖ Lot and/or Heat Number
- ❖ Product Description
- ❖ Chemical Composition including grade and type of material used
- ❖ Supplier's Name, address and contact information
- ❖ Signature from Lab or Quality personnel
- ❖ Lot Size (Qty shipped)
- ❖ Product Specification along with revision date (ex. ASTM A194-04a)
- ❖ Manufacturing date
- ❖ Surface condition (if coated the specification used)
- ❖ Decarburization Testing (when applicable)
- ❖ Macro Etch (when applicable)
- ❖ Dimensional Specification and test results
- ❖ Mechanical Specifications and test results
- ❖ Secondary Processing Specifications and test results (Heat Treat type, plating/coating, etc.)
- ❖ Manufacturers Head Marking information
- ❖ Material/Grade Marking information
- ❖ Test methods utilized (ex. A370, F606, etc.)
- ❖ Sampling plan used
- ❖ Material test reports for all parts affected by the Fastener Quality Act (FQA) must be issued by an ISO/IEC 17025 accredited laboratory.
- ❖ Test results/data has to be reported in the same Units and Systems that the parts were purchased in (i.e. inch to the Imperial system and metric to the metric system).



Note: Fastenal requires to suppliers to maintain MTR's for a minimum of 5 years.

7.9.1 Delivery Requirements of MTR's

- ❖ One heat/lot per test report. We can no longer accept multiple heat/lot numbers to be listed on a single MTR
- ❖ MTRs must be emailed in a PDF or TIF format
- ❖ Send only one MTR per PDF or TIF. MTRs cannot be batched by invoice number, ship date, etc.
- ❖ Multiple file attachments can be sent in a single email. These documents may be put in a Zip file.

- ❖ The filename of the MTR must be in the following format: PartNumber_PONumber_LotNumber (Example: 12345_110001123_HK135412)
- ❖ Initial MTR samples must be sent to materialcert@fastenal.com for verification. Once the delivery method and content are confirmed, the supplier is allowed to send ALL future MTRs to the materialcert@fastenal.com email address.

7.10 Customer Property

The supplier must exercise care with all Fastenal property, where/when applicable. The supplier must identify, verify, protect, and maintain property Fastenal provided for use or incorporation into product. If the supplier loses, damages, or makes Fastenal property unsuitable for use, it must report the issue immediately.

7.11 Preservation of Product

The supplier must preserve conformity of product during internal processing and delivery to Fastenal. This must include identification, handling, packaging, storage, and protection. The supplier must ensure their products are packaged and transported in a manner that prevents damage or deterioration. Suppliers must maintain documentation detailing proper packaging, cleanliness, storage, and shipping instructions on its products.

7.12 Control of Monitoring and Measuring Devices

A supplier must establish and maintain documented procedures for the calibration, control, and maintenance of measuring, inspection, and test equipment used to ensure that products and processes conform to applicable requirements. A supplier must calibrate these devices at consistent periodic intervals against applicable standards traceable to NIST, and safeguard the devices against adjustments that would invalidate the calibration. If a supplier finds that a gauge is not calibrated correctly and it has been used to verify parts for Fastenal, the Supplier must notify Fastenal immediately.

8. MEASUREMENT, ANALYSIS & IMPROVEMENT

8.1 General

Measurement, analysis, and improvement are the processes of planning, defining, and using performance metrics for products delivered to Fastenal. These performance metrics determine the current level of performance, drive continuous improvement activities, and monitor performance levels. Statistical tools may be applied to measure the performance metrics on processes and products, but also to measure supply chain performance. A supplier must define, plan, and implement measurements where processes affect the quality of products or services Fastenal receives.

8.2 Monitoring and Measurement

8.2.1 Customer Satisfaction

A Supplier should include a customer satisfaction metric when reviewing its QMS, which is then included in the Management Review process. The Supplier should review trends in customer satisfaction and improve its activities based on the results using a structured process improvement technique. Suppliers could then use this data to drive improvements in Fastenal's satisfaction metrics.

