



The Toro Company Supplier Manual



Introduction

In today's global market place, customers have very high expectations and the competition for those customers is intense. Each year the competition gets stronger, and the customer's expectations get higher. For Toro to continue to be the leader in our industry, meet our competitive challenges and provide the value and quality our customers demand, you as a supplier to Toro play an important role. As an essential part of the Toro supply chain, it is imperative that you share in our commitment to quality and continuous improvement.

This Supplier Manual will provide a brief description of Toro's business processes, quality processes, and an overview of Toro's expectations of suppliers. As a supplier to Toro, you will be rated on your ability to meet these process requirements and expectations.

Toro Operations has included the following Vision statement in our Long Range Strategic plan to guide our future activities.

Operations Vision Statement: Provide high quality products and services that meet customer needs and company profitability for Toro and its suppliers. Develop a fully integrated supply chain where products are pulled through the system by retail sales. Promote an organization characterized by short lead time and process velocity, organized around value streams, within an environment that values all employees of Toro and its suppliers. Exhibit leadership to eliminate barriers and drive change by educating all employees on lean principles in order for continuous improvement to be inherent in all we do.

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1 Agreement

1.1 Application Review

(Updated 5/14/08)

Toro may identify specific products or components that require an Application Review. This process is initiated during the design and discovery stage of the development cycle, during current product redesigns, or during transfer of production to a new supplier. The Application Review is intended to generate discussions between Toro and the supplier regarding proper application of the supplier's component, to identify / evaluate the potential major failure modes, and to generate suggestions to improve the design. This is the supplier's opportunity to review Toro's application of their component and then provide input to Toro. Input may include recommendations on design changes, material changes, clarification on appropriate usage or limitations on the application of the supplier's component. A properly completed Application Review will prevent future warranty issues.

When used, the Application Review form will be presented to the supplier by the Toro Buyer. The Application Review form will document Toro's intended application, the supplier's specifications for the component, major potential failures modes and test data or agreements related to the review of the component application. The Application Review will document that Toro and the Supplier have reviewed the application and agreed with or without specific limitations this is a proper application of their component.

The Application Review form must be completed and signed before the identified part goes into production. The Application Review then applies only for the part and application for which it was completed. Once signed, the supplier agrees to consult with Toro in advance of implementing any changes in materials, design, manufacturing location or manufacturing of the component which may impact the fit, form or function. Application Reviews must be reviewed whenever there is a change to the component design or application.

1.2 Non-Disclosure Agreement

(Updated 12/7/01)

All Suppliers are required to sign a Non-Disclosure agreement with Toro. This requirement is intended to provide mutual protection against disclosure of proprietary and/or confidential information.

1.3 Scheduling Agreement

(Updated 5/17/05)

Toro uses a Schedule Agreement for the purchase of most production materials. These Schedule Agreements are based upon a negotiated price to cover a period of time (usually two years) based upon an estimated annual quantity. Requirements for individual delivery dates and quantities are communicated through separate delivery schedule reports for the assigned Toro plant location. Delivery information is available via Toro's Supplier Extranet site and it is the responsibility of the supplier to monitor delivery requirements through this extranet site.

The Schedule Agreement is not intended to be a firm quantity commitment and does not authorize fabrication or procurement of raw materials for the quantity being ordered. The JIT sheet is typically the governing document for component production and material shipments.

Changes are communicated with a Change to Schedule Agreement form. These are issued to address changes in the revision level, estimated quantity, or price change.

Discrete Purchase Orders are used to communicate a one time buy of product or tooling. They are firmed for a specific quantity with a specific due date.

Schedule Agreements (SAs) are available on ToroConnection (Toro's supplier extranet site). The report, Purchasing Document Overview, on the Sourcing page, under the Sourcing Reports and Download section, will list all open SAs by the SA number. This SA number can then be entered in the Display Purchase Order & Scheduling Agreement field on the Sourcing page to view the document.

1.4 Supplier Terms of Commerce

(Updated 5/23/05)

All Suppliers must review the Supplier Terms of Commerce document which will be provided by their Toro Buyer. This document outlines standard business practices regarding compliance with U.S. laws and regulations; Customs issues; country of origin documentation and marking requirements; child, convict, forced and indentured labor; human rights and the Fair Labor Standards Act.

After review of the document with the Toro Buyer, an officer of the Supplier's organization must sign the Terms of Commerce to indicate they have read the terms and understand the conditions of doing business with Toro and return the signed original to your Toro buyer. Each attachment to the Supplier Terms of Commerce must also be completed and returned to your Toro buyer when applicable.

1.5 Warranty Agreement

(Updated 6/2/05)

The Toro Warranty Agreement is a condition of business for all new and existing Toro Suppliers. We need your help to fulfill this requirement. These Warranty Agreements are intended to provide a mutual understanding and agreement between Toro and its Suppliers on the policies, requirements, and resolution process for any future claims.

A signed Toro Warranty Agreement is critical to ensure we mutually agree to specifics regarding reimbursement expectations should a supplied part defect, that impacts our customers, be determined to be the supplier's responsibility. These reimbursement expenses may include replacement part costs at the dealer location, labor, cost of associated parts destroyed as a result of the failure, or travel to make the repairs. These agreements will also address issues such as Warranty period, Service Requirements, Dispute Resolution, etc.

It is Toro's practice to work directly with Suppliers to analyze failures, determine corrective action, and ultimately satisfy financial impact thru the supply chain. The Toro Warranty Agreement begins the process of fruitful warranty recovery dialog, eliminates ongoing negotiation, and protects our customers.

2 Business Processes

2.1 Advanced Shipping Notice (ASN)

(Updated 3/18/09)

Toro has implemented the Advance Ship Notice (ASN) process for domestic suppliers via ToroConnection. This function allows Toro suppliers to easily create an electronic ASN detailing information regarding production part shipments. Toro will rely on the automation of the ASN information transfer process in the future. It is imperative that all suppliers provide accurate ASN information without exception. Therefore, in the future, the Toro Company will be assessing financial penalties on all shipments that do not have accurate ASN information.

There is an ASN Quick Guide available on ToroConnection to help you understand the ASN submission process and requirements.

Go to: The Basics>Instructions>Quick Guides>Advanced Ship Notice Quick Guide.

2.2 Cost Avoidance and Cost Reduction

(Updated 5/18/05)

Toro and its suppliers must find new ways to maintain or reduce costs in the face of ever increasing price pressures. It is Toro's intent to continually reduce costs in partnership with suppliers through application of Lean Principles, Quality Improvement, and other opportunities to take cost out of products.

Suppliers are expected to identify Cost Avoidance and Cost Reduction possibilities at every opportunity and bring those to the Toro Buyer for review and implementation if appropriate. These are key elements in the evaluation of the support provided by suppliers.

2.3 Customs Compliance

(Updated 1/28/07)

The Toro Company interacts with U.S. Customs and Border Protection on many levels, both as an Importer and Exporter and is committed to achieving full compliance on all U.S. Customs issues. Toro is subject to fines, penalties, additional duties, or possible loss of product for improper importation of products or insufficient documentation of the origin of such products.

