PUR-MAN-0001
DATE: 9/17/19
REVISION: 14.0

MELLING TOOL COMPANY
SUPPLIER QUALITY MANUAL

Supply Chain Vision Statement

Continually working to streamline communication using current and new technologies throughout all levels of the Supply Chain by facilitating continuous improvement and provide increased customer and supplier satisfaction.

Changes / Updates / Highlights

Section Number	Title	Description/Highlighted	Date Revised
Abbreviations	ISO References	Changed from ISOTS to IATF	1/23/2017
1.B.4	Quality Performance Requirements	Added Zero Plant Disruption or Special Statuses.	1/23/2017
2.A.1	ISO References	Latest Version Added to Sentence	1/23/2017
2.A.1.d	Transitioning from ISOTS to IATF	MTC and MII will accept IATF Rules and Requirements	1/23/2017
2.B.3.a	Annual Onsite Audits	Added Requirement due to Changes in Customer Specifics assigned to MTC or MII	1/23/2017
2.B.4.c	Supplier Quality Manual	The Manual will be sent to Suppliers Annually	1/23/2017
2.C.2.a	Annual Recertification	Changed Requirement from Layout to PPAP	1/23/2017
2.E.1	Sub-Supplier Control	Added min. pass down requirements found in this manual	1/23/2017
2.G.1.a	Capability and Control	Ongoing Capability changed from Cp & Cpk to Xp and Xpk.	1/23/2017
2.I.1	Shelf Life	Changed requirement from 120 Business Days to a min. of 6 Months	1/23/2017
4.E.1	Legal & Other Requirements	Added Prop 65, Asbestos to materials statement.	1/23/2017
11	Key Contacts	Added Dan W., Harold B., Mike P.	1/23/2017
11	Key Contacts	Added Jodie N. and Nancy K.	8/02/2017
11	Key Contacts	Updated to new contact numbers	10/20/17
4.G	Code of Conduct	Added code of conduct	10/20/17
2.A.5	Quality Systems Requirements	Added VDA requirements for MII Suppliers	10/20/17
2.B.3	Requirements for Supplier Approval	Revised audit information to include timing requirements based on CSRs and use of second party audit companies.	10/20/17
2.A	Supplier Requirements Title	Added based on risk and types of services provided.	3/6/18
2.A.1	Minimum Certification Requirements	Revised ISO 9001 from preferred to accepted. Added compliance and eventual certification and the new requirement for MAQMSR.	3/6/18
2.A.2	CQI-27	Added Special process for casting.	3/6/18
2.A.3	CQI-19	Added Sub-Tier Supplier Management reference	3/6/18
2.B.2	Self – Assessment Tabs	Added “all tab” reference for completions	3/6/18
2.E.1	MAQMSR	Added reference as an example for Sub-Supplier Control.	3/6/18
5.D.1	Contingency Plan	Added requirement for mock events against current plan.	3/6/18
11.	Key Contacts	Added Kim Lucas to MTC & added Brandy Morehead to MII.	3/6/18
2.G	Special Characteristics	Added new table from ENG-WIS-0007	4/2/18
Appendix B	Supplier Contacts	Added Customer Service & Accounts Receivables	5/21/18
2.A.1.f	Risk Mitigation	Added clarification of Risk Mitigation status	6/4/18
11.	Key Contacts	Added Melling Products North	9/24/18
11.	Key Contacts	Updated staff contacts	5/9/19

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Abbreviations
MTC – Melling Tool Company
MEP – Melling Engine Parts
MII – Melling Industries
PPAP – Production Part Approval Process
8D – Corrective/Preventive Action format using 8 disciplines for problem solving.
PQC – Product Quality Characteristic.
SOR – Statement of Requirements

ISO 9001 or **IATF 16949** – An input document for the development of a quality manual.
ISO 9001 and **IATF 16949** – Copyright protected property of the International Organization for Standardization, Geneva, Switzerland.
ISO 9001 / 16949 – prepared by the International Automotive Task Force (IATC) and Japan Automobile Manufacturers Association, Inc. (JAMA), with support from ISO/TC, quality management and quality assurance.