8.2.2 Fastenal Supplier Audits

Fastenal reserves the right to perform on-site audits of the Supplier's facility. The Supplier's personnel, processes and facilities must be made available as required during the audit. When performing an audit, Fastenal must have access to a Supplier's personnel, processes, documentation, and facilities. At the end of the audit, Fastenal will share findings with the supplier in a closing meeting and issue them a report summarizing the results. The report will clearly note any items requiring corrective action. The Supplier must then submit to Fastenal a corrective action plan to address these issues within the agreed-upon time.

8.2.3 Monitoring and Measurement of Processes

The Supplier must determine and implement measurements necessary to monitor processes critical to product quality. Mistake-proofing activities will be considered a method of control. If mistake proofing is not feasible, statistical techniques should be used to monitor the process.

8.2.4 Monitoring and Measurement of Product

The Supplier must integrate product measurements and monitoring as required to confirm the products are produced properly and remain stable over time. When applicable, the supplier should conduct capability studies on all key characteristics as well as on other characteristics identified by Fastenal during such processes as design reviews, PFMEA, and process audits.

8.3 Control of Non-Conforming Product

The supplier must establish and maintain documented procedures to ensure that proven or suspected non-conforming products and material are prevented from unintended use or installation. This control must identify, document, evaluate, isolate, document disposition of non-conforming products, and define the notification of the departments concerned (both internal and external).

If Fastenal finds non-conforming parts, either through its receiving inspection, testing/inspection, use, consumption, assembly, or warranty claims; the supplier must provide the resources necessary to evaluate, contain, sort, rework, and/or scrap the nonconforming product. The supplier must provide a representative to help establish containment of the material at Fastenal. If non-conforming products become incorporated into Fastenal products or become a warranty problem, the supplier must assist Fastenal in evaluating and correcting the problem.

8.3.1 Monitoring and Measurement of Product Customer Information

The supplier must notify Fastenal immediately if a non-conforming product has been shipped. Even if the supplier is not certain if the product has shipped, Fastenal must be notified immediately.

8.4 Data Analysis

Fastenal Company requires our suppliers to obtain appropriate data and apply statistical and problem-solving techniques to solve problems and to drive continuous improvement activities. During this process, the supplier must analyze the following:

- ❖ Results achieved
- ❖ Internal and external product failures (including warranty)
- ❖ Unfavorable process or product quality trends
- ❖ Supply chain (including sub-tier supply chain) quality performance



The supplier must make a summary of its quality performance available to all of their employees, and quality performance data to Fastenal upon request.

8.5 Improvement

8.5.1 Continual Improvement

Suppliers must use evidence to demonstrate how data, past experience, and lessons learned show continuous improvement of its quality management system.

8.5.2 Corrective Action

Suppliers must take corrective action to eliminate non-conformities and have a process in place to correct discrepancies found, internally or by Fastenal.

8.5.3 Preventive Action

Suppliers must establish a preventive action process that eliminates the cause(s) of potential non-conformities and focuses on ensuring that any further non-conforming products never reach Fastenal.

9. ENVIRONMENTAL COMPLIANCE

Fastenal is requiring all suppliers to comply with the required obligations with the European Union's RoHS (2002/95/EC) and REACH (1907/2006) directives. As a Supplier to Fastenal, Suppliers are required to provide documented compliance with these directives in the form of full material declarations, certifications, test reports, etc. Non-compliance to these directives along with other required environmental requirements may jeopardize your status as a supplier for Fastenal.

9.1 Material Declarations and Conflict Minerals

Fastenal requires all suppliers to comply and provide certified documentation to a number of declaratory regulations such as REACH, RoHS, PoCS (Canada), Conflict Minerals, etc.

<http://www.fastenal.com/web/en/732/material-declarations-reach-and-rohs>