

PTM CORPORATION & MTI INC.



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SUPPLIER MANUAL

PTM CORPORATION & MTI INC.

Welcome to PTM Corporation and Modified Technologies (MTI).

On behalf of my Sisters/Co-Owners and myself, I would like to thank each and every one of you and look forward to doing business with your company.

PTM Corporation was founded by our father, Charles T. Russell in 1972. In 1988, we acquired MTI Technologies to our portfolio. With other various acquisitions, we continue to grow.

Our father was dedicated to serving his customers, and always did so with a, “Charismatic” and “Can Do Attitude”. The customer was always put first because he understood if he took good care of his customers, they would in turn take good care of him. When the company was started, PTM was small and humble with only a couple of employees. Our father always had lean principles on making every job safe, and the most efficient way to manufacture.

His principles haven’t changed over the years even though our companies have grown and expanded to where they are today. The culture that he instilled in those earlier days is continued today to preserve that “family atmosphere”. His legacy in this company and the respect for our fellow associates, customers, suppliers or friend, will continue forever.

We have created procedures and systems based on our Vision, Mission and Code of Honor. We strive to live by them every day together with our Quality Policy and Environmental Management System.

As we look to our bright future, we are very excited. Excited for our future growth and continued success. Excited for all of our family of associates within our entire companies, who with their support and knowledge, will continue to improve our business to become a World Class Company.

We want to challenge you to embrace who PTM and MTI are, and to help us make positive changes in the world around us.

May God Bless you and your family.

Sincerely,

Donna R Russell-Kuhr
President/CEO/Co-Owner

PTM CORPORATION & MTI INC.

TABLE OF CONTENTS		
SUPPLIER MANUAL for PTM CORPORATION and affiliates		Page
Dedication		2
Table of Contents		3-4
1.0 INTRODUCTION		
1.1	Code of Ethics	5
1.2	Supplier Contact Information	5
1.3	Supplier Visits	5
1.4	Confidentiality Agreement	6
2.0 MATERIAL SYSTEM REQUIREMENTS		
2.1	Purchase Orders	7
2.2	Releases	8
2.3	Telecommunications	8
2.4	Packaging	9
2.5	Labels	9
2.6	Packing Slips	9
2.7	NAFTA Reporting	10
2.8	Customs	10
2.9	IMDS Reporting	10
2.10	Conflict Minerals – EICC Reporting	11
2.11	Conflict Materials Reporting	11
2.12	Freight – Prepaid or Collect	11
2.13	Service Parts	11
2.14	Tool Ownership	12
2.15	Build Out/Obsolescence	12
2.16	Continuous Improvement	13
2.17	Contingency Plans	13
3.0 QUALITY SYSTEM REQUIREMENTS		
3.1	Supplier 3 rd Party Certification (ISO-9001 Compl. and Registration)	13
3.2	AIAG Guideline Manuals	15
3.3	Drawing Specifications and Requirements	16
3.4	Engineering Changes	17
3.5	Certifications/SPC	17
3.6	Methods for Lot Control & Traceability	17
3.7	Customer-Specifics Requirements	17
3.8	Annual Recertification	19
3.9	Non-Conforming Material	19
3.10	Corrective Action Reporting	20
3.11	Supplier Partnership Review	20
3.12	Supplier Performance	22
4.0 ACCOUNTING SYSTEM REQUIREMENTS		
4.1	Invoices	24
4.2	Pricing Adjustments	24
4.3	Tooling Costs	24

PTM CORPORATION & MTI INC.

4.4	Cost Recovery Policy	25
4.5	Rejections	26
	Appendix A	27
	Appendix B	28
	Appendix C	29
	Revision Release	30

SUPPLIER MANUAL REVISION HISTORY

Revision	Revision Description	Date
Release	Release of new Supplier Manual	09/14/16
A	Updated contact information and updated Appendix A	05/03/17
B	Updated Section(s) 2.2 / 3.10 & 3.12 to support customer audit non-conformances & corrective actions.	10/4/17

Donna Russell-Kuhr
President/CEO/Co-Owner

Brian Suarez
Corporate Quality Director

Garret Brubaker
Purchasing Coordinator

PTM CORPORATION & MTI INC.

1.0 INTRODUCTION

The purpose of this manual is to establish a clear understanding of PTM Corporation and its affiliate's requirements regarding supplier quality and reliability.

It is our Company policy to deliver defect-free products and services on time to our customers in accordance with our Quality Policy. To insure that we may consistently fulfill this obligation, our suppliers shall have control systems in place that are based on defect prevention, not defect detection, and are directed toward the philosophy of Continuous Improvement.

PTM Corporation and its affiliates are committed to the prevention of pollution in accordance with ISO 14001 Standards, the internationally recognized Environmental Management Standard. As a supplier to PTM Corporation and its affiliates, you should be aware of our Environmental Policy and cooperate in any feasible manner to reduce any negative impact to the environment caused by the production of your supplied goods or services.

The requirements defined in this manual are provided as a supplement to, and do not replace or alter other terms and conditions covered by the purchase documents or included as requirements of engineering drawings or specifications.

1.1 CODE of ETHICS

- PTM Corporation and its employees are not to receive any gifts, gratuity, or benefits from our suppliers beyond normal business practices or local customs and are not to exceed \$35 USD of value. At no time can any employee accept cash.

1.2 SUPPLIER CONTACT INFORMATION

- Each supplier is responsible for providing PTM Corporation and its affiliates with current supplier contact information, including Emergency and after hours, for the purpose of keeping our "Approved Supplier List" up-to-date.
- Each supplier is responsible for submitting their current internationally recognized certificates to the corporate office. ISO 9001, ISO/TS 16949, ISO 14001, ISO/IEC 17025 are examples.

1.3 SUPPLIER VISITS

- All suppliers must have an appointment before visiting the plant.

PTM CORPORATION & MTI INC.

