

# PTM CORPORATION



**6560 Bethuy Rd  
Fair Haven, MI 48023  
Telephone (586) 725-2211**

**SUPPLIER QUALITY MANUAL**  
Revision K  
5/24/2022

# PTM CORPORATION

Welcome to PTM Corporation.

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 is, 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

<b>TABLE OF CONTENTS</b>		
<b>SUPPLIER MANUAL for PTM CORPORATION</b>		<b>Page</b>
<b>Dedication</b>		2
<b>Table of Contents</b>		3-4
<b>1.0 INTRODUCTION</b>		
1.1	Code of Ethics	5
1.2	Supplier Contact Information	5
1.3	Supplier Visits	5-6
1.4	Confidentiality Agreement	6-7
1.5	Statutory and Regulatory Requirements	7
<b>2.0 MATERIAL SYSTEM REQUIREMENTS</b>		
2.1	Purchase Orders	7-8
2.2	Releases	8
2.3	Telecommunications	9
2.4	Packaging	9
2.5	Labels	9
2.6	Packing Slips	9-10
2.7	USMCA Certificate of Origin	10
2.8	Customs	10
2.9	IMDS Reporting	11
2.10	Conflict Minerals –Reporting	11
2.11	Freight – Prepaid or Collect	11
2.12	Service Parts	12
2.13	Tool Ownership	12
2.14	Continual Improvement	12
2.15	Contingency Plans	12
<b>3.0 QUALITY SYSTEM REQUIREMENTS</b>		
3.1	Supplier 3 <sup>rd</sup> Party Certification (ISO-9001:2015 Compliance and Registration)	13
3.2	AIAG Guideline Manuals	13-14
3.3	Drawing Specifications and Requirements	14
3.4	Engineering Changes	15
3.5	Certifications/SPC	15
3.6	Procurement Control	16
3.7	Product Control	16-17
3.8	Customer-Specifics Requirements	17-18
3.9	Annual Recertification	18
3.10	Non-Conforming Material	18
3.11	Supplier Deviation Request	19
3.12	Corrective Action Reporting	19
3.13	Qualification of New Supplier & Ongoing Supplier Quality Management Systems Audits	19-20
3.14	Supplier Performance	20-22
3.15	Supplier Partnership Review	22-23
<b>4.0 ACCOUNTING SYSTEM REQUIREMENTS</b>		
4.1	Invoices	23

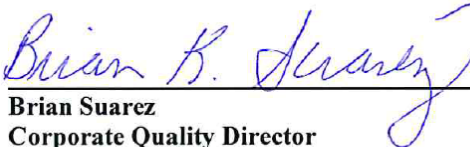
# PTM CORPORATION

4.2	Pricing Adjustments	23
4.3	Tooling Costs	23
4.4	Cost Recovery Policy	23
4.5	Rejections	24

## 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
C	Added Section(s) 1.5, 3.6, 3.7 & 3.11/Revised Section 2.10, 2.17, 3.5, 3.12 & 3.13	5/25/18
D	Removed compliance related references to MTI	4/18/19
E	Section 3.10 Updated to include a \$250.00 Admin Fee for all supplier related quality issues.	10/28/19
F	Added Section 3.11 Deviation Request	8/25/2021
G	Revised verbiage in section 2.7 from NAFTA to USMCA. Added to section 3.13 Ongoing Supplier Quality Management Systems Audit	12/20/2021
H	Updated Section 3.11 Specific to Supplier request for change	4/12/2022
J	Updated Section(s) 1.2 & 3.1 to clarify supplier certification accreditation conformity.	5/11/2022
K	Defined Scorecard Green, Yellow, Red values and re-actions See section 3.14	5/24/2022