1. GENERAL INFORMATION

A. Objective

To communicate the Melling Tool Company (*hereafter referred to as MTC*) and Melling Industries, Inc. (*hereafter referred to as MII*) and Melling Products North (hereafter referred to as MPN) expectations regarding quality and environmental management systems to companies providing products and services to MTC, MII and MPN.

To ensure that Supplier quality and environmental systems conform to Melling systems requirements. *(Per section 1.B, Supplier Requirements)*

Melling Tool Company (MTC) is the parent company of Melling Industries, Inc. and Melling Products North . All requirements in this manual apply to products and/or services under all above business names.

B. Supplier Requirements

1. All sections of this manual shall be read and understood. Any exceptions to this manual must be submitted to Melling Purchasing or Procurement Manager.
2. This manual is an extension of Melling Purchase Orders and SOR's. All requirements in this manual shall be considered terms & conditions of sale.
3. Supplier delivery performance requirement shall be ***100%*** on time.
4. Supplier quality performance requirement shall be "***ZERO DEFECTS, Plant Disruptions or Special Statuses i.e. CS1, CS2 etc***."
5. All suppliers shall follow Melling's Quality System requirements as defined by this manual.
6. Corrective action initial response shall be within two (2) days of occurrence. Root cause analysis and corrective action plan shall follow within thirty (30) days or per requirements.
7. Melling has a Supplier Charge back policy and Charge back form. Suppliers shall be cost accountable per that policy and chargeback form. All charge backs to be worked through and negotiated with Supplier throughout the corrective action process.
8. Conformance to our Supplier Performance Rating System which shall be distributed at least annually.
9. Familiarize yourself to MMOG/LE requirements and strive to implement systems to be compliant or certified to MMOG/LE.

2. Quality Systems Requirements

A. Melling Supplier Quality Systems Requirements based on risk and the type(s) of products and / or services you supply to Melling

1. ISO 9001(latest version) is the certification (minimum) accepted by Melling with a goal of achieving IATF 16949 (latest version) compliance and eventual certification or a Quality System per Melling requirements with the addition of Minimum Automotive Quality Management System Requirements, "MAQMSR" (latest version). An implementation plan should be submitted to the Purchasing Department within a reasonable amount of time of the receipt of this manual, if third-party certification has not already been achieved.
   a. The Supplier shall provide Melling with a copy of their certificate, if applicable.
   b. The Supplier shall provide Melling with a new certificate from re-certification audits, if applicable.
   c. The Supplier must notify Melling if there is a change in certification status, if applicable.
   d. Transitioning from ISOTS and previous revision of ISO 9001 Melling will accept the IATF Rules and Requirements including timing requirements for Melling Suppliers.
   e. Waivers: When a supplier to Melling is so small as to not have adequate resources to develop a system according to IATF16949: 2016 or ISO 9001:2015, certain specified elements may be waived by Melling. Melling shall have decision criteria for determining "Specially designated small suppliers": Such decision criteria shall be in writing and applied consistently in the application of this provision. The existence and use of such decision criteria shall be verified by 3rd Party auditors. NOTE 1: ISO9001:2015 and IATF 16949:2016 contain fundamental quality management system requirements of value to any size of provider of production /service materials, heat treating, plating, and other finishing services. There are a number of methods to implement a compliant system, so it is recognized that a simpler Quality Management System approach could be used for the smaller suppliers of organizations to which IATF16949:2016 clause 8.4.2.3 applies.

f. Risk Mitigation: Risk Mitigation may include the following assignable causes: Supplier size, which then could equal a small number of people employed and no current certifications; Manufacturing locations, such as out of country; Quality and/or environmental system strength or certification level, still ISOTS or ISO 9001 2008 or they are currently ISO 9001 2015; Financial health, new Melling requirement for 2018; New suppliers, New product, New manufacturing process; Under performing, regarding quality, delivery, or responsiveness.