- All suppliers must sign our Contractor Environmental Systems Awareness Form, and return to PTM Corporation.
- All Suppliers must enter through the appropriate main entrance and sign in and out from same main lobby.
- Suppliers must always be accompanied by a PTM Corporation or affiliate salaried employee on the plant floor.
- Safety glasses are mandatory on the plant floor. Hearing protection is required when applicable.
- No interruption of production on the plant floor
- No cameras allowed in the plant
- No food, drink, or smoking is allowed on the plant floor.

1.4 CONFIDENTIALITY AGREEMENT

- As part of doing business with PTM Corporation and its affiliates the following confidentiality agreement must be agreed to and adhered to by your company.
- You will hold in strict confidence and not use, publish, or otherwise disclose to other companies or individuals (except as any duties to PTM Corporation or affiliate may require) any confidential or secret information of PTM Corporation and its affiliates business practices or manufacture methods. This includes the time period before, during and after any contract that you have with PTM Corporation or affiliate. This information includes but is not limited to:
 - Any of PTM Corporation or affiliate computer hardware, software and related works.
 - Information relating to the manner in which PTM Corporation or affiliate conducts business.
 - PTM Corporation or affiliate's methods of manufacture, machines, products, designs, drawings, formulas, engineering test data, inventions and patent applications.
 - Information relating to pricing or quoting.
 - Any other information related to the business or activities of PTM Corporation or affiliates that is not generally known to others.

PTM CORPORATION & MTI INC.

- You will not use knowledge that was gained from this job in future business.
- Written requests for disclosure of information covered by this agreement must be submitted to the Sales at PTM Corporation or its affiliates. The request must divulge in detail the information to be disclosed. The third party information is to be provided along with the intended use by that party or parties.
- The supplier must keep confidential at all times during or after your contract with PTM Corporation or its affiliates any and all information (including proprietary or confidential information) about the business and affairs of, or belonging to PTM Corporation or its affiliates or their respective customers or suppliers. The information includes that which though technically not trade secrets, dissemination or knowledge of this information might prove prejudicial to any of them.
- All representatives of the supplier agree to take all necessary steps to ensure the terms of this agreement are honored

PTM and its affiliates reserve the right to request the annual submission of financial information for the sole purpose to evaluate a supplier's stability. This information is to protect PTM and its affiliates from bankruptcy/business failure for its critical material and/or components.

2.0 MATERIALS SYSTEM REQUIREMENTS

2.1 PURCHASE ORDERS

- All purchased items are assigned a Purchase Order Number. The Purchase Order and Conditions will reference all requirements or it will show where the information is available.
- When a Purchase Order is issued, an acknowledgment must be supplied to Purchasing. All invoices, shippers, and material tags must reference the Purchase Order Number. The purchase order will state the terms, conditions, and prices of all purchased items. It may reference documents that will contain additional requirements, terms, and conditions. Acceptance of the purchase order, and all terms, will be acknowledged by the supplier by:
 - A signed P.O. form and/or electronic acknowledgment within 2 business days of receipt.
 - First shipment of product.

PTM CORPORATION & MTI INC.

- When it is necessary to change a purchase order, an amendment may be issued that will detail the specific change that is to occur. All other terms and conditions remain in effect unless specifically addressed in the purchase order amendment. These amendments will be sent to the supplier and must be acknowledged in the same way that a purchase order would be.

NOTE: For Standard Terms and Conditions Reference the PTM Corporation website. www.ptmcorporation.com

2.2 RELEASES

- Supplier releases are processed and telecommunicated or electronically supplied to each supplier. Suppliers must monitor and review current releases for increase/decreases that would affect weekly shipments. Any concern / problem must be communicated to the Purchasing at the appropriate PTM Corporation facility and/or affiliates within 24 hours of receipt of new P.O.
 - Suppliers are required to have 100% on time delivery performance.
 - Ordered quantities shipped must be within +/- 10% of the Purchase Order quantity.
 - Suppliers are required to react to a 15% increase in released quantities and requirements.
 - The supplier must support the required communicated capacity requirements.
 - If Premium Freight is incurred because of a 15% or less increase, the supplier could be debited for that charge.
 - Suppliers are expected to use First-In-First-Out inventory control methods.

2.3 TELECOMMUNICATIONS

In an effort to improve the transfer of materials information throughout the supply chain PTM Corporation and its affiliates require all of our suppliers to be able to communicate electronically and when applicable by EDI (Electronic Data Interchange). Contact the appropriate PTM Corporation facility's Purchasing for detailed instructions.

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2.4 PACKAGING

It is the supplier's responsibility to ship all products in quality packaging that protects all parts from damage during transport. Container type and size must be approved by the appropriate PTM Corporation facility and/or affiliate. Failure to comply may result in return of shipment and/or additional costs of warehousing and handling. Shipment of multiple part numbers in one container is not allowed (unless otherwise requested and approved by the appropriate PTM Corporation facility). The part number(s) must appear as the same part number referenced on the P.O. Reusable containers must be stripped of all old labels. When feasible, an effort should be made to use returnable containers to ship product. If not possible, recyclable containers should be used. See appendix "A"

2.5 LABELS

All incoming material is to be identified by the supplier with bar-coded shipping labels. All suppliers are required to ship with AIAG approved bar code labels and must contain serial number information on bar codes. Labels will be placed on the top right side of box unless otherwise specified. Please reference Automotive Industry Action Group Standard. In limited occasions, it may be necessary for an alternative information and format to be supplied. Upon approval at a minimum the PTM and/or affiliate part no., qty, lot and plant no. are to be supplied.

2.6 PACKING SLIPS

Each shipment must be accompanied by a packing slip for both receipt and payment. The packing slip must be presented by the carrier (truck driver) upon delivery to the receiving plant, unless prior agreement was finalized. It must contain the following information:

- Packing slip number (shipper number)
- Supplier name
- PTM Corporation or Contract part number (as applicable)
- Part description
- Identify if any boxes have mixed parts and note what parts they are and their quantities.
- Part quantity

PTM CORPORATION & MTI INC.