A Country of Origin Manufacturer's Affidavit or a NAFTA (North American Free Trade Agreement) certificate must be completed for every part number supplied to Toro. If the country of origin changes at any time the supplier must provide Toro a new Country of Origin Manufacturer's Affidavit or NAFTA certificate within 10 days.

If the manufacturing country is US, Mexico or Canada and meets the terms outlined in the North American Free Trade Agreement, a NAFTA certificate is required. The NAFTA Certificate is only valid for 12 months and must be renewed on an annual basis.

Suppliers are required to submit the NAFTA or Country of Origin Manufacturer's Affidavit information electronically through the Import/Export page on ToroConnection. It is the supplier's responsibility to use the forms provided to submit the required documentation. Go to the Basics section > Instructions > Quick Guides> Import / Export Quick Guide for instructions on how to submit this information.

Failure to comply with these requirements may result in fines to Toro. All such fines will be passed on to the suppliers.

2.4 Customs-Trade Partnership Against Terrorism (C-TPAT)

(Updated 6/3/05)

C-TPAT is a joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security to prevent terrorism. Toro is a certified member of the C-TPAT program and is committed to developing and implementing a sound plan to enhance security procedures throughout our supply chain.

All suppliers are required to complete and return the Security Questionnaire that was prepared based on C-TPAT Foreign Manufacturers Security Recommendations and contains general recommendations that should be followed by all suppliers. Return the completed Security Questionnaire per the instructions provided with the questionnaire.

Currently, Toro will supply a C-TPAT survey to suppliers as part of the Business Self Assessment form or as a standalone form attached to an e-mail. Future plans are to have this form provided through the Supplier Portal.

Additional information on C-TPAT can be obtained from the Customs and Border Protection website at www.cbp.gov.

2.5 Delivery Requirements (JIT)

(Updated 3/12/07)

The first prerequisite to Just In Time (JIT) delivery is the Quality of the product delivered. Delivery of product that does not meet Toro Quality requirements will not satisfy Toro's JIT delivery requirements. Toro's delivery expectation is as follows: 'the correct quantity of acceptable parts is delivered in the correct packaging via the agreed upon transportation on the date they are due'.

The Delivery Date in the JIT reports indicates the date the product is due to arrive at the Toro Plant or warehouse. Toro communicates delivery requirements in various reports as detailed below. These reports are available on the ToroConnection Sourcing page. It is Toro's expectation the supplier will access this information on a regular basis to ensure production is adequately planned and managed to ensure the delivery requirements to Toro's manufacturing facilities are met.

Report - Download File - Both	Updated: Daily or Weekly	Report
Report	Daily	Delivery Schedule by Date / Material - Displays the required date of Delivery at Toro by material/quantity
Both	Weekly	8 Week JIT - Displays the material and quantity due by weekly buckets - Displays the date due as Monday of each week
Both	Weekly	16 Week JIT - Displays the material and quantity due by weekly buckets - Displays the date due as Monday of each week
Both	Weekly	Planning Schedule by month - Displays the material and quantity due month over the next 12 months - Used for forecasting

Toro will commit to the quantities listed in the upcoming four-week period on the delivery schedule. The remaining weeks are planned. Toro Buyers may commit to longer than 4 weeks in special circumstances. Suppliers are required to work with the individual Plant Planner to work out Plant specific details relating to adjusted delivery dates, quantities, packaging methods, shipping methods, and any other concerns with the delivery schedule. All deviations from the JIT schedule must be pre-arranged with the Plant Planner.

The Supplier must notify the Plant Materials planner (or Service Parts Analyst for Plymouth warehouse) of any changes in accepted delivery dates or quantities at the soonest available time. Notice to Toro within 1 week of the due date by US suppliers (or within 5 weeks by international suppliers) must be dealt with in an urgent manner and may require the need for air freight of product at the supplier's expense.

Manual or auto firmed dates are used in some cases to communicate the firmed date of expected delivery of product at Toro. Firmed dates (identified with an *) may be moved after conversation with the Plant Planner. Plymouth will communicate changes to the Firmed date by displaying an ETA date. This ETA must be viewed as the date product is expected at Toro. Non-firmed dates are to be considered 'Planned' date of delivery at Toro. These non-firmed dates may move more frequently and must be monitored closely.

Suppliers are responsible for the cost of late or early shipments. Early shipments, in full or in part, are not allowed without permission from Toro and may result in a Quality Notification for return of the

parts. Suppliers may also be held responsible for freight charges for pre-arranged pickups that are incomplete.

2.6 Lean Supplier

(Updated 5/18/05)

Current Expectations/Requirements: As Toro continues to aggressively eliminate waste via its lean process development, we also have a strong desire of our supply base to follow suit. Implementing lean across the supply chain benefits all partners and will ensure the supply chain remains competitive.

Supplier Responsibilities: Toro will continue to request services that align with lean principles. Examples of these services include smaller lot sizes, more frequent deliveries, and perfect order fulfillment. If Toro's strategic suppliers have not begun their lean journey, it will benefit them to immediately begin the activities required to become lean.

Lean Resources for Supply Base: Toro does have internal resources for consultation regarding lean methodologies, though they are limited in number. An excellent location to find lean methodology information and tools can be found at www.Lean.org.

2.7 Requests for Quotation using eSourcing

(Updated 2/28/07)

Toro will issue a Request for Quote (RFQ) as part of the design process to gain preliminary cost and lead time estimates for the Make/Buy Decisions. The eSourcing tool allows the buyer to create an RFQ using pre-defined bid fields the supplier will fill out as part of their bid, i.e. part cost and lead-time along with tooling cost and lead-time. The supplier will also have specific text fields that will allow them to add comments such as cost savings ideas, special setup costs, etc.

An e-mail is generated to the supplier when the RFQ has been launched and opened. The supplier is required to use this on-line tool <https://esourcing.thetorocompany.com> to submit their bids. Due to this requirement, e-mails and faxes will not be accepted. The supplier will use their e-mail address and a password to log in. If the supplier has never logged in, send an e-mail to supplier.registration@toro.com requesting the username and password. The supplier will be notified via e-mail.

An on-line Tutorial is provided once the supplier logs in. This tutorial walks them through a simple RFQ as well as other areas of the tool. If the supplier has questions, their first point of contact is the buyer who sent the RFQ to them. If the buyer is unable to help them, the supplier is to send an e-mail to supplier.registration@toro.com with their questions. The supplier will receive a response via e-mail or by phone.

2.8 Tooling

(Updated 2/13/08)

Toro will issue a purchase order for new tooling required for the production of Toro components. Unless a special agreement exists with the Supplier, all such tooling is considered the property of Toro and will be used for the manufacture of Toro components only. All Toro owned tooling must be permanently marked as "Property of the Toro Company" and include permanent marking of the Toro tooling identification number.

Suppliers are required to keep Toro owned tooling in their possession in good repair, good working order, and properly preserved from degradation (rust, etc) through application of a documented preventative maintenance procedure. This includes needed equipment, resources, spare parts and or qualified sub-contracted services. This routine maintenance is to be provided at the supplier's expense. Suppliers are required to notify Toro when a tool is in need of major repairs or replacement

due to wear from normal use or damage for any reason. Major repairs or replacement will require the prior approval in writing from Toro prior to repair or replacement. Toro will then determine what portion of the costs will be paid by Toro.