2. If your company, or any of the lower tier suppliers, use any of these special processes to produce products that are supplied to Melling you are required to complete an annual assessment based on the current revision of the AIAG CQI standards. Send your completed assessment forms each year to Melling Purchasing. Forms can be found at this link: http://www.aiag.org/
    - Heat Treating – CQI-9 Special Process: Heat Treat System Assessment
    - Plating – CQI-11 Special Process: Plating System Assessment
    - Coating – CQI-12 Special Process: Coating System Assessment
    - Welding – CQI-15 Special Process: Welding System Assessment
    - Soldering – CQI-17 Special Process: Soldering System Assessment
    - Molding – CQI-23 Special Process: Molding System Assessment
    - Casting – CQI-27 Special Process: Casting System Assessment
3. The supplier should be familiar and use systems that are similar to systems outlined in the current AIAG CQI standards for:
    - Warranty Analysis – CQI-14
    - Layered Process Audits – CQI-8
    - Sub-Tier Supplier Management – CQI-19
4. Melling subscribes to the BIQs guidelines. You should be aware and utilize the systems outlined in the current BIQs documents published by GM.
5. For MII suppliers only the supplier should be familiar with the requirements of the current version of the VDA 6.3 guidelines. You should be aware and utilize the system process requirements.

B. Requirements for Supplier Approval

1. Purchasing Contact
    a. Melling Supplier Approval shall begin with the Purchasing Department's assessment of any mutual business opportunities.
2. Supplier Quality System Self-Assessment
    a. Complete the Supplier Quality System Self-Assessment (all Tabs) and forward a copy to the Melling Purchasing Department.
3. An Onsite Quality System assessment by an Melling representative(s) may be required prior to issuance of initial or new purchasing agreements.
    a. Due to revised customer specifics Melling reserves the right to do onsite audits for qualifying suppliers annually based on the number of supplier employees used to produce parts for Melling OEM, Customer requirements, and/or the Supplier performance.
    b. Audits may be completed by a Melling employees or it may be completed by a second party audit team on behalf of Melling
4. Acknowledgment of Supplier Quality Manual –

a. The Supplier Quality Manual shall be read and understood. The supplier shall sign the Supplier Manual Acknowledgement form *(Appendix A)* and submit a copy with a Supplier Key Contact List *(Appendix B)* to the Melling Purchasing and/or Melling Quality Department.
b. Failure to sign the Supplier Manual Acknowledgement form shall not absolve the supplier of its terms and conditions.
c. The Supplier Manual will be sent to Melling suppliers annually to communicate changes to MTC and/or MII requirements. Response to this request will be within 5 business days.

C. Customer Specific Requirements

1. Statement of Requirements (SOR)
    a. Melling Purchasing Department may submit a Statement of Requirements (SOR) with the quote package defining and communicating part specific or program requirements over and above print specifications.
    b. Melling specific requirements which are more stringent than the OEM requirements will supersede those OEM requirements.
2. Annual Recertification – (PPAP)
    a. Annual Part re-certification is required per Melling customer requirements. PPAP level will be communicated when required.

D. Advanced Product Quality Planning (APQP)

1. APQP Requirements
    a. Suppliers shall have a fully implemented APQP process and review it with the Melling Supplier Quality Department based on component complexity and criticality.
2. APQP Supplier Kick-Off Meeting
    a. An APQP Supplier Kick-off meeting may be required prior to Purchase contract issuance. The purpose shall be to define the project's technical, quality, manufacturing, packaging, delivery, and business issues.

E. Sub-Supplier Control

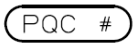
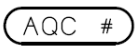
1. Suppliers shall be responsible for control and improvement activities of sub-suppliers. Melling suppliers shall require sub-suppliers of product to operate within a comprehensive quality management system "MAQMSR". At a Minimum pass down requirements are found in this manual.