- Notification of 1st shipment of new part level (engineering change)
- Purchase Order number
- Number of Boxes

2.7 NAFTA (North America Fair Trade Agreement) REPORTING

The Supplier agrees that as part of its obligation under the terms of the purchase order, the Supplier will provide PTM Corporation or affiliate (as appropriate) Supplier Scheduler and PTM Corporation or affiliate (as appropriate) broker a completed North American Free Trade Agreement (NAFTA) Certificates of Origin attesting to the qualification of Suppliers merchandise as originating materials under NAFTA. This needs to be completed & submitted prior the shipment and each year (December) for the following year. In the event the Supplier is unable to provide a formal Certificate of Origin to the plant, the Supplier agrees to provide the plant with a written certification on Supplier letterhead attesting to the NAFTA origination of Supplier's merchandise. Such written certification shall be in conformance with language provided by the plant for this purpose. If it is the understanding of the Supplier that they are exempt from NAFTA Reporting requirement, they must submit this in writing to the plant.

2.8 CUSTOMS

All shipments shall be accompanied by the proper customs documentation to ensure border crossing. Shipping documents (packing slip, bill of lading, and commercial invoice) will reference the appropriate PTM Corporation or affiliates part number and description. If documentation is missing or incomplete, the supplier shall assume all subsequent costs. All customs documentation, including commercial invoice, must be emailed or faxed to PTM Corporation or affiliates Customs Broker when the load leaves supplier's dock. If further information is required, the supplier shall contact the appropriate PTM Corporation or affiliates Materials Manager.

2.9 IMDS (International Material Data System) REPORTING

PTM Corporation and its affiliates require that all suppliers comply with the ELV (end-of-vehicle-life) and Restricted Substances Directive mandated by OEMs globally. The IMDS submission for parts you sell to us must include full material, basic substance and CAS number disclosure. This is an ongoing event – the supplier must ensure that records are up-to-date (level changes – new part numbers).

PTM CORPORATION & MTI INC.

IMDS is required to be submitted with all PPAP Documentation.

See Appendix “B” for CRITERIA FOR SUCCESSFUL IMDS SUBMISSION

2.10 CONFLICT MINERALS - EICC (Electronic Industry Citizen Coalition) REPORTING

PTM Corporation and its affiliates are committed to sourcing responsibly and consider mining activities that fuel conflict unacceptable. PTM is requiring that all our suppliers comply with the EICC and GESI conflict-Free smelter program and the Conflict Minerals Reporting Template (“Template”). This is an ongoing event – the supplier must ensure that records are up-to-date (level changes – new part numbers). Concerning: CONFLICT MINERALS REPORTING, visit the website <http://www.conflictreesourcing.org/> to obtain the detailed information on this initiative as well as access to the template and instructions electronically.

2.11 CONFLICT MATERIALS REPORTING

PTM Corporation and its affiliates are committed to sourcing materials from suppliers that share our values around human rights, ethics, and environmental responsibility.

2.12 FREIGHT – PREPAID OR COLLECT

If freight is prepaid, it will be the supplier’s responsibility to arrange for transportation. They are responsible for all costs associated with the movement. This is classified as D.D.P. (Duties Delivery Paid).

Collect freight will be paid by the appropriate PTM Corporation affiliate. All inbound movements are set up by appropriate affiliate’s transportation department. This is classified as F.O.B. (Free on Board).

Premium Freight – when the supplier is responsible for the condition necessitating a Premium Freight shipment, the supplier shall be assessed the full amount of such shipment.

2.13 SERVICE PARTS

It is the responsibility of each supplier to fulfill any service part order for the appropriate PTM Corporation affiliate. Service part orders must be fulfilled until notification of cancellation is received from the appropriate PTM Corporation affiliate purchasing department. All components are eligible for service part orders. Any service orders will be conveyed to the supplier upon receipt by the appropriate PTM Corporation affiliate. All service parts must be produced from production tooling; therefore, continued preventive maintenance of tooling is required. Pricing of parts for service will be at production prices

PTM CORPORATION & MTI INC.

for as long as any claimed obsolete inventory exists. Requirements for service parts will be communicated through the regular EDI transactions or approved electronic transaction.

2.14 TOOL OWNERSHIP

When requested, the supplier shall provide to the customer all cost data, regardless of ownership, including: description of each tool, capability per tool, source of tool, associated cost, and cost of engineering changes as required. All tooling, fixtures, and containers paid for directly by appropriate PTM Corporation affiliate or through piece price are considered the property of appropriate PTM Corporation affiliate. These tools will be clearly stamped with the tool number and part number. These tools should contain a tag that clearly states "PROPERTY OF appropriate PTM Corporation affiliate".

2.15 BUILD OUT / OBSOLESCENCE

The supplier shall have detailed procedures in place defining the responsibilities and methods to be used in materials to manage build outs and engineering changes to minimize obsolescence.

The appropriate PTM Corporation affiliate shall be responsible to purchase raw material and finished goods that the supplier has been authorized to purchase and produce, according to the material and fabrication authorizations.

Suppliers must submit their claims to the Purchasing at the appropriate PTM Corporation affiliate within fifteen (15) working days of final production date. All claims will be audited. Payments of claims will be dependent on remittance from our customer. It is the responsibility of the supplier to contact the appropriate PTM Corporation affiliate, in writing, if they have obsolescence to submit within the required time frame. The supplier will comply with the following procedure and deadlines for submitting your obsolescence claims:

- Notify purchasing in writing with any obsolescence claims.
- A copy of the release schedule, which establishes your high points and verifies your final accumulation shipped into our plant, must accompany each claim.
- The claim must exceed \$500.00 to be considered. A claim is for one part number.
- All claims must be received on or before the required due date, otherwise, the appropriate PTM Corporation affiliate will **not** accept the claim and/or the Customer will not be responsible for any costs.