All new tooling, revised tooling, and major repairs to tooling must be qualified based on a first article inspection per Toro's CoC process. Documentation of the process setup parameters is considered a part of this CoC qualification whenever the process setup has a significant impact on the resulting product features. In this case, the supplier is required to complete a 30 piece capability study for all Key Characteristics identified by Toro (on the Print, in Key Characteristic Guidelines, or through other documented means). Tooling documentation must be provided to Toro, when it exists, for all new tools and major modifications to existing tools. This documentation must include tooling drawings, a bill of materials, spare parts inventory requirements and a photograph which includes the Toro assigned tool number (TLxxxxxxx).

Toro reserves the right to move tooling at any time. However, Toro will attempt to reach agreement with the supplier on the timing of a move. Suppliers are not allowed to modify, destroy, or dispose of Toro owned tooling without the prior written approval of Toro. Suppliers are expected to provide to Toro on an annual basis a list of all Toro owned tooling in their possession.

2.9 Restriction of Hazardous Substances (RoHS)

(Updated 6/12/08)

RoHS is a European environmental directive that governs these products whether sold, re-sold, imported, or distributed in the European Union. The restriction of certain hazardous substances in electrical and electronic equipment (RoHS) Directive 2002/95/EC was adopted in January 2003 into the European Union and became effective July 1, 2006.

This directive restricts the use of the following six (6) banned substances in levels above pre-determined concentrations: Lead, Mercury, Cadmium, Hexavalent Chromium VI, Polybrominated Biphenyls (PBB) and Polybrominated Diphenyl Ethers (PBDE).

RoHS compliance is required for all electrical products and components that Toro ships to the EU. The Toro product lines affected by this directive are:

Electric Blowers, Electric Trimmers, Electric Snow Throwers, Electric WPM's, and Electric Irrigation Controllers

If Toro does not have RoHS compliance data on parts you currently supply to us, an e-mail with the Subject: "Environmental Regulation Compliance Tasks" will be generated notifying you of the part(s) we need certificates on. These e-mail notifications will be sent on Monday's and Thursday's. Please note that Toro will not be allowed to purchase this product until we have your compliance data on file when required.

The default has been set to ten (10) calendar days from the day the task was issued. If you need more than 10 days to complete the task, you must contact the buyer to get an extension. Please see the Regulatory page on Toro Connection for submission information.

3 Communications

3.1 Buyer

(Updated 12/7/01)

Effective communication is essential to a successful business relationship. Although you may have several business contacts within Toro, the Buyer is the person responsible for managing the business relationship. As such, they must be kept informed of all significant issues and be viewed as the focal point for communications regarding issues that may impact price or the business relationship.

Conversations between the Supplier and the Toro support groups (Engineering, Quality, Advanced Manufacturing Engineering, Production Plants, etc) will certainly occur on a regular basis to accomplish the required tasks. Utilize the Buyer as a resource when needed.

3.2 ToroConnection Site

(Updated 5/14/08)

Toro has created an extranet site for suppliers in an attempt to improve communication through the use of the Internet. It is Toro's intention to increase use of this web site and make it the main tool for electronic communication with all suppliers. Eventually, this site will replace the distribution of all paper documents currently shared with suppliers and become the sole source for the two way electronic communications with suppliers. Therefore, use of the ToroConnection website is now mandatory for all suppliers. See the following section for information on access requirements.

Currently, this site provides important reports, downloads, and documents such as:

- An announcement section to communicate status on system issues and important changes
- The Supplier Performance Evaluation (SPE) scorecard
- JIT, Delivery, and Planning Schedules
- Scheduling Agreement Overview
- The most recent revision of part prints
- Process Specifications and Design Standards
- Supplier Manual
- CoC and Inspection Data forms
- Country of Origin
- Import Export Documents

Classified Material and Process Specifications, Design Standards, and Design Recommendations will be available through ToroConnection only.

To request access to the Toro Connection website send an e-mail to SupplierExtranet@toro.com

3.3 Supplier Requirements for ToroConnection access

(Updated 1/27/07)

The following technology is required for access to ToroConnection:

- Internet Explorer, minimum requirement version 5.0, (if I.E. version 6.0, Service Pack 1 is required) or higher
- Acrobat Reader, version 7.0 or higher.
- Note: It is recommended that the older revisions of Acrobat reader be removed from your system

The web site address is <https://supplier.thetoroco.com>

To access the site, use your e-mail address as the Username and the access code from the old website (or the new one that you have created). The password is case sensitive. For those users who have not logged in before, contact SupplierExtranet@Toro.com.

3.4 Supplier Profile

(Updated 1/27/07)

ToroConnection utilizes an e-mail registration function to maintain current key contact information for the supplier. The Manage Supplier Profile page, which is a quick link, is used to direct auto generated communications by business function to the appropriate people. These auto generated communications include items such as PO/SA changes, ECM change announcements, Quality Notifications, Customs, and other information.

At a minimum, the Company Email Address field must be entered for all suppliers.

Without a company e-mail, crucial communication will be delayed or not delivered via e-mail. The Company Email Address field will act as the default address and receive all communications sent to the other business functions that do not have a registered e-mail address.

For example, if you want the Quality Notification announcements to be sent to the Quality Manager, enter their e-mail address in the Quality box. If this box is blank, the announcement will be sent to the Company e-mail address (the default address). This applies to all other address functions as well.

To add or change an e-mail address, click the **Edit Information** button, enter the appropriate e-mail address and click the **Save Changes** button.

You will want to create an e-mail distribution address within your e-mail system when several individuals want to receive the same announcement. For example, Quality @ ABC.com could be entered in the Quality box. That group distribution address for ABC Company could then include the Quality manager and Sales manager's addresses so both individuals would get the e-mail announcement. Multiple e-mail addresses entered in one field will cause the communication to fail to reach all of the contacts.

It is your responsibility to maintain and change these addresses as contacts change. Also, as employees leave your organization you will want to send an e-mail to SupplierExtranet@toro.com to request their access be removed.

4 Engineering Processes

4.1 Change Control

(Updated 5/13/08)

It is the Supplier's responsibility to verify the revision level of all products prior to shipment. Updated revision level information is provided to suppliers automatically through at least six different methods on ToroConnection. They are:

- 1) Notification of Rev Change begins with Vaulting of the drawing, which is immediately available to the supplier On Toro Connection. The Vaulted drawing is the "Gold Standard" for revision level, since other documents may be updated on Saturdays during the batch run. It is the supplier's responsibility to pull this drawing from TOROCONNECTION prior to every shipment to ensure they are building to the current revision. If there is ever any question regarding rev level, contact the Buyer and resolve before shipment.
- 2) An ECM announcement of Revision Change is immediately sent to the supplier using the Engineering Change address on ToroConnection. If this address is blank, it goes to the Company e-mail address. If there is no e-mail address entered, the announcement cannot be delivered. **IT IS THE SUPPLIERS' RESPONSIBILITY TO MAINTAIN THESE ADDRESSES. A GROUP DISTRIBUTION ADDRESS MAY BE USED TO PROVIDE DELIVERY TO A PRIMARY & BACKUP CONTACT**

- 3) The Scheduling Agreement is updated with the current revision when the revised print is vaulted. This is immediately available to the supplier on Toro Connection.
- 4) The ECM Log is updated on the following Saturday with disposition and inventory information. It is the suppliers' responsibility to review this each Monday to identify changes and to contact the Buyer immediately if any of the information is incorrect.
- 5) The 16 Week JIT (as well as some other JIT reports) is updated on Saturday with the current revision level. This JIT is available in report form and download form. It is the Supplier's responsibility to compare (electronic or manual) current revision levels on the JIT to what is listed in their MRP.
- 6) The Purchasing Document overview report is updated every Saturday with the current revision level. This report displays every part number for which the supplier has an open Purchase Order.