  
 Donna Russell-Kuhr  
 President/CEO/Co-Owner

  
 Brian Suarez  
 Corporate Quality Director

  
 Jeff Bissell  
 Purchasing Coordinator

# PTM CORPORATION

## 1.0 INTRODUCTION

The purpose of this manual is to establish a clear understanding of PTM Corporation'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 ensure 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 is committed to the prevention of pollution in accordance with ISO 14001, the internationally recognized Environmental Management System. As a supplier to PTM Corporation, 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 associates 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 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 PTM Purchasing/Supplier Quality team. ISO 9001:2015, IATF 16949, ISO 14001, ISO-IEC 17025 are examples.
- Recognized certifications above must be accredited through the following:
  - ISO9001:2015 (*Accredited through "International Accredited Form"*) <https://iaf.nu/en/accreditation-bodies/>
  - IATF16949:2016 (*Accredited through "IATF Certification Bodies"*) <https://www.iatfglobaloversight.org/certification-bodies/>
  - ISO17025 (*Accredited through "ILAC"*) <https://ilac.org/>

# PTM CORPORATION

## 1.3 SUPPLIER VISITS

- All suppliers must have an appointment before visiting the plant.
- 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 associate on the plant floor.
- Safety glasses are mandatory on the plant floor. Hearing protection is required where 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, 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 may require) any confidential or secret information of PTM Corporation business practices or manufacturing methods. This includes the time period before, during and after any contract that you have with PTM Corporation. This information includes but is not limited to:
  - Any of PTM Corporation computer hardware, software and related works.
  - Information relating to the manner in which PTM Corporation conducts business.
  - PTM Corporation's methods of manufacture, machines, products, designs, drawings, formulas, engineering test data, inventions and patent applications.
  - Information relating to pricing or quoting.

# PTM CORPORATION

- Any other information related to the business or activities of PTM Corporation that is not generally known to others.
- 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 Department at PTM Corporation. 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 any and all information (including proprietary or confidential information) about the business and affairs of or belonging to PTM Corporation 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 Corporation reserves 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 from bankruptcy / business failure for its critical material and/or components.

## 1.5 Statutory and Regulatory Requirements

- PTM Corporation requires their suppliers of purchased products, processes and services conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the PTM country of destination if applicable. PTM will communicate the requirements in the provided purchase order after the supplier section process is complete.

## 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.

# PTM CORPORATION

- 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.
  - 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](http://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 Department at PTM Corporation 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.



# PTM CORPORATION

## 2.3 TELECOMMUNICATIONS

In an effort to improve the transfer of materials information throughout the supply chain, PTM Corporation requires all of our suppliers to be able to communicate electronically on the PTM Plex Portal and when applicable by EDI (Electronic Data Interchange). Contact PTM Corporation's Purchasing Department for detailed instructions.

## 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 PTM Corporation. 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, the PTM Corporation 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)

# PTM CORPORATION

- Part description
- Identify if any boxes have mixed parts and note what parts they are and their quantities.
- Part quantity
- Notification of 1st shipment of new part level (engineering change)
- Purchase Order number
- Number of Boxes

## **2.7 USMCA (United States-Mexico-Canada Agreement) REPORTING**

The Supplier agrees that as part of its obligation under the terms of the purchase order, the Supplier will provide PTM Corporation Scheduler and PTM Corporation broker a completed United States-Mexico-Canada Agreement (USMCA) Certificates of Origin attesting to the qualification of Suppliers merchandise as originating materials under USMCA. 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 USMCA 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 USMCA 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 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's Customs Broker when the load leaves supplier's dock. If further information is required, the supplier shall contact the appropriate PTM Corporation Materials Manager.

# PTM CORPORATION

## 2.9 IMDS (International Material Data System) REPORTING

PTM Corporation requires 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).

IMDS is required to be submitted with all PPAP Documentation. PTM IMDS Code: 3730

## 2.10 CONFLICT MINERALS REPORTING

PTM Corporation is committed to sourcing responsibly and considers mining activities that fuel conflict unacceptable. PTM is requiring that all our suppliers comply with the RBA (Responsible Business Alliance), RMI (Responsible Minerals Initiative) 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.responsiblemineralsinitiative.org/> to obtain the detailed information on this initiative as well as access to the template and instructions electronically.

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

## 2.11 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 PTM Corporation. All inbound movements are set up by the Shipping Department. This is classified as F.O.B. (Free on Board or Freight on Board).

Premium Freight – when the supplier is behind schedule, the supplier may be responsible for expediting at their expense.