F. Manufacturing Process and PPAP Requirements

1. Prototype/Pre-production Parts – May be produced on Non-Production tooling but specific requirements will be spelled out on the Melling Purchase Order.
2. Production Part Approval Process (PPAP) per the current revisions of the AIAG PPAP Manual
3. Production parts must be manufactured on production equipment and PPAP approved prior to shipment. A Level 3 PPAP is the default level of submission. The submission must contain a PPAP Submission Checklist defining all deliverables. See Melling website for checklist.
4. Capacity Verification/Run at Rate
    a. If requested, suppliers shall provide documentation to Melling substantiating sufficient resources to provide products as quoted.

G. Process Capability and Control Requirements:

1. Special Characteristics and/or dimensions listed on the print will be noted in the table below. The list of controls will be agreed to as part of the PPAP submission. Contact your Quality Engineer with any questions.

Type	Definition	Selection Criteria	Drawing Symbol	Documentation Requirements	Recommended Control Methods
CQC Critical Quality Characteristic	A characteristic that has a direct effect on product safety	Selection should be based on or indicated by a loss of function, data obtained from DFMEA (Severity of 9 or10), customer returns, warranty claims, or other methods to identify a customer based target		Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)	Control method approved at time of PPAP Suggested methods of control: -Xp=2.0 Xpk=1.5 (Also requires demonstrated ongoing continuous capability improvement up to capability levels noted) -Provide ongoing capability data quarterly -100% verification (error proofing or error detection) -Data recorded per serial number -Product traceability required
PQC Product Quality Characteristic	A characteristic in which the customer is equally satisfied across the entire specification, with high customer dissatisfaction immediately outside of the specification	Selection should be based on or indicated by a loss of function, data obtained from DFMEA, PFMEA, customer returns, warranty claims, or other methods to identify a customer based tolerance		Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)	Control method approved at time of PPAP Suggested methods of control: -Xp=2.0 Xpk=1.5 -Provide capability data annually
AQC Attribute Quality Characteristic	-A characteristic that is measured or checked and results in conformance or nonconformance, pass or fail. It may also be applied to parts, part features and or assemblies that have regulatory requirements and or critical performance or customer satisfaction objectives. May be used where the presences of the feature is more important than the specific size or location results. -Weep holes -Drain back hole -Hydra lock hole	Selection should be based on or indicated by a loss of function, data obtained from DFMEA, PFMEA, customer returns, warranty claims, or other methods to identify a customer based tolerance		Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)	Control method approved at time of PPAP Suggested methods of control: -100% verification such as: pass/fail or present/absent, MTES (Melling Tool Engineering Specification) -Multiple features may be called back to a single AQC symbol for the MTES -Data recorded per serial number -Product traceability

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PTC Pass-Thru Characteristic	A characteristic that may have no effect on the function of the assembly but has a direct customer interaction or has an effect on the function of the assembly but is not checked as part of the testing process. -Mounting holes -Interference areas	Selection should be based on or indicated by data obtained from PFMEA, customer touch points customer returns, warranty claims, or other methods	PTC #	Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)	Control method approved at time of PPAP Suggested methods of control: -100% verification (such as: pass/fail or present/absent
Standard	A characteristic where there is no incremental economic or customer satisfaction loss inside the specification. The customer is equally satisfied across the specification and the customer does not have high dissatisfaction immediately outside the specification.	Those standard product characteristics which are important to function and where reasonably anticipated variation outside of the specification is likely to have moderately negative consequences.	None	None	Control method approved at time of PPAP Suggested methods of control: -Material certifications per shipment -Heat treat certifications per shipment

For historical reference. May be referenced on older drawings

Characteristic	PPAP Requirement	**Ongoing Production Numbers** Minimum Capability Requirements
PQC	Xp → 1.67 Xpk → 1.67	Xp → 1.33 Xpk → 1.33
Significant Product Characteristics	Samples Checked to Design Record	Noted on control plan and monitored during production

Figure 1.