The Supplier should use the old Revision inventory first when the disposition is Use As Is. The supplier shall identify these lots by writing the ECM number on each container of production parts and by including a copy of the ECM with the packing list of the parts being shipped to the Toro manufacturing or distribution facility.

Contact your Buyer if there is ever a question regarding the required revision level of the products you are manufacturing and shipping.

4.2 Engineering Change Request

(Updated 2/26/07)

A Supplier may submit an Engineering Change Request (ECR) in two ways. The first method is to include it as part of a DFS (Deviation from Specification) request. The second is by e-mail to the Toro Buyer and the Toro Engineer (referenced on the drawing). An engineering change request form is available upon request to Sourcing. A supplier would include the ECR in the 'Follow-up actions to be taken' section of the DFS. This formal document is then routed to Toro Engineering for review and action.

Any supplier request for change to Toro Part Print dimensions, tolerances, or requirements must include supporting information that defines what actions the supplier has already taken in attempt to meet the current requirements. Also, data such as a completed 50-piece capability study that displays the current process capability versus the specification requirements must be provided. The capability study must include statistics on the mean, standard deviation, and the Process Capability index as well as a histogram. This information will be needed for a thorough evaluation of appropriate tolerances versus the supplier's normal process variation.

Toro does not allow verbal changes or Redline drawing markups to be implemented without a DFS. All requests for the implementation of a change, even if it comes from Toro Engineering, must be formally documented with a DFS. Please enter ToroConnection, select the Engineering page, and click on the **Redline of Drawings** link for further information.

4.3 Engineering and Design Standards

(Updated 2/26/07)

The current revision of Toro Engineering and Design standards are provided to Suppliers on ToroConnection. It is the supplier's responsibility to obtain these standards by accessing them through the Engineering Page on ToroConnection.

A note will be placed in the 'Announcement section' on the home page whenever a new revision standard has been released. After entering ToroConnection, review the notes in the Announcement section. Then click on the Engineering page and scroll down to the 'Standards & Specs' section to find

find the most recent revision of each standard.

Two types of standards are posted. The 'External' standards are available to everyone. The 'Classified' standards are available only to those suppliers who have an existing purchase agreement for a part that references that classified standard. You will need to contact Toro if you try to access a classified standard which is referenced by one of your prints and get the following message: "You are not authorized to access this document". Use the e-mail link **Contact The Toro Company** which is located within the Basics section on each page to request access to this classified standard. You will need to state in the e-mail that "you need access to classified standard xyz, your vendor name, vendor number, and the SA & part print which references that classified standard".

4.4 Part Prints

(Updated 2/27/07)

The current revision of part prints are also provided on ToroConnection. Again, it is the supplier's responsibility to obtain their prints via ToroConnection. After logging on, select the Engineering page; enter the desired part number in the Enter part number field, and click on the **Get Drawing** button. The part print will then be displayed.

Suppliers will be able to view only those part prints they have a current SA for. If that print happens to be an assembly drawing, the first level of sub assembly prints will also be available. However, if that first level includes another assembly drawing, you may not be able to access the second level of sub assembly drawings. Contact your Toro Buyer if you cannot access a part print that you need. They will be able to create an info record to allow you access to the second level of sub assembly part prints.

You will see a link, **Engineering Change Log**, under the Engineering Reports & Forms section, of the Engineering page. This link, which runs a report, will display all of the prints that were revised within the last 90 days. This report will list the part number, current revision, the last ECM number & date, and the ECM Text field. The ECM text field will provide the 'Disposition Instructions' for old products, Scrap or repair requirements, and a brief description of the change. If the "Disposition Instructions" are not stated, "Use As Is" can be assumed. When Use As Is, the old inventory must be shipped to Toro first.

4.5 Revision Control

(Updated 6/10/05)

It is the Supplier's responsibility to utilize the ToroConnection site to obtain and verify they have and are using the current revision of the posted documents. This includes part prints, material/process specifications and design standards. Accessing ToroConnection and viewing the part print to confirm the required current revision should be the first step in your Final Inspection or Out of Box audit process.

Note: On rare occasions, the revision level in the 16 week JIT may not match the part number revision level under the GoTo Drawing button. The part revision level in the 16 Week JIT schedule is updated directly from SAP over the weekend when the JIT schedules are run. The part print revision level is updated as the part prints are stored in Toro's vault. The vaulting of the prints can occur on any day of the week and may therefore lead or follow the weekend update to the JIT schedule. Should there be a question, you may contact your Toro Buyer to verify the effective date of the revision change, which will be stated in the ECM.

Again, suppliers are never allowed to implement a change request to production parts based upon a verbal okay or marked up part print. All changes to production part prints must be documented on an ECM or DFS. Always contact your Toro Buyer if you are asked to implement a change that has not been properly documented.

5 Policy Statements

5.1 Escort Policy

(Updated 6/3/05)

It is Toro's policy to not allow unescorted visitors access to any Toro facilities. All visitors to any Toro facility must enter at the main lobby and be escorted by a Toro employee. All visitors are required to check in with the receptionist and will receive a badge to wear at all times. All visitors must return their badges to the receptionist desk upon their departure from building, regardless if they are returning later that day or the next day (this includes visiting Toro owners.)

5.2 Gift Policy

(Updated 6/3/05)

The Toro Company prides itself on core values of respect, integrity and trust. Toro conducts its business in an open, fair and honest manner, and is committed to achieving and maintaining elevated ethical standards. Toro's continued growth and profitability are linked to these core values and ethical principles we use in making daily business decisions.

Toro values the relationships it has formed with its business partners and suppliers over the years, and endeavors to perpetuate that good will. Our ethical principles guide us in our interactions with you as a business partner and are integral to our success.

With that in mind, Toro discourages the giving and receiving of gifts between Toro and its business partners, unless the gift is of minor value and of an advertising nature. Gifts of any kind other than those of a minor advertising nature will not be kept by Toro or its employees. Instead, they will be donated to needy organizations such as the food shelf.

The giving and receiving of gifts of any value should be a rare occurrence, and should not be allowed to become common practice. We understand at certain times we may want to celebrate our successes or show appreciation to each other. Occasional lunches, dinners, or other outside meetings are acceptable if the event serves a business purpose, and if the event is reciprocated on a reasonable basis.

Toro is committed to the promotion of its business relationships and we appreciate your continued commitment as we strive to further our ethical principles in the way we do business.