PTM CORPORATION & MTI INC.

- All pertinent information must be completed. This includes finished goods (purchased parts), work-in-process, and raw material. The appropriate PTM Corporation affiliate must know the usage per assembly for each raw material and in-process item claimed, as well as the material claimed for work-in-process, otherwise, the claim will be returned unprocessed. All claims must be in United States dollars (USD). Incomplete or non-legible information will be returned unprocessed.
- All materials must remain with the supplier until the Customer Audit has been completed and a written disposition of material has been received from our Accounting Department.

2.16 CONTINUOUS IMPROVEMENT

The supplier is required to cooperate with the appropriate PTM Corporation affiliate in an effort to reduce costs and selling prices both prior to and during mass production. The supplier shall be willing to share suggestions and cost reduction benefits with appropriate PTM Corporation affiliate. PTM will consider when applicable a working partnership with the supplier for cost save opportunities.

2.17 CONTINGENCY PLANS

The supplier shall prepare contingency plans (e.g. utility interruptions, labor shortages, key equipment failure) to reasonably protect the customer's supply of product in the event of emergency. These plans must be available to PTM Corporation upon request.

3.0 QUALITY SYSTEM REQUIREMENTS

3.1 Supplier 3rd Party Certification (ISO9001 Compliance and Registration)

PTM Corporation and its affiliates requires all suppliers of raw materials, processing parts (i.e. heat treat, plating, etc.) and purchased parts to be certified to the most current revision of the ISO 9001 standard. Suppliers not holding an ISO/TS 16949 certificate, and not recognized as a small supplier, must be able to demonstrate compliance to ISO/TS 16949. Suppliers to PTM Corporation and its affiliates are strongly encouraged to be registered to ISO/TS 16949. However, it is understood that registration to ISO/TS 16949 is not always feasible. For example feasibility may not be warranted due to; size of the organization, annual sales, or percentage of automotive product produced by the supplier. Therefore, registration to ISO 9001 will be accepted if the following criteria are maintained.

- Total number of employees is less than or equal to 100.

PTM CORPORATION & MTI INC.

- Total percentage of automotive product produced is less than or equal to 25%.
- Annual sales of 1,000,000 dollars (U.S.) or less.
- Adherence to the Automotive Industry Action Group (A.I.A.G.) core tools. APQP, PPAP, SPC, MSA etc.
- Parts per Million (PPM) defective not to exceed 100. If a supplier exceeds 100 PPM for a given month, the following is the escalation plan for improvements:
 - The supplier will be given written notification by Quality or Purchasing that the score must be improved within 60 days.
 - If an extension is required to improve the PPM score, contact Quality or Purchasing for an approval with the new timing.
 - If supplier fails to improve the score, then Quality or Purchasing will issue a corrective action, and a possible supplier audit.
- The supplier must maintain a PPM of 100 or less for three consecutive months to be compliant.
- Maintain a delivery rating of 90% or greater. If the supplier falls below 90% for a given month, the following is the escalation plan for improvements:
 - The supplier will be given written notification by Quality or Purchasing that the score must be improved within 60 days.
 - If an extension is required to improve the PPM score, contact Quality or Purchasing for an approval with the new timing.
 - If supplier fails to improve the score, then Quality or Purchasing will issue a corrective action, and a possible supplier audit.
 - Scorecards will provide a grace period of allowing the parts to be shipped to PTM Corporation and affiliates 3 days early or 3 days late, as long as this does not affect the customer delivery dates.

PTM CORPORATION & MTI INC.

- The supplier must maintain a 90% or higher rating for three consecutive months to be compliant.
- Suppliers that meet any one of items 1-3, and adhere to items 4-5 shall be considered compliant with ISO/TS 16949. Suppliers in this category shall be considered small suppliers for the purpose of meeting the criteria set forth by various OEM customer-specific requirements.

If there is any doubt as to the status of your product, contact the appropriate PTM Corporation affiliate. A copy of your ISO 9001 or TS16949 certificate must be sent to PTM Corporation Purchasing. Any change in the suppliers ISO certification status, including probation or revocation of your certificate, you must inform the appropriate PTM Corporation Purchaser or affiliate in writing within 5 business days of such change.

3.2 AIAG GUIDELINE MANUALS

All suppliers are required to obtain and comply with the five most current AIAG guideline/ instruction manuals.

- **APQP AND CONTROL PLAN** – APQP defines the requirements for advanced quality planning for new products and/or engineering changes. The Control Plan defines how the processes will be controlled and audited. The Control Plan is also part of the sample submission (PPAP).
- **FMEA MANUAL** – is the Failure Mode and Effects Analysis guideline. The FMEA is part of the sample submissions (PPAP).
 - If a 1-3 rating is used for Detection on the FMEA, please verify this process is Poke Yoke/Error Proof.
- **SPC MANUAL** – defines statistical methods. Statistical controls must be implemented on any characteristics identified as Critical or Safety on the drawing. PTM Corporation or its affiliates may also require use of SPC on other characteristics defined on the CRT (Component Review Team) agreement and for verification of corrective action when non-conformities are found.
- **MEASUREMENT SYSTEMS ANALYSIS** – defines the acceptance criteria for gages and measuring devices. Certain MSA requirements such as gauge R&R will be required as part of the sample submissions (PPAP).