H. Cleanliness Requirements

1. Melling requires that all material received shall be clean and free of debris, residual abrasive material, burrs, and corrosive products adversely affecting fit, function, or appearance. Additional requirements may be required per engineering specifications, drawings, PO requirements, and/or SOR.

I. Shelf life Requirements

1. All material/received shall be free of rust for 6 months minimum, after receipt.

J. Supplier Material Traceability/Lot Control

1. Suppliers shall be able to demonstrate adequate product traceability and provide a detailed explanation or example of the system.

K. Certificate of Conformance

1. Melling may require, as necessary**,** a Certificate of Conformance form with each shipment certifying the product meets all material and drawing specifications. The supplier form may be used with applicable information. The supplier shall, at a minimum, retain appropriate test data.

L. Notification of Customer Rejects/Corrective Action Reports

1. In the event of a rejection, the supplier shall be notified and a CAR may be given. Depending on the severity, a supplier representative may be required to visit Melling immediately to address the issue.
2. The supplier shall be responsible for an initial response within two (2) days with containment. Short term actions with root cause using a 5 Why to determine root cause. Supplier must complete a corrective action closure within thirty (30) days, or as noted on the CAR including verification for corrective measures taken.
3. The minimum initial response shall consist of the immediate supplier action and containment plan.
4. RMA for rejected part will be requested and if an RMA is not provided within a week (5 business days) the parts will be returned to the supplier at your expense.
5. Information required to address a corrective action report (8D) includes:
    a. Problem Definition
    b. Emergency Response
    c. Root Cause (must use a systemic problem tool such as a 3 tiered 5 Why)
    d. Containment Action
    e. Interim Corrective Action
    f. Long-term Corrective Action (prevent and detect issue)
    g. Long-term Corrective Action Verification
    h. Additional supporting documentation and problem solving tools as requested; i.e 5why's, Cause & Effect diagram, PFMEA, control plan, work instruction, training records, etc…
6. A copy of the corrective action report shall be submitted to Melling Quality Department.
7. DPPM's and CAR's will be reflected in your supplier rating.
    a. Each supplier is required to manage their own DPPM rating. If the quantity of suspect material returned to the supplier contains conforming parts, the supplier is encouraged to submit a PPM Reversal Request to the Quality contact at Melling so that accurate records can be kept as to the number of non-conforming parts sent to Melling. The PPM Reversal Request form can be found on the Melling website.
    b. Once a sort of returned suspect material is complete and the supplier wishes to reship the portion of conforming parts back to Melling the can be done if the following conditions are fulfilled:
        i. There is an open order with requirements to ship against
        ii. The lot of conforming parts are marked as verified and noted with the method listed on the container
8. All charges incurred as a result of a supplier non-conformance are the responsibility of the supplier.
9. Supplier is required to replace all non-conforming parts per Melling request in a timely manner.
10. Melling has a non-conformance Supplier Chargeback Policy explaining all associated costs.
11. Training materials for the 3 tiered 5 why problem solving tool is located on the MTC and/or MII Website.