5.3 Recovery Fees

(Updated 8/20/08)

Toro reserves the right to recover justified expenses from suppliers for Quality, Delivery, or other performance issues. Toro is committed to maintaining a fair and responsible working relationship with suppliers while achieving justified reimbursement for supplier caused issues. The reimbursement is intended to make Toro whole for expenses incurred due to a supplier issue. These reimbursements may be at less than full cost if shared responsibility is determined. As an example, but not limited to, the following is a list of expenses that may be pursued for recovery:

- Accumulation of Reject Parts (actual part cost + inbound/outbound freight costs)
- Labor chargeback rate fees for rework, sorting, repair, etc (Plant fully burdened labor \$50 per hour)
- Lost Production Labor-Down Time (Plant fully burdened labor \$50 per hour)
- Service Bulletin (\$3,000/instance + actual service exposure) where applicable.

- Part Qualification Non-Compliance (Total cost for re-qualification)
- Supplier Corrective Action Request (SCAR) Non-Compliance (\$1000 + Potential Supplier Audit or source Inspection Costs)
- Expedited Shipments / Extra Shipments (extraordinary shipment costs)
- U.S. and Mexican Customs Penalties (costs incurred)
- Repackaging or labeling (Plant fully burdened labor \$ per hour plus material and transportation costs)
- Other Potential Recovery fees

5.4 Supplier Conference Rooms

(Updated 12/6/07)

Toro does not accept cold calls or walk in visits. All visits must be scheduled in advance. The receptionist will contact the appropriate Toro personnel when the scheduled visitor arrives. The visitor will be issued a Visitors badge and escorted to and back from the meeting location. The Toro Café and four Season's store are not open meeting locations for suppliers use. Suppliers will not take photos or video inside or outside Toro facilities without written permission from the Director responsible for the area, and without a signed non-disclosure agreement covering the item documented.

Toro Lyndale provides Supplier conference room access to selected suppliers who are in good standing with Toro. Supplier conference room access is considered a privilege to be earned and enables the supplier to have greater access to Production Sourcing, New Product Development (NPD), and Engineering.

Existing suppliers may request access to these conference rooms by contacting NPD sourcing. Requests will be reviewed by NPD and Production Sourcing personnel and subsequently approved or denied. Suppliers may lose access to these conference rooms if performance issues exist. In general, suppliers must maintain an Approved (or Conditional) status with SPE performance scores that meet Toro's minimum expectations.

These pre-approved suppliers may schedule the Supplier Conference rooms with the NPD Sourcing support staff

Supplier Conference Room Rules of Conduct

- Suppliers will be escorted to and from the conference rooms and lobby by Toro personnel. No free access or roam.
- Suppliers will not be allowed to provide refreshments while on Toro property.
- If a Supplier is allowed, for any reason, to enter the building they must be accompanied at all times by Toro personnel.
- Suppliers must be escorted to and from the Product Development Lab (PDL), Test, Engineering, Marketing, other conference rooms as required by Toro personnel.
- Suppliers, when in the building, will remain in the Supplier conference rooms only.
- Suppliers may not schedule any other conference rooms in the building without Sourcing Administrations permission.

- Suppliers will not be allowed Toro fax and copy machine access within the building without Sourcing Administration approval.
- Supplier must “check-in, and out” with NPD Sourcing coordinator when leaving the room for any reason.
- Toro personnel escorting Supplier from Supplier conference room to any other location within the building will “check-out” the Supplier, and take full responsibility for, when out of the assigned Supplier conference room.
- Suppliers will not be allowed to “roam,” unescorted, from person to person or conference room to conference room.
- Suppliers will conduct Toro specific business only. If found to be conducting non-Toro business, they will be refused further access.
- Suppliers found to be in conflict with these rules will be denied access to the supplier conference room and all Toro facilities.

6 Quality

6.1 Approved Supplier List

(Updated 1/14/09)

All new Suppliers are added to Toro’s Approved Supplier List (ASL) as “Conditional” once the approval process has been satisfactorily completed. Toro will support these suppliers with the New Supplier Mentoring (NSM) process. The NSM process will include:

- Training to Toro’s business process requirements, Quality expectations, and use of ToroConnection prior to production startup
- Review of all new products during the first year to determine required Quality Planning
- Quarterly performance reviews (SPE scorecard and corrective action responses to all QNs issued)
- Review of progress towards closure of all gaps / action items from the Supplier assessment process

The Conditional Supplier’s status will be reviewed after 1 year. The supplier’s status will be changed to “Approved” if their SPE Score is equal to or greater than 92 points, no other performance issues have been identified, and closure has been achieved for all identified gaps from the assessment process. If these expectations are not met, the Supplier may be removed from the ASL.

It is Toro’s intention that 100% of the new business awards will be given to Approved (or Conditional) status suppliers with acceptable performance.

Existing Suppliers will have their Performance reviewed at a minimum of once per year or sooner if serious problems arise. A Supplier may be moved to a “Restricted” status if their Quality Performance Score is less than 92 points or if there are other performance issues. The Supplier may be given a Corrective Action request when placed on Restricted status. The Supplier must respond within 30 calendar days (or less when required) with a documented action plan for improving their performance. Failure to respond to the Corrective Action Request within 30 days may cause the Supplier to be placed on “Probation” and have all new business opportunities withheld.

It is Toro's intention to use only Approved status suppliers for new business awards. However, restricted status suppliers might still receive new business and have an opportunity to join New Product Development teams in limited situations.

A Restricted Suppliers performance is reviewed 6 months after being placed on restricted status. If their Corrective Action was effective in improving their performance to the required level, they will be returned to Approved status. If their performance is still unacceptable, they may be placed on Probation status.

When a Supplier is placed on Probation, the supplier will not be allowed to quote any new business with Toro and will not be allowed to join any New Product Development (NPD) teams. They will only be allowed to have repeat orders on existing business and may be allowed to continue on NPD teams that they are currently on. Again, a Corrective Action is issued with a 30 day response (or less) and a 6 month review performed. If their performance is now acceptable, they will be moved back to Approved status. If still unacceptable, they may be removed from the ASL and all existing business will be resourced with other Suppliers.

6.2 Certificate of Conformance Process

(Updated 1/14/09)

Toro's Certificate of Conformance (CoC) process is designed to address the elements of Toro's part qualification requirements. This Process applied on a going forward basis or as determined by Sourcing Quality.

Toro's minimum CoC submission requirements to accompany the first production shipment for every new or revised component:

- Completion of a full 1st article inspection
- Bubbled / keyed drawing
- Documented setup instructions when the resulting product is influenced by the setup process
- Documented control plan
- Process Capability Studies (on the initial run) when KPC's have been identified on the drawing
- Sample parts when requested and the CoC cover form for every component produced for Toro.

Parts submitted using CoC documentation must have been manufactured from production tooling, fixtures or processes. Representatives from the Toro Quality organization will communicate to the supplier what other Quality Planning requirements (if any) will be required as part of the CoC process.