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- **PRODUCTION PART APPROVAL PROCESS (PPAP)** – defines and explains the various levels and requirements of sample submissions. PPAP submissions will be required when new products are assigned, when engineering changes occur, when new processes are implemented, parts are manufactured or sent from a different location (includes moving equipment within the same building), a new material supplier is used, etc. Any additional PPAP's that are required which are initiated by the supplier will be subject to incurred cost from the appropriate PTM Corporation affiliate.
- The actual level of submission will be defined when the sample dates are established. Appropriate forms (GM-1000M, Ford WSSM99P9999-A, 1001-B01, etc.) for restricted materials must be included in PPAP package as appropriate. **SUPPLIERS ARE NOT ALLOWED TO SHIP UNAPPROVED PARTS.** In the event that a part would be transferred to another facility, a full exit PPAP submission will be required.
 - PTM Corporation and its affiliates will provide a Supplier PPAP Checklist (F-QA-7.4.3.2-001;Common) to identify the PPAP requirements and due date.
- PTM Corporation and its affiliates reserve the right to participate in or initiate run-at-rate assessments of suppliers manufacturing capability and quality requirements. These evaluation methods may be requested at the start-up of new programs, during pilot/launch phases, when the product is critical to the PTM Corporation affiliates production, etc.
- The supplier is also required to meet the applicable OEM Customer-Specific Requirements (CSR). Refer to: <http://iatfglobaloversight.org/default.aspx> for the current release of the OEMs CSR.

3.3 DRAWING SPECIFICATIONS AND REQUIREMENTS

100% compliance to all dimensions, inspections, testing, specifications and notes on the print drawings and the purchase order supplied by PTM Corporation or affiliate must be maintained. Suppliers must request changes and/or deviation of the drawing as early as at time of quote and/or prior to Pre-Production, Prototype or PPAP submission. Ideally, the requests should be made at time of quotation submittal. Where the customer specification has an approved supplier for approved materials, the supplier shall purchase the relevant materials from supplier on that list. Any additional supplier may only

PTM CORPORATION & MTI INC.

be used after they have been added to the list by the customers' materials engineering activity. This shall include compliance to all restricted and reportable materials as applicable.

3.4 ENGINEERING CHANGES

All engineering changes in tools or product must be approved **IN WRITING** by the PTM Corporation or affiliates Engineering Team (at a minimum, before implementation. This includes supplier request for change. Verbal requests will not be recognized. The first 5 shipments of new or changed product must be identified with a new/engineering change tag.

3.5 CERTIFICATIONS / SPC

It is PTM Corporation and its affiliate's policy to minimize Receiving Inspection. Criteria have been established to put reliable suppliers on a "ship to stock" status. To initiate this program at a minimum, product certification must be received with each shipment and part number must be included on certification. "Blanket" certifications **will not be accepted**. When full material certifications with chemical and physical results are required (the appropriate requirement will be added on the P.O.). For example, ALL HSLA type steel must have full material certification.

Where there are Critical or Safety characteristics or CRT agreements, SPC for those characteristics must be sent on a quarterly schedule unless otherwise specified. The Cpk/Ppk at PPAP must be 1.67 minimum (this requirement is in effect until 90 days after initial launch) and the on-going Cpk must be 1.33 minimum. If the Cpk level cannot be maintained, the process must be corrected in a manner to improve the Cpk level.

3.6 METHODS FOR LOT CONTROL & TRACEABILITY IN THE EVENT OF NONCONFORMITIES MUST BE IN PLACE

All Suppliers shall maintain a lot control and traceability identification system to track components, materials, and chemicals to their origin. Suppliers must utilize the First-In-First-Out (FIFO) inventory management system. This system shall include but not be limited to supplier vendors, any product which has been reworked and repaired.

3.7 CUSTOMER-SPECIFICS REQUIREMENTS

All suppliers are required to meet the customer-specific requirements (CSRs) related to quality management certification (including CSRs related to PPAP).

PTM CORPORATION & MTI INC.

The latest release of these requirements can be found at <http://iatfglobaloversight.org/default.aspx>

All suppliers to PTM Corporation affiliates (regardless of tier) providing heat treated product and heat-treating services shall determine applicability and effectiveness using the latest “**CQI-9 Special Process: Heat Treat System Assessment**” (HSTA) available through AIAG, <http://www.aiag.org/>. All applicable heat treat processes are to be assessed annually, including all heat treat processes listed in CQI-9 as well as brazing and sintering. Completed surveys shall be submitted to the appropriate PTM Corporation affiliate.

The Heat Treat Assessment is to be integrated into the suppliers ISO/TS 16949 compliant Internal Audit process (Refer to Clauses 8.2.2 and 8.2.2.2 of ISO/TS 16949). The organization shall ensure the requirement applies to heat treating suppliers pursuant to Clause 7.4.1.2 of ISO/TS 16949.

In addition to this any and all Ford product regardless of tier, shall demonstrate compliance to Ford’s Heat Treat Engineering Standard, W-HTX.

Suppliers to PTM Corporation affiliates (regardless of tier) providing plated product and plating services shall determine applicability and effectiveness utilizing the latest “**CQI-11 Special Process: Plating System Assessment**” available through AIAG, <http://www.aiag.org/>. All applicable plating processes are to be assessed annually. The Plating System Assessment is to be integrated into the suppliers ISO/TS 16949 compliant Internal Audit process (Refer to Clauses 8.2.2 and 8.2.2.2 or ISO/TS 16949). Completed surveys shall be submitted to the appropriate PTM Corporation affiliate.

Supplier to PTM Corporation affiliates (regardless of tier) providing coated product and coating services shall determine applicability and effectiveness using the “**CQI-12 Special Process: Coating System Assessment**” available through AIAG, <http://www.aiag.org/>. All applicable coating processes are to be assessed annually. The Coating System Assessment is to be integrated into the suppliers TS 16949 compliant Internal Audit process (Refer to Clauses 8.2.2 and 8.2.2.2 of ISO/TS 16949). Completed surveys shall be submitted to the appropriate PTM Corporation affiliate.

Suppliers to PTM Corporation affiliates that are requesting a change to the product, a move of machinery / tooling to another location, consolidation of business etc. shall inform PTM Corporation affiliates (Purchasing & Quality) in writing at a minimum of 12 weeks prior to the change being requested. PTM Corporation affiliates must follow customer specifics in initiating the change request such as the Ford “SREA” process and the Chrysler “Forever Requirement” process. Upon approval from the appropriate customer to proceed the PPAP process will begin for the final approval.