M. Supplier Charge Back Policy

1. The Supplier accepts financial responsibility for non-conforming product including costs incurred for containment, sorting, premium freight, rework, repair, and replacement of defective material, resulting overtime, and production loss incurred by Melling or by our Customers.
    a. The following is a schedule for typical charge back cost categories associated with nonconforming product sent to Melling:
        i. Administrative fees for each CAR issued. Late responses to corrective action requests will also be subject to administrative fees.
        ii. All hourly fees as noted on the Supplier Chargeback form are subject to Melling standard overtime rules.
        iii. All freight for product return or replacement due to vendor related defect, including Melling required expediting will be the responsibility of the supplier.
        iv. Off-site 3rd Party Sorting—charges to be paid directly to 3rd Party Sorting Company by the Supplier.
        v. In-house sorting by 3rd Party Sorting Company— charges to be paid directly to 3rd Party Sorting Company by the Supplier.
        vi. If In-house sorting by Melling personnel is required, the Supplier will be responsible for actual costs incurred.
        vii. Production line down charge—Supplier will be responsible for actual costs incurred.
        viii. For miscellaneous fees (rework, material handling, required Customer time and travel costs, expedites, Customer location sorting fees, tooling/machine damage, testing, etc.) Supplier will be responsible for actual costs incurred.
        ix. Supplier shall be responsible for all applicable warranty costs due to supplier related defect.
        x. All fees will be discussed with the supplier prior to the issuance of the chargeback form and some fees may be waved at the discretion of Melling Quality or Purchasing/Procurement.
    b. All costs will be charged back via Melling Corrective Action Form or Melling Supplier Chargeback Form.

N. Continuous Improvement

1. General
    a. Continuous Improvement regarding cost reduction is an essential element of long-term business success for Melling and its Suppliers. In order to remain competitive, Melling and its Suppliers recognize the requirement to eliminate waste and reduce the cost of products.
2. Expectation—Annual Improvement Factor
    a. Melling expects all Suppliers to demonstrate a year-over-year cost reduction of at least 2%. We expect this to be directly reflected in the form of an Annual Improvement Factor (AIF) on all business.
    b. All Suppliers are expected to constantly examine and optimize the entire cost structure of their business and products supplied to Melling. This includes process improvements, design improvements, transportation, reductions in cycle-time, scrap, die/tooling set-up, Sales, General and Administration (SG&A), fixed and variable overhead, etc. In order to ensure proper review and validation of Suppliers' design and

process improvement ideas, Suppliers must strictly comply with Melling's change management requirements for all design and process change proposals.

O. Record Retention

1. Suppliers are required to maintain, at minimum, Production Part Approval Process (PPAP) packages, annual layout and validation records, tooling records, traceability records, engineering records, Purchase contracts and amendments for the length of time that the part (or part family) is active for production and service requirements plus (3) three calendar years or a minimum of 10 years whichever is longer, unless otherwise specified by Melling. Corrective Action records and Quality performance records, such as control charts, inspection and test results are to be retained for 5 years minimum.
2. Retention times shall meet or exceed the above requirements and any governmental requirements.

3. Product or Process Changes and Deviations

A. Engineering/Process Change Notification

1. Changes must be submitted and approved prior to implementation. Any change to a supplier product, process or any of its characteristics is considered an Engineering change, whether that characteristic was specified in the product specification or not. The supplier shall submit a Supplier Deviation Request to Melling Purchasing Department representative or Procurement Manager for processing.

B. Request for Change by Supplier

1. If requesting a change, the supplier will be responsible for all associated expenses, including expenses that may be incurred downstream. Melling will not participate in any associated price increases.
   a. In an effort to foster continuous improvement activities within our supply base, Melling will share the cost savings on supplier initiated design and process improvements.
2. Melling will not accept Supplier cost increases due to an engineering change unless authorized and approved by Melling.
3. Any supplier requesting a product move to a different facility must submit a Supplier Deviation Request form to the Melling Purchasing representatives and submit a new PPAP for the respective products/services.

C. Request for Change by Melling

1. If Melling requires changes resulting in a price reduction in either tooling or manufacturing costs, Melling will expect component price to reflect the entire amount reduced.

4. Environmental and Safety Management Systems

A. Environmental Management Systems Requirements

1. Melling expects suppliers to work towards achieving compliance to the latest ISO14001 Environmental Management System standard. An implementation plan should be submitted to the Purchasing Department within a reasonable amount of time of the receipt of this manual, if third-party certification has not already been achieved.
2. Melling is required per our ISO 14001 to require all suppliers to submit copies of certifications and proof of liability insurance. This should be sent to Melling Purchasing upon renewal or at a minimum 1 time per year.