CoC Inspection:

The 1st article inspection results shall clearly show the product has passed all inspections and/or tests specified. The Toro inspection data sheet, or similar form, may be used to record the CoC inspection results (computer print outs of data are acceptable if readings are appropriately identified). The supplier should inspect as many samples as necessary to ensure the process will consistently provide product that meets all Toro specifications (process potential and/or capability studies are recommended). Toro expects the supplier to retain and make available to Toro upon request records of the CoC inspection and all records in the record retention plan for a minimum of 5 years. These records provide evidence the product has been inspected or tested and found to be in compliance with all Toro requirements.

If production parts are produced from more than one cavity, mold, tool, die or pattern, a complete 1st article is required from **each** cavity, mold, tool, or die. The supplier must identify the specific cavity or mold for each part submitted.

Note: For CoC inspections due to revision or tooling changes, the inspection and testing requirements are determined by the extent of the change. The dimensional evaluation will be limited to those areas affected by the change.

Material tests must be performed for all products when chemical or metallurgical requirements are specified. When third party laboratory services are used, the results must be included with the CoC inspection records. The name of the laboratory that performed the tests must be indicated.

Production parts should be shipped per the production order requirements once you have determined all requirements of the Certificate of Conformance Process have been met. It is Toro's expectation that the supplier will confirm the product conforms to all specification requirements prior to CoC submission and decision to ship. Therefore, Toro will contact the Supplier only when problems are encountered.

If the product fails to pass any inspection or test, the supplier is expected to take appropriate corrective action to remedy the problem before asking Toro for a DFS. Every effort must be made to correct the process so that all Toro requirements are met. If the supplier is unable to meet any of these requirements, the Toro Deviation from Specification Procedure must be followed prior to shipping out of specification product.

Submission Package:

The submission package must be clearly marked to the Attention of Receiving Inspection, Certificate of Conformance Enclosed. The package must be clearly labeled with supplier's name, the Toro part number, revision and the Toro purchase order number.

CoC submission is required for all components to each Toro plant using the component when;

- All parts, assemblies and subassemblies are manufactured to Toro requirements on Released Toro prints including conformance to specifications, and when the process is proven stable and capable
- All new or revision changed products
- All product is produced for the first time by a suppliers plant (also applies to transfers from supplier plant 1 to plant 2)
- The addition of a new tool (duplicate or replacement), all major tool repairs and/or major process changes (the inspection and testing requirements are determined by the extent of the change)
- All cavities of all tools

CoC submission is not required for the following;

- Does not apply to Unreleased Toro prints (Revision levels defined by a number)
- When the only revision change was "Redrawn in Pro E format"
- When there are no requirements or specification changes
- When shipped to the Plymouth warehouse, however a 1st article must still be completed and retained by the supplier

Note: Sourcing Quality at their discretion may request CoC submission to address chronic, repetitive, or serious quality non-conformances.

6.3 Deviation from Specification (DFS) Process

(Updated 4/16/08)

The following DFS Process must be followed when a deviation is needed on parts, components, or products supplied to Toro, which do not meet specifications or requirements set forth in the purchase order, the Toro drawings, or the Toro Supplier Quality Manual.

NOTE: Marked-up drawings or verbal communication does not constitute approval to ship out of specification product. This will result in a Quality Notification if a DFS is not completed. Also, a DFS will not be given after the product has already been shipped.

The Deviation from Specification (DFS) is initiated by contacting the Toro Buyer and must be completed (signed by Toro) prior to shipment of the out of specification product. The supplier shall provide the following information when requesting a DFS:

- Supplier name, location, address, contact person, etc
- Toro part number, revision and part description
- Characteristic(s) or requirements out of specification with definition of the worst case
- Estimated percent defective
- Follow-up corrective action to be taken and date of implementation (termination date of DFS)
- P.O. Number
- Quantity covered by the DFS
- Sample part/worst case sample parts (if requested)

The Toro Buyer will complete the DFS form, obtain the necessary approval for the deviation, inform the supplier of the approval, and ensure copies of the DFS are distributed.

The supplier shall identify the affected lot by writing the DFS number on each container of production parts, and by including a copy of the DFS with the packing list of the parts being shipped to the Toro manufacturing or distribution facility.

Toro Receiving Inspection verifies condition and accepts the lot if it is no worse than stated on DFS. The DFS will be rescinded if the material is not identified properly, or can not be used without sorting or reworking. Toro reserves the right to reject the deviated product at a later date if it is determined to be non-useable due to supplier issues.

The supplier shall maintain a record of the expiration date and/or quantity authorized. The supplier shall also ensure compliance with the original or superseding specifications and requirements when the authorization expires.

6.4 Quality Management System Requirements

(Updated 10/12/09)

Toro requires that your management team develop and implement a Quality Management System (QMS) compliant to ISO 9001/2008. ISO-9000 Certification is not required, however certification is viewed by Toro as a significant and ongoing commitment by the Supplier to achieve continuous improvement in all of their business and Quality processes. For selected commodities, Toro's requirements may also include application of selected Quality Planning elements and use of Statistical tools.

Toro will use ISO-9000 Quality System Standards as the basis for evaluation of your QMS. The strength of your QMS will be described as one of four classes (See appendix 8.2):

- Class 1 – The Supplier has a documented pro – active Quality Management System that is fully compliant to ISO 9001-2008 plus meets Toro's requirements for Quality Planning (PPAP elements), use of Statistics, and Preventive Maintenance. This Supplier has a strong QMS in place which is capable of supporting Toro's Quality Planning needs and should be considered a Low Risk Supplier. TS16949 (QS9000) certification meets class 1 requirements.
- Class 2 – The Supplier has a Quality Management System that is compliant to ISO 9001-2008 but has limitations for supporting Toro's needs for Quality Planning or use of statistics.
- Class 3 – The Supplier has a reactive Quality Management System that has major gaps to ISO 9001 and meets only some of the basic requirements of ISO 9001-2008. The QMS addresses only the basics as stated in the appendix like: Process Controls, Inspection, Calibration, and Corrective Action.
- NC (Non Compliant) - The Supplier's Quality Management System has major gaps to even the basic ISO requirements. This Supplier should not be used if possible and considered to be a High Risk Supplier.

All suppliers should strive to achieve Class 1 status. Please discuss these expectations and improvement plans with your Toro Buyer and SQE if you are not currently designated as QMS Class 1.

Toro will use a Supplier Self Assessment form (SA) as a first step to gather general information on the Supplier's Business processes and to assess the maturity level of a Supplier's Quality Management System (QMS). Toro may follow with an On Site assessment by a cross functional team. The Supplier is expected to address and correct all major gaps to the Toro QMS requirements identified during this assessment process.

6.5 Quality Notification Process

(Updated 4/13/08)

A Quality Notification (QN) is used to document nonconforming material, Late Deliveries, over/under shipment quantities, and/or to request Corrective Action as a result of a performance issues (Product Holds, Service Bulletins, Warranty issues, performance reviews, etc). An e-mail announcement of the QN creation is delivered to the Supplier with a hotlink embedded in the e-mail. This hotlink will provide you access to the Quality Notification via ToroConnection. Suppliers must be registered on ToroConnection in order for this electronic process to work. See section 3.3 in this manual.