# PTM CORPORATION

## 2.12 SERVICE PARTS

It is the responsibility of each supplier to fulfill any service part order for PTM Corporation. Service part orders must be fulfilled until notification of cancellation is received from PTM Corporation's Purchasing Department. All components are eligible for service part orders. Any service orders will be conveyed to the supplier upon receipt by the PTM Corporation. 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 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.

## 2.13 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 PTM Corporation or through piece price are considered the property of PTM Corporation. These tools will be clearly stamped with the tool number and part number. These tools should contain a tag that clearly states, "PROPERTY OF PTM CORPORATION".

## 2.14 CONTINUAL IMPROVEMENT

The supplier is required to cooperate with PTM Corporation 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 PTM Corporation. PTM will consider when applicable a working partnership with the supplier for cost save opportunities.

## 2.15 CONTINGENCY PLANS

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

# PTM CORPORATION

## 3.0 QUALITY SYSTEM REQUIREMENTS

### 3.1 Supplier 3rd Party Certification (ISO 9001:2015 Compliance and Registration)

- PTM Corporation requires all suppliers of raw materials, processing parts (i.e. heat treat, plating, etc.) and purchased parts to be at a minimum certified to the ISO 9001:2015 standard. The cert must be accredited through (“*International Accredited Form*”) <https://iaf.nu/en/accreditation-bodies/>

### 3.2 AIAG GUIDELINE MANUALS

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

- **APQP AND CONTROL PLAN** – APQP defines the requirements for Advanced Product Quality Planning for new products and/or engineering changes. The Control Plan defines how processes will be controlled and audited. The Control Plan is also part of the Production Part Approval Process (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 Proofed.
- **SPC MANUAL** – defines Statistical Process Control methods. Statistical controls must be implemented on any characteristics identified as Critical, Safety or Significant on the drawing. PTM Corporation may also require use of SPC on other characteristics as defined by the CRT (Component Review Team) agreement and for verification of corrective actions when non-conformities are detected.
- **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 PPAP.
- **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 launched, when engineering changes occur, when new processes are implemented, parts are manufactured or sent from a different location (includes moving equipment within the same

# PTM CORPORATION

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 PTM Corporation.

- 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 new PPAP submission will be required.
  - PTM Corporation will provide a Supplier PPAP Checklist (F-QA-7.4.3.2-001) to identify the PPAP requirements and due date.
- PTM Corporation reserves the right to participate in or initiate run-at-rate assessments of suppliers manufacturing methods and quality requirements. These evaluation methods may be requested at the start-up of new programs, during pilot/launch phases, or when the product is critical to the PTM Corporation.
- 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 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 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.

# PTM CORPORATION

## 3.4 ENGINEERING CHANGES

All engineering changes in tools or products must be approved **IN WRITING** by the PTM Corporation Engineering Team before implementation. This includes supplier request for changes. 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's policy to conduct Receiving Inspection. Material certifications with chemical and physical results are required with each supplier shipment per the specifications on the P.O.

Process capability refers to a comparison between the inherent variability of a process and the specified tolerance. It is important to note that acceptable process capability is achieved through the study and control of key process parameters. Unless PTM defines customer specific CC's/SC's requirements, it is recommended that the supplier use the latest AIAG Reference Manual - Statistical Process Control (SPC) and the Advanced Product Quality Planning and Control Plan (APQP) Reference Manual, latest edition as the reference for conducting process capability studies.

Process Capability Requirements are as follows:

	Preliminary (50 parts)	Long Term (production run)
Expectation – Process Capability for CC Process Capability for SC	Stable Ppk $\geq$ 2.00 Ppk $\geq$ 1.67	Stable Cpk >1.67 Cpk >1.33
If expectation is not met, but parts are within specification	Provide corrective action	Provide corrective action
If expectation is not met and one or more parts are beyond specification	<ul style="list-style-type: none"><li>• 100% inspection</li><li>• Contact EU QE</li><li>• Provide corrective action</li></ul>	<ul style="list-style-type: none"><li>• 100% inspection</li><li>• Contact EU QE</li><li>• Provide corrective action</li></ul>

# PTM CORPORATION

## 3.6 Procurement Control

### Explanation

Suppliers of parts/material to PTM Corp must have systems in place to ensure control of purchased material.