PTM CORPORATION & MTI INC.

Any other customer-specific requirements will be called out in the purchase order.

If for any reason the above customer-specific requirements (as applicable) are not followed, the supplier will be subjected to a financial penalty (see cost recovery).

3.8 ANNUAL RECERTIFICATION

PTM Corporation and/or its affiliates may require annual recertification. Dimensional layout (Minimum of 5 pcs per cavity), material certification, and a PSW are required from suppliers. All material tests and performance requirements, as outlined on the drawings must be performed. If testing is conducted by an external laboratory, the lab must be accredited to ISO/IEC 17025 (or national equivalent). If testing is conducted by the supplier, the supplier must be registered to ISO/TS 16949. This is required of all suppliers and must be submitted one week prior to the 12 month expiration of the last approved warrant. Send submissions to the attention of the Quality Engineer/Tech at PTM Corporation and/or its affiliates.

Note: Supplier is responsible to maintain a tracking system of all their annual re-certifications to ensure that PTM Corporation affiliates always has current data on file. Any annual submission that is late is cause for an initial \$500.00 fee for the 1st day and \$100.00 for every week until received.

3.9 NON-CONFORMING MATERIAL

When non-conforming material is found, the supplier will be contacted immediately by phone and disposition requested. This will be followed up with a written notification.

- The supplier may request that the material be returned and replacement stock will be sent. This will be done at the supplier's cost, Non-conforming material will **not** be returned until replacement stock has been received and verified as good material. We will not jeopardize our customer schedule.
- Rather than return material, the supplier may choose to come in and sort and/or repair at the PTM Corporation affiliates facility. This is also acceptable. Local employment agencies may be used, but only if those individuals sent are supervised by the supplier. In the case of very simple sorts, the Quality Engineer/Tech may waive this in writing.

PTM CORPORATION & MTI INC.

- If stock needs to be sorted or repaired to maintain production, those costs will be charged back to the supplier. Cost associated with non-conforming product that causes line interruption or shut down at PTM Corporation affiliates or end customer will also be the responsibility of the supplier.
- The supplier shall also be responsible for any costs incurred for warranty charges, problem investigations, vehicle recalls caused by non-conformities in their products.

3.10 CORRECTIVE ACTION REPORTING

Any supplier rejection will require recognized problem solving methodologies such as (*ie*) Ishakawa Diagram/8D/ 5-Phase. **The initial response must be received within 24 hours. Containment plan must be received within 24-48 hours of notification and the corrective action plan with root cause within 10 days or otherwise agreed in writing from the applicable PTM quality representative. Corrective action closure targeted in 30 days.**

3.11 SUPPLIER PARTNERSHIP REVIEW

SPR-1 meetings will be initiated by PTM Corporation affiliates when suppliers experience Quality and/or delivery concerns that are not addressed effectively and timely.

SPR 1

PTM Corporation affiliates will review the need for SPR meetings on a monthly basis. Visits may consist of a meeting with PTM Corporation affiliates' plant management and the supplier's management, who will be requested to attend the SPR-1 review meeting at PTM Corporation affiliates.

The supplier's Management will be expected to present action plans containing action/corrective action items, responsible persons, and target completion dates.

Guidelines for the selection of candidates for SPR-1 meetings are:

- Product safety or critical characteristics as defined on the print do not meet dimensional or capability requirements.
- Production interruption due to supplier's product quality or part shortages.
- Supplier issue escaped to PTM Corporation affiliates Customer requiring feedback (i.e. sort or rework/8-D, corrective action, etc.).

PTM CORPORATION & MTI INC.

- PTM Corporation affiliates received a formal complaint from their customer resulting from a supplier issue.
- PTM Corporation affiliates rating review at an unsatisfactory status.

Attendance and minutes of the SPR-1 meetings will be documented by PTM Corporation affiliates quality representative and be retained in the supplier's file.

Failure to resolve issues discussed in the SPR-1 meeting will result in the initiation of SPR-2

SPR 2

SPR-2 will consist of a meeting between the PTM Corporation affiliates plant management and the supplier's management.

Guidelines for the selection of candidates for SPR-2 meetings are:

- Unresolved SPR-1 issues.
- Product safety concerns remain open after prior months SPR-1 meeting.
- PTM Corporation affiliates supplier rating review remains at an unsatisfactory status after SPR-1 meeting.
- PTM Corporation affiliates customer complaint issues not satisfactorily addressed after prior SPR-1 meeting.
- Delivery issues not satisfactorily addressed after SPR-1 meeting.
- Issues deemed significant by PTM Corporation affiliates customer.
- Performances are repetitive, month after month and action plans are not effective or are behind schedule.

The supplier will be expected to provide containment with a clean point, present an action plan and will provide a problem solving analysis of quality/delivery issues, containing root cause analysis with regard to systemic quality deficiencies, and a review of the supplier's Quality Operating System (QOS).

PTM CORPORATION & MTI INC.

Failure to resolve issues discussed in the SPR-2 meeting will result in a “New Business Hold” status and initiation of the SPR-3 process, as well as a level 5 PPAP re-submission. A full Quality Management Systems audit may also be required by PTM Corporation affiliates.

SPR 3

Guidelines for the selection of candidates for SPR-3 meetings are:

- Product safety issues remain open without significant progress in resolving the concern(s).
- Containment actions not effective – repeat occurrence(s), lack of responsiveness.
- Repetitive delivery issues resulting in serious material shortages.

SPR-3 address suppliers whose quality, delivery and responsiveness has not met PTM Corporation affiliates minimum requirements and pose a substantial risk to PTM Corporation affiliates operation. The supplier has moved through the SPR-1 and SPR-2 process with unsatisfactory resolution of the concerns. The supplier will be placed on containment at the PTM Corporation affiliates facility at the discretion of the Quality and Purchasing Department. This will continue until capability has been demonstrated by the supplier. If PTM Corporation affiliate is directed by the customer to continue containment, this cost will be the responsibility of the supplier. SPR-3 consists of a meeting with the PTM Corporation affiliates Management and Supplier’s Senior Management. The supplier will be required to present corrective action plans which address the systemic problems within their organization, along with their internal indicators which are used to monitor customer satisfaction and quality performance.