The Quality Notification is delivered to the Quality contact e-mail address provided on the Manage Supplier Profile page in ToroConnection as the first preference.

Note: The company e-mail address is considered the default and is used if the Quality contact is not provided. Suppliers are required to use ToroConnection to view and respond to these QNs.

There are two types of QNs that will be issued by Toro:

- 1) **Corrective Action Response Required type.** You are required to perform a formal corrective action investigation, document the 5 step Corrective Action response, and submit to Toro via ToroConnection prior to the Due Date listed on the QN. Corrective actions should address implementation of a permanent resolution and Poka Yoke whenever possible. Toro will not accept superficial corrective actions such as: "retrained the operator" or "added an additional inspection operation". Suppliers are expected to identify the true root cause of the problem by applying the 5 Why process (or similar concept). As an example: "The operator needed to be

retained...Why?... He did not know he was supposed to perform that operation. Why?... It was not documented. Why?....“

The QN Response Due Date may be 2 days to 8 calendar weeks from when the QN was written. Therefore, pay close attention to the “Vendor Response Date” listed on the QN. This tells you when your written response is due back to the Toro Plant. In some rare cases, you may need additional time to perform a lengthy investigation for complicated problems. In this case, contact the issuing Toro Plant **prior** to the Response Due Date and request an extension to the due date in this case.

Failure to respond within the designated time period will result in demerits to the supplier’s quality performance rating. Toro’s system will drive out an e-mail announcement of a Past Due QN at 1 day, 7 days, and 30 days Past Due. The supplier may be moved to Restricted or Probation status when acceptable corrective actions are not submitted as required.

Suppliers are required to submit their corrective action response electronically through ToroConnection.

- 2) **Problem Notification type.** Suppliers are still required to perform all of the same steps in the corrective action process to resolve the problem when this type of QN is issued, but you can simply retain the documented response in your file, you do not need to submit the corrective action to Toro. Please be aware that Toro personnel will ask to see these “retained copies” during future on site Quality System Assessments of your facility to verify effective corrective actions were implemented. Toro will review the supplier’s status when these corrective actions are not on file.

The supplier should call the issuing Toro plant Quality contact if there are questions about the QN.

6.6 Quality Records and Documents

(Updated 4/13/08)

Quality records must be retained to demonstrate conformance to specified Toro requirements and must be provided to Toro upon request. The Supplier shall keep all Toro related quality records for a minimum of five years unless otherwise specified. The following are examples of some of the types of quality records Toro would expect a supplier to retain:

- Contract Review results
- Calibration Records
- 1st article Inspection Data
- Measurement results data from the control plan
- Required Quality Planning documents (PFMEA, Control Plans, Process Documentation) & data
- Destructive Test Result
- Product Life Cycle Testing
- Corrective Action Records
- Metallurgical Results
- Heat Treating Data

6.7 Supplier Performance Evaluation scorecard - SPE

(Updated 1/14/09)

The Toro Company provides all Suppliers with a Supplier Performance Evaluation Scorecard (SPE) on ToroConnection. The Scorecard is updated and published in the 1st calendar day of every month. The SPE Scorecard provides you with your performance data from the past 12 months. Toro will use the SPE Scorecard as a key tool in decision making on the awarding of new business.

It is Toro's expectation that you will obtain and review the SPE scorecard on a monthly basis as part of your Continuous Improvement process. It should be used to identify your improvement goals, identify corrective action opportunities, and to monitor your improvement results.

The Key Performance Indicators in the SPE are scored for performance over the past 12 months and are clearly coded with the Stop light method to show Acceptable (Green), Cautionary (Yellow), or Unacceptable (Red) performance. The minimum acceptable for each key performance indicator is as follows:

- Quality (45 or better, includes In Plant PPM & Past Due CAs)
- Delivery (23.5 or better, Line Down occurrences, Days Down, and PPM over or under ship quantity)
- Business Process Compliance (23.5 or better, Country of Origin, EU-RoHS, STOC, and C-TPAT)
- Overall Score <92 or better is required>

Supporting information for each of the Key Performance Indicators is also available.

You will find additional information in the SPE Scorecard Guidebook and Quick Guide on ToroConnection. Please review them for a more detailed explanation of the content, scoring guidelines, and methods of calculating scores.

6.8 Advanced (Supplier) Quality Planning Requirements

(Updated 4/13/08)

Class 1 Suppliers must be capable of performing the following activities in order to support Toro's Advanced Quality Planning needs. Toro's AQP process (sometimes referred to as Supplier Quality Planning – SQP) closely follows that of the automotive industry.

The Quality Planning process includes the identification of Key Components and when necessary the identification of Key Product Characteristics (KPC) on part prints by use of a 'Star' symbol. Note: these will be referred to as "Control Dimensions" on older prints and will be identified with Bolded & Italicized font. Toro may also use "Key Characteristic Guidelines" as a reference on family groupings of parts for identification of KPCs when they are not noted on the prints. See Toro's DS-362 Key Characteristic standard on Toro Connection for further information.

Quality Planning requirements may be communicated to the Supplier via several methods such as: participation in a joint Quality Planning event, as requirements listed on Toro's CoC form, or by other means such as an e-mail request. Submission of results to the Toro requester may be on Toro provided forms, the Supplier's forms, or industry approved forms such as AIAG forms.

The following, and additional elements, may be requested as part of the Quality Planning submission:

- Process Documentation (Process Flow Chart, shop router or equivalent, Work Instructions, etc) that shows the major process steps and Process Control points.
- Documented Control Plan that addresses all KPCs and Key Control Characteristics (KCCs – key process variables).

- Process setup sheets for those products where the end results are greatly influence by the process parameters.
- Agreement on the methods for and the performance of Part/Process Qualification. Note: Toro's minimum acceptable process capability index is a Cpk value of 1.33 for variables 500 PPM or less for attributes.
- Performance of ongoing SPC/SQC to drive Continual Improvement and use of statistically valid sampling plans when appropriate.
- Agreement on Quality Acceptance Standards as needed (critical appearance issues, functional issues, reliability issues, etc).
- Failure Mode and Effect Analysis (Design or Process FMEA)
- Application Reviews (a review of Toro's application of your component)

6.9 Toro Expectations for all products:

(Updated 2/13/08)

All suppliers are required to have on file the following documentation for all Toro products:

- A full 1st article inspection on file which addresses all print requirements including notes and references to supporting standards
- Process documentation (router, flow chart, work instruction, etc)
- Process setup sheets when the resulting product is influenced by the setup process
- Control Plans which address all Toro KPCs and Supplier KCCs
- Record retention plan indicating what records will be retained for proof of capability & control
- Tooling documentation for Toro owned tooling
- Toro may request other Quality Planning documentation on a part by part basis
- Suppliers are expected to provide input to the identification of KPCs when requested
- All Toro KPCs require a 30 piece Cpk submission with the CoC, to have records to demonstrate a Long Term Cpk of 1.33 or better (500 ppm or less for attributes), and to be addressed on a PFMEA (or other approved means for Risk Mitigation) to identify the KCCs for control as appropriate.
- Suppliers must develop, document, and implement effective controls for all KPCs and KCCs
- Suppliers must apply continuous improvement tools to further reduce variation over time
- Suppliers must maintain records of all inspections and tests performed on all KPCs and non KPCs (at an appropriate frequency) to demonstrate conformance to requirements
- Suppliers must make records available to Toro upon request.