### Requirements

A system that outlines the sub-supplier's responsibilities must be implemented to ensure that PTM Corporation requirements are met. Suppliers must show evidence of control of purchased material. It is the supplier's responsibility to prevent the shipment of nonconforming parts/materials to PTM Corporation.

### Actions and Methods

The supplier must establish a policy for sub-contracting. The policy must include the following control systems:

- Receiving Inspection  
Receiving Inspection is very important to ensure the incoming quality of the sub-supplier's parts/materials. The supplier must maintain accurate records of the sub-supplier's product quality, as it may be necessary for PTM Corp. to review inspection data upon request.
- Raw Material Inspection  
A system to control the mixing of similar or dissimilar parts/materials must be in place and include the following:
  1. First In-First Out (FIFO) procedure
  2. Shelf-life cycle verification (recheck for deterioration and defects after a long storage time).
  3. Nonconforming material control
  4. Raw material verification (including chemical analysis and performance test results)
  5. Lot traceability and identification.
- Production Process Verification  
Suppliers must receive and approve PPAPs from their suppliers, unless a deviation is approved by PTM's SQE. Suppliers must verify their supplier's process capability and record/retain all checks. Certain parts/materials may require source inspection by PTM Corporation. The inspection may be necessary due to one or more of the following conditions:  
The sub-supplier has exhibited difficulty in producing product with acceptable quality.
- Finished Parts/Materials Verification
  - Suppliers must conduct initial and ongoing verification of sub-supplied parts/materials to ensure that they meet both the supplier's and PTM Corporation requirements.
  - Sub-supplier's process (i.e. plating, coating, etc.) complies with all PTM Corporation standards. Suppliers must be able to provide documentation evidence of the verification when requested by PTM Corporation.



# PTM CORPORATION

## 3.7 Product Control

### Explanation

Suppliers must have systems in place to ensure the control of products shipped to PTM Corporation.

### Requirements

The supplier must establish and uphold procedures that ensure all products conform to the PTM Corporation Purchase Order requirements (Including Statutory & regulatory requirements). It is the supplier's responsibility to retain all quality records such as inspection, reliability, non-conforming material, and lot traceability.

### Actions and Methods

The procedures implemented by the supplier to ensure conformance to PTM Corporation's Purchasing requirements include, but are not limited to:

- In-process inspection
- Material control procedures to maintain segregation of product. Suppliers who receive purchased or processed material from PTM Corporation should:

The supplier should ensure that all consignment materials from PTM Corporation suppliers comply with PTM Corporation's specifications.

Suppliers are responsible for developing a formal receiving inspection plan with PTM Corporation's Supplier Quality Engineer. The supplier is responsible for consignment material. All defective material should be identified and contained using a formal nonconforming material procedure. If there are defective parts due to set up or in process failures, these defects are to be reported to PTM Corporation. The supplier should place this material in quarantine area at their facility and await PTM Corporation disposition.

- Material identification
- First-in/first-out material flow
- Final inspection
- Lot traceability
- Non-conforming material control
- Lab and reliability test procedures
- Material handling practices

## 3.8 CUSTOMER-SPECIFICS REQUIREMENTS

All suppliers are required to meet the customer-specific requirements (CSRs) related to quality management certification (including CSRs related to PPAP). The latest release of these requirements can be found at <http://iatfglobaloversight.org/default.aspx>

All suppliers to PTM Corporation (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

# PTM CORPORATION

**Assessment”** (HSTA) available through AIAG, <http://www.aiag.org/>. All heat treat processes listed in CQI-9 as well as brazing and sintering. Completed surveys shall be submitted to PTM Corporation annually.

- 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 (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/>. Completed surveys shall be submitted to PTM Corporation annually.

Suppliers to PTM Corporation (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/>. Completed surveys shall be submitted to PTM Corporation annually.