3.12 SUPPLIER PERFORMANCE

The maximum overall performance score shall be 175 points shown on the Plex scorecard and the minimum overall performance score requirement is 140 points. If the supplier falls below 140 points (shown on plex scorecard), PTM Supplier Quality will initiate a supplier corrective action so they can address the poor performance issues.

Supplier Scorecards are generated quarterly in PLEX, unless requested from the Supplier for a monthly report. All suppliers that are assessed a score of 139 or below, will be classified as poor performing supplier and will automatically receive a copy of their scorecard. The supplier will then be required to submit corrective actions per section 3.10. All information will be updated on or near the 17th day of the following month for the prior month’s results. Suppliers classified as acceptable can request a copy of their scorecard.

PTM CORPORATION & MTI INC.

Contact the Quality Department, or representative at the appropriate PTM Corporation affiliate facility.

Supplier performance and ratings shall be monitored through the following categories:

Parts Per Million

- **25 points available**

Delivery

- **100 points available**
- Shipped to Release (over/short)
- AIAG Bar code labels scan capable/packaging/correct engineering level
- Shipping documentation accuracy (EDI, ASN, packing slips, etc.)
- FIFO
- Premium Freight/Delivery

Quality

- **50 points available**
Problem Solving Report
- Initial response within 24 hrs. (initial response and containment plan)
- Root cause identified within 5 business days & PCA (permanent corrective action) resolution defined within 10 business days
- Implementation of permanent corrective actions (closure by 30 days)
- Third Party Sort
- QMS Registration Status – must be TS-16949 or ISO-9001 (no expiration/suspension of certificate)
- No Customer disruptions including field returns
- No Special Status Customer Notifications or SPR ratings assigned

PTM CORPORATION & MTI INC.

See Appendix “C” for Supplier Scorecard Detail – PPM, Problem Reports, On Time Delivery.

Every quarter, Quality will review the top five worst supplier records. They will decide if it is necessary for the supplier to be called in for an In-coming Supplier Quality meeting at the PTM Corporation affiliates facility or the possibility of a survey on those suppliers with repetitive quality problems. Continuous problems and ineffective corrective actions may be cause for investigation of resourcing.

PTM Corporation affiliates reserves the right to visit the supplier manufacturing facility to verify the quality of purchased product and to review quality systems. This right is also extended to PTM Corporation affiliates end item customers.

4.0 ACCOUNTING SYSTEM REQUIREMENTS

4.1 INVOICES

The following is a brief description of PTM Corporation affiliates accounting practices as applied to invoices.

- Invoice shall cross-reference packing list, freight bill, and purchase order number.
- Invoice shall include the PTM Corporation affiliates part number.
- Invoice pricing will not be changed until a PTM Corporation affiliates purchase order amendment form is issued in writing by the Purchasing Department.
- All invoices will be mailed to the Accounts Payable Department and they must be the original forms.

4.2 PRICING ADJUSTMENTS

All labor and material costs are firm for the life of the program plus service. Requests for pricing adjustments and/or review due to material, economics or labor costs will be taken under consideration and addressed “on an as need basis”. Requests must be submitted within 60 days prior to the scheduled shipment and may not lead to the interruption or jeopardy of the delivery of product.

4.3 TOOLING COSTS

Payment for tooling costs incurred by the supplier will be handled as per agreed upon negotiations and as described on the Purchase Order and its attachments. In no case, will monies in excess of the Purchase Order be paid without an authorized P.O. amendment

PTM CORPORATION & MTI INC.

issued and approval documentation to support tooling completion (i.e. PPAP approval). All tooling purchases will be subject to audit by the owner, including but not limited to work orders, time sheets, payroll records, purchase orders, invoices, and check payments. That will show actual costs incurred.

4.4 COST RECOVERY POLICY

Suppliers are required by contract to provide PTM Corporation affiliates with conforming product, shipped and delivered to the releases. The scheduled timing and carriers are specified by PTM Corporation affiliates unless the supplier is contracted prepaid delivery. Failure to comply could result in a monetary penalty. If material has to be bought at a higher cost through a spot buy, the difference in price will be charged back to the party holding the blanket purchase order for the part in question. Below is a list of non-compliances which could be applicable for charge backs and charge back fees on any occurrence of requirement non-compliance by the supplier. All prices are United States Dollars (USD). The list includes but is not limited to:

- Sort of any non-conforming components by PTM Corporation affiliates designated personnel will be charged at a rate of \$55.00 per man hour.
- Rework of any non-conforming components by PTM Corporation affiliates designated personnel will be charged at a rate of \$55.00 per man hour.
- A charge of \$300.00 will be levied for all Non-Conforming Material Notices.
- Shipment of any material due to product change, process change, material change or supplier change without prior notification through a fully approved or conditional warrant by PTM Corporation affiliates; or shipping with an expired conditional Part Submission Warrant (PSW). The charge will be \$100.00 per day until approval is received.
- Shipping discrepancies (misabeled parts, mixed parts, incorrect quantity, no shipper, no ASN, incorrect ASN, wrong engineering level, etc.) Engineering, process or material changes or supplier changes not identified with “Caution Sheet” and written communication maybe subject to a charge back per discrepancy.
- All PPAP submissions must be received on or before the date stated on the purchase order. Incomplete or incorrectly filled out PPAP submissions will be considered late. A charge of up to \$500.00 for the first day late and \$100.00 for each additional day until correct PPAP submission is received.

PTM CORPORATION & MTI INC.