6.10 Supplier Development

(Updated 1/14/09)

Toro has initiated the Supplier Development program to enable the development of selected suppliers and to drive continuous improvement within their operations. Supplier Development is a process that will assure supplier processes are both capable and in control over time while focusing on waste reduction. This is accomplished through the application of a proactive Quality Management System,

the Quality Planning process, utilization of six sigma skills, and implementation of a structured problem solving process.

Those suppliers selected to participate will follow this path:

- Supplier Selection
- Toro Quality presentation to supplier senior management
- Quality Management Systems and skills assessment
- Agreement on content and approval of process documentation, control plans, process setup sheets, and records (control plans to address all Toro KPCs & Supplier KCCs)
- Performance review and improvement goal setting
- Agreement on the gap closure plan
- Signing of the Letter of Expectations
- Verification of gap closure
- Resolution of current part issues
- Selection of a sampling of parts and/or processes for demonstration of capability & control
- Demonstration of capability & control over time for selected parts / processes
- Toro completion of process audits
- Toro Control Plan follow up

The goal of Supplier Development is to ensure the following requirements are met:

- The supplier's Quality Management System meets Toro's requirements
- Demonstration of all required skills (Quality Planning, problem solving, use of statistics)
- All selected parts / processes are certified (achieve a Cpk index of 1.33 or greater for all variable KPCs or 500 ppm or less for all attribute KPCs)
- Achieve the required SPE performance scores (92 or better for the SPE overall score)
- Successful results of process audits

Expectations for follow up:

- Continual improvement of the supplier's processes & control plans to:
 - Reduce Inspection based controls
 - Increase focus on control of key control (process) characteristics
 - Assure continual reduction of process variation
- These controls and requirements are flowed down the Supplier's Supply Chain
- Supplier applies this process to all remaining and new products at all of their manufacturing locations
- Process and / or document audits are performed by Toro on an annual basis to confirm continued application of controls

7 Resources and References

7.1 Forms (Updated 6/30/05)

CoC Cover form
 CoC Inspection Data Sheet
 Deviation from Specification

7.2 Tools (Updated 10/16/09)

customs@toro.com	Customs Help desk
supplierextranet@toro.com	ToroConnection Help Desk
https://supplier.thetoroco.com	ToroConnection website

7.3 Training, for Reference Only, not a Toro recommendation (Updated 6/30/05)

www.cbp.gov	Customs and Boarder Protection
http://www.minnesotatechnology.org/	Minnesota Technology
http://www.stthomas.edu/	University of St Thomas education

7.4 Websites for Reference Only, not a Toro recommendation (Updated 6/30/05)

www.Adobe.com	Adobe
http://www.asq.org	American Society for Quality
http://www.aiag.org/	Automotive Industry Action Group
http://www.juran.com/	The Juran Institute
www.Lean.org	Lean Methodology
http://www.quality.nist.gov/	Malcolm Baldrige National Quality Award (NIST)
http://www.isixsigma.com/	Six Sigma
http://standardsgroup.asq.org/	US Standards Group

8 Appendix

8.1 Acronym List (Updated 10/12/2009)

AIAG	Automotive Industry Action Group
AQP	Advanced Quality Planning
ASL	Approved Supplier List
CA	Corrective Action
Class 1	QMS that complies with all of the requirements of TS 16949 (QS 9000)
Class 2	QMS that is fully compliant and fully documented to the requirements of ISO9001-2008
Class 3	QMS that complies with only the basic elements of ISO9001-2008 and may or

	may not be fully documented
CoC	Certificate of Conformance
DFS	Deviation From Specification
C-TPAT	Customs – Trade Partnership Against Terrorism
ECM	Engineering Change Management
EDI	Electronic Data Interchange
Extranet	The Extranet site is an Internet site with information for Toro suppliers via www.toro.com
FAQ	Frequently Asked Questions
EU-RoHS	European Restriction of Hazardous Substances
FOB	Freight On Board
GR&R	Gage Repeatability and Reproducibility studies
JIT	Just In Time delivery
LCB	Landscape Contractor Business
KCC	Key Control (process) Characteristic
KPC	Key Product Characteristic
NC	Non Compliant
PO	Purchase Order (Also referred to as a Scheduling Agreement.)
PPAP	Production Part Approval Process
PPM	Parts Per Million defective
PROB	QN that requires corrective action by Supplier be retained, not submitted
PRO-E	A software package
QMS	Quality Management System
QN	Quality Notification
RCxxx.xx	Consumer and LCB redraws of prints
RFQ	Request For Quotation
RTxxx.xx	Commercial redraws of prints
SA	Scheduling Agreement
SAP	Toro's enterprise-wide software package
SAQ or SAB	Self-Assessment Quality or Self Assessment Business
SPC	Statistical Process Control
SQC	Statistical Quality Control
STOC	Supplier Terms of Commerce
SQP	Supplier Quality Planning
VEND	QN that requires corrective action by Supplier be retained & submitted to Toro

8.2 Quality Management System Requirements (reference elements from ISO 9001 & QS 9001 standards):

Class 3 QMS requirements:

Major elements	Minor elements
4.2.3 Control of Documents	4.2.4 Control of Records
7.3 (all) Design & Development	7.1 Planning of Product Realization
7.5.1 Control of Production and Service Provisions	7.2 (all) Customer Related Processes
7.6 Control of Monitoring & Measurement Devices	7.4 (all) Purchasing
8.2.4 Monitoring & Measurement of Product	7.5.2 Validation of Processes for Production
8.3 Control of Non-Conforming Product	7.5.4 Customer Property
8.5.2 Corrective Action	

Class 2 QMS requirements:

Major elements (all Class 3 Major elements plus :)	Additional Minor elements
4.2.3 Control of Documents	4.2.1 Documentation requirements - general
4.2.4 Control of Records	4.2.2 Quality Manual
6.2 (all) Human resources	5.1 Management Commitment
7.1 Planning of Product realization	5.2 Customer Focus
7.2 Customer Related Processes	5.3 Quality Policy
7.4 Purchasing	5.4.1 Quality Objective
7.5.3 Identification & Traceability	5.4.2 Quality Management System Planning
8.2.2 Internal Audit	5.5 (all) Responsibility, Authority, & Communication
8.5.1 Continual Improvement	5.6 (all) Management Review
8.5.3 Preventive Action	6.1 Provision of Resources
Preventive Maintenance	6.3 Infrastructure
	6.4 Work Environment
	7.5.5 Preservation of Product
	8.1 Measurement, Analysis, and Improvement - General
	8.2.1 Customer Satisfaction
	8.2.3 Monitoring & Measurement of Processes
	8.4 Analysis of Data

Class 1 QMS requirements:

Major elements (all Class 2 Major and Minor elements plus :)	Minor elements
Quality Planning Support (APQP requirements)	None
Statistical Techniques (PPAP requirements)	

Note: A Class NC (Non Compliant) is a QMS that has gaps to even the basic Class 3 Major elements