Suppliers to PTM Corporation (regardless of tier) providing coated product and coating services shall determine applicability and effectiveness using the **“CQI-15 Special Process: Welding System Assessment”** available through AIAG, <http://www.aiag.org/>. Completed surveys shall be submitted to PTM Corporation annually.

Suppliers to PTM Corporation that are requesting a change to the product, a move of machinery / tooling to another location, consolidation of business etc. shall inform PTM Corporation Purchasing & Quality Departments in writing.

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

## 3.9 ANNUAL VALIDATION

PTM Corporation may require annual product validation. Dimensional layout, 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 laboratory must be accredited to ISO-IEC 17025 (or national equivalent). 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 Supplier Quality Engineer at PTM Corporation.

# PTM CORPORATION

## 3.10 NON-CONFORMING MATERIAL

When non-conforming material is found, the supplier will be contacted immediately by phone and when applicable PTM will issue a supplier nonconforming material report (PLEX supplier 8D report). Disposition of suspect / nonconforming material will be required.

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 PTM Corporation. Supplier to take on all financial obligations as means of support.
- 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 or end customer will also be the responsibility of the supplier.
- The supplier shall also be responsible for any costs incurred for warranty charges, field returns, problem investigations, vehicle recalls caused by non-conformities in their products.
- All supplier non-conforming material reports issued in Plex System for defective product or quality related issues will be subjected to a \$250.00 Admin fee. This admin fee will be encompassed on any debited associated costs.

## 3.11 DEVIATION REQUEST

If before shipment to PTM Corp, a supplier becomes aware of a non-conformity or any type of necessary change to the process which does not affect a special characteristic or the function of the product, they should send a "Request For Deviation" using the PTM Deviation Request Form, which should indicate:

- the nature of the non-conformity or requested change along with an analysis of its cause(s),
- the number of components affected,
- the likely consequences of the defect,
- the actions taken to correct and eliminate the problem along with a timing plan.
  - If necessary rePPAP to PTM

PTM Corp will then accept or reject the deviation. If the deviation is accepted:

- it will cover only a specific quantity for a specific defect,

# PTM CORPORATION

- the supplier will be required to identify all parts sent under that deviation with identifying labels marked “accepted under deviation”

The acceptance of any deviation does not affect the supplier’s commitments to PTM

## 3.12 CORRECTIVE ACTION REPORTING

Any supplier rejection will require recognized problem solving methodologies such as 7 Step, 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 to in writing from the PTM Supplier Quality Engineer. Corrective action closure targeted in 14 days.**

## 3.13 Qualification of a New Supplier & Ongoing Supplier Quality Management Systems Audits

- Explanation  
New Direct Suppliers will be selected and evaluated based on assessment criteria and on evidence of maintaining acceptable quality and service.
- Requirements New Supplier:  
New Supplier assessments will be supported by a supplier on-site audit (using the PTM\_ Supplier Audit \_ New Supplier Qualification F-PUR-8.4.1-001), along with one or more of the following:
  - Certificate of approval by a recognized authority (Minimum ISO 9001:2015/ with a plan to secure IATF 16949:2016 certificate)
  - Documented history of acceptable quality, reliability, and service
  - Proof of existing quality program
  - Industry references (product and service)
  - Assessment and verification of samples
  - Quoted and proven supplier lead time
  - Supplier pricing and terms
  - Availability of alternative suppliers
  - When Applicable Certification to ISO/IEC 17025 for Calibration Services
  - Demonstrate compliance to PTM Corporation’s Standard Conditions of Purchase
- Ongoing Supplier Quality Management Systems Audits:  
PTM critical suppliers will be scheduled for ongoing Quality Management Systems Audits at a minimum of every 3 years. The PTM SQE will schedule & perform on-site QMS audits (using the PTM\_ Supplier Audit \_ Ongoing QMS F-PUR-8.4.2.4-002). For non-critical suppliers that have no major risk/impact or suppliers who display excellent quality and delivery

# PTM CORPORATION

ratings, it is at the PTM SQE's discretion to electronically send out the ongoing supplier audits to those suppliers to perform themselves. Upon audit completion, the supplier will be return the completed audit in a timely manner. The returned audit will be reviewed by the PTM SQE. At that time, the PTM SQE can determine based off the supplier audit results to schedule an onsite audit if necessary.