- If a warranty issue is determined to be the responsibility of the supplier, all charges incurred will be transferred to the supplier, including processing & handling.
- Late corrective action responses may be charged at a rate of \$500.00 for the first day and \$100.00 per day until the corrective action is received.
- Packaging that contains material that is not reusable or recyclable and must be disposed of in a landfill by PTM Corporation affiliates will be charged a fee of \$100.00 for each shipment containing such packaging.
- Shipments made with no approved level of a PPAP submission or with a PPAP that is not to a current level unless previously agreed upon in writing by the Management Team will be subject up to a \$30,000 charge.
- Overtime of PTM Corporation affiliates employees to prevent production interruption at the customer caused by a supplier issue will be charged \$85 per man hour.

4.5 REJECTIONS

Rejected material will be charged back to the supplier at current prices. The supplier will be responsible for all expenses direct or pass-through incurred by PTM Corporation and/or its affiliates resulting from their non-conformity which shall include but not be limited to:

- Containment exercises
- Equipment downtime
- Premium placement time
- Administrative costs
- PTM customer charge backs, manufacturing, shipping, expediting or warranty
- Travel, meals, lodging, fuel, etc.
- Product recall costs

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Appendix A

PTM Packaging Instructions			
GENERAL	PART INFORMATION		PACKAGING INFORMATION
Date Issued	PTM Part Number	Container	<input type="checkbox"/> Returnable <input type="checkbox"/> Expendable
Customer	Customer Part Number	Container Ownership	<input type="checkbox"/> PTM <input type="checkbox"/> Customer
Vehicle	Part Description	Container Type	We will put Box, Bin, Tub
Model Year	Part Dimensions (In) L: W: H:	Container#	Box PTM p/n's (P-0000xxx)
EAV	Part Weight (lbs)	Container Size (in)	L: W: H:
Daily Qty	Picture of the Part:	Unit Load Weight (lbs)	Net: Tar: Gross:
SOP		Pallet Size (in)	L: W: H:
EOP		Dunnage	<input type="checkbox"/> Returnable <input type="checkbox"/> Expendable
		Dunnage Ownership	<input type="checkbox"/> PTM <input type="checkbox"/> Customer
PACKAGING REVISION		Dunnage Style	S1 <u>Cell Dividers</u> S2 <u>Layer Pads</u> S3
Revision#		Dunnage Part #	S1 <u>PTM# for S1</u> S2 <u>PTM# for S1</u> S3
Revision Date		Qty Dunnage/Container	S1 <u># of each</u> S2 <u># of each</u> S3
Reason		Parts/Cell	
		Cells/Layer	
		Parts/Layer	
		Layers/Container	
		Parts/Container	
ILLUSTRATIONS AND INSTRUCTIONS			
Picture of container with dunnage and Parts:		Picture of full pallet of containers:	Pallet load information:
			Containers per layer:
			Layers:
			Container per pallet:
			Parts per pallet:
			Overall Pallet Dim.:
			Pallet tare weight (lbs):
			Pallet gross weight (lbs):
APPROVALS			
Issued By:	Approved By:	Accepted By:	
Quality Engineer/Designee: _____	Estimating/Designee: _____	Title: _____	Date: _____

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11/7/16

PTM CORPORATION & MTI INC.

Appendix B

IMDS – <http://www.mdssystem.com>

You must register with IMDS and have a user ID and password. Registration can be done online at <http://www.mdssystem.com>. **This is a FREE SERVICE.** You will receive a confirmation by email after registering. There is optional training available through IMDS if you are not familiar with how to submit parts. There is also a small demonstration at www.imds-elearning.com. Click on the IMDS Training Tab, select demonstration and follow the instructions. There is also help in the IMDS system once you are logged in. Contact the appropriate PTM Corporation affiliate(s) quality department to obtain the applicable IMDS ID number.

Reporting Requirements: All parts and materials supplied to PTM Corporation affiliate must be reported as they are on the finished part. (For example, Solvents in paint that flash off in the process are not on the completed part and therefore not reported.) When naming a material or part, use common names such as steel (1008), (nut n-x-nn), bolt, etc. The PTM Corporation affiliate part number listed will be used in your IMDS response. Build them as semi-components or materials.

“There are no prohibited, restricted or reportable substances according to the IMDS ILRS Guidelines in any materials used in the part except those declared in MDS.”

Please have the person that will complete the required task acknowledge receipt of this letter by filling in the following information below and submitting an e-mail to the PTM Corporation affiliate as soon as possible, along with a list of all final part number that your company will supply each PTM Corporation affiliate plant. If shipping product to more than one PTM Corporation affiliate, be sure to copy each plant. E-mails should be sent to Purchasing and Quality.

Garret Brubaker – Purchasing Coordinator
gbrubaker@ptmcorporation.com

Joseph Richardson – Quality Engineer
jrichardson@ptmcorporation.com

Brian Suarez – Corporate Quality Director
bsuarez@ptmcorporation.com

PTM Corporation affiliates Supplier Number:

Supplier Name:

Contact:

Phone:

Fax:

E-Mail:

PTM CORPORATION & MTI INC.

You must have your information submitted into the IMDS system prior to you receiving PPAP approval from PTM Corporation affiliate on any new item(s) and or engineering changes.

If you have any question with registering your information online, please contact the Quality Department for the applicable PTM Corporation and/or its affiliate facility.

Appendix C

Calculation Criteria

The rating is computer generated using data obtained from the Suppliers receipt history each month & the Non-conforming material dispositioned each month (effective on the date supplier issues RMA # for the non-conforming material)

PPM RATING CHART

PPM	Points
0-100	25
100.01-500	15
500.01-1000	10
1000.01-5000	05
5000.01-100000	00

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Supplier Acknowledgement:

An acknowledgement and acceptance of the PTM Corporation Supplier System Requirement Manual, will be recognized upon the supplier receipt of a PTM/MTI purchase order for products and services or as the products and services have been completed.

Revision: B
Updated: Oct 4, 2017

If you would like any further information, please contact:

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gbrubaker@ptmcorporation.com