## 3.14 SUPPLIER PERFORMANCE

The maximum overall performance score shall be 100 points shown on the Plex scorecard.

Supplier Scorecards are generated monthly in PLEX. PTM will conduct supplier scorecard reviews monthly. All suppliers that are assessed a score of 89% or below will automatically receive a copy of their scorecard. At any time, Suppliers can request a copy of their scorecard by contacting the PTM Corporation Quality Department. Or retrieve directly out of PTM Plex Supplier Portal.

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

### Delivery

- **50 points available**
- On Time Delivery
- Premium Freight

### Quality

- **50 points available**
- Occurrences of Problem Reports in PLEX.
- No Customer disruptions including field returns or Warranty issues
- SPR ratings if assigned (see 3.15 Supplier Partnership Review)

See Supplier Scorecard breakdown and re-action.

- Scorecard Green 90%-100% (No Actions Required)
- Scorecard Yellow 60%-89% (Supplier notified & PTM/Supplier meeting to review current issues driving score yellow, action may be required)
- Scorecard Red 60%-Below (Supplier notified & PTM to conduct onsite supplier review w/developed reaction plan)

# PTM CORPORATION

- 3 consecutive months in Red, PTM to initial SPR 1 (Supplier Partnership Review)

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

## 3.15 SUPPLIER PARTNERSHIP REVIEW

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

### SPR 1

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

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's Customer, requiring feedback (i.e. sort or rework/8-D, corrective action, etc.).
- PTM Corporation received a formal complaint from their customer resulting from a supplier issue.
- PTM Corporation's rating review at an unsatisfactory status.

**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's plant management and the supplier's management.

# PTM CORPORATION

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's supplier rating review remains at an unsatisfactory status after SPR-1 meeting.
- PTM Corporation's 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's 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).

**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. A full Quality Management Systems audit may also be required by PTM Corporation.**

## 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's minimum requirements and pose a substantial risk to PTM Corporation and/or customers.

# PTM CORPORATION

If the supplier has moved through the SPR-1 and SPR-2 process with unsatisfactory resolution of the concerns. PTM will remove the supplier from the Approved Supplier list and start the de-sourcing process.

## 4.0 ACCOUNTING SYSTEM REQUIREMENTS

### 4.1 INVOICES

The following is a brief description of PTM Corporation's accounting practices as applied to invoices:

- Invoice shall cross-reference packing list, freight bill, and purchase order number.
- Invoice shall include the PTM Corporation's part number.
- Invoice pricing will not be changed until a PTM Corporation amended purchase order is issued in writing by the Purchasing Department.

### 4.2 PRICING ADJUSTMENTS

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".

### 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.

### 4.4 COST RECOVERY POLICY

Suppliers are required by contract to provide PTM Corporation with conforming product, shipped and delivered to the releases. The scheduled timing and carriers are specified by PTM Corporation unless the supplier is contracted prepaid delivery. Failure to comply could result in a monetary penalty.

### 4.5 REJECTIONS

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



# PTM CORPORATION

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

## SUPPLIER ACKNOWLEDGEMENT

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

If you would like a copy of the PTM Supplier Quality Manual, it can be obtained from the company website [www.ptmcorporation.com](http://www.ptmcorporation.com). For any further information, please contact:

Brian Suarez – Corporate Quality Director  
(586) 725-2744  
[bsuarez@ptmcorporation.com](mailto:bsuarez@ptmcorporation.com)

Garret Brubaker – Purchasing Manager  
(586) 725-2570  
[gbrubaker@ptmcorporation.com](mailto:gbrubaker@ptmcorporation.com)

Jeff Bissell – Purchasing Coordinator (Plant 1)  
(586) 725-2570  
[jbissell@ptmcorporation.com](mailto:jbissell@ptmcorporation.com)

Lisa Uppleger – PTM Coordinator (Plant 2)  
(586) 725-2570  
[luppleger@ptmcorporation.com](mailto:luppleger@ptmcorporation.com)