B. Melling Environmental Policy/Guidelines and Survey

1. Melling suppliers and service providers will be required to follow the Environmental and Safety guidelines as noted in the Melling Visitors and Contractors handbook. Reference

Melling website or contact Melling Purchasing and/or Procurement for a copy if not provided one during a visit to Melling.

2. Melling suppliers and service providers are required to complete the Environmental Supplier Survey and return to Melling Purchasing and/or Procurement.

C. International Materials Data System (IMDS)

1. **IMDS** tracks chemical ingredients of parts and assemblies across the entire automotive OEM supply chain. The supplier may be required to input materials data (http://www.mdsystem.com). This requirement will be communicated in the quote package and/or SOR. MTC's IMDS ID is 34791. MII's IMDS ID is 34791.

D. Safety Data Sheets (SDS / MSDS)

1. All chemicals brought onto Melling property require a SDS Sheet (MSDS). The SDS must be provided to the Environmental Management Representative (EMR) for review prior to bringing the chemical on site.

E. Legal and Governmental Requirements

1. All materials used in, or incorporated into Melling products shall comply with current legal, governmental and safety constraints on restricted, toxic, and hazardous materials such as REACH, RoHS, California Prop. 65 and Asbestos declarations. Hazardous materials must comply with OSHA standards and be properly identified.

F. Conflict Mineral requirements (For Component Suppliers)

1. To make reasonable efforts:
    a. to disclose to Melling, the sources of Conflict Minerals used in its products; and
    b. to eliminate procurement, as soon as commercially practicable, of products containing Conflict Minerals obtained from sources that fund or support inhumane treatment in the Covered Countries. (Refer to Melling Engine Parts Guideline for Conflict Mineral Reporting)
2. To assist Melling to comply with the disclosure requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the rules of the U.S. Securities and Exchange Commission promulgated pursuant to that law, as well as any related laws and rules.
3. We expect that you will fulfill your reporting obligations which require our supplier partners to undertake the following actions, which are similar to those of other automotive and cross-industry manufacturing companies:
    a. Send contact information for a designated conflict minerals representative for your Company to Melling Purchasing, this will be your acknowledgement of these requirements.
    b. Investigate & Report the required company –level data and, if known, the smelter data, for all uses of the designated minerals and derivatives in the Conflict Mineral Reporting template for any materials, components or products supplied to Melling. Return a completed Conflict Minerals Reporting Template www.conflictfreesmelter.org including all smelter information for all of the designated minerals (see reference materials for Conflict Mineral Reporting template information and guidance).
    c. Please remember to Document all steps taken to collect and report conflict minerals information and preserve that documentation.

G. Code of conduct policy

1. The company expects all of its visitors and/or contractors to conduct themselves in an ethical manner when performing their duties for or on behalf of Melling. Melling has an employee code of ethical conduct policy that prohibits employees from accepting

gifts above the value of $100.00 without the approval of a supervisor. We expect all of our employees and visitors to maintain all company information as confidential.

2. Suppliers will be sent the full code of conduct annually and are required to reference the full code of conduct on the MTC website.

5. Shipping

A. Delivery Performance

1. Delivery performance will be shown in our Supplier Performance Rating System. Supplier awareness of this requirement is important. It is a key performance metric.
2. Delivery requirements will be on the purchase order.
3. All suppliers shall deliver on time 100% to all of our locations.
4. All products shall be shipped to meet the due date at the Melling location.
5. Early or late deliveries shall not be tolerated without penalty (i.e. supplier rating) unless Melling has approved them.
6. Over and under shipment needs prior approval by Melling Purchasing and/or Procurement.
    a. Purchase order:
        i. Components; Total quantity of components received must be within plus two to minus zero percent of the purchase order quantity.
        ii. Castings; Total quantity of casting received must be within plus/minus ten percent of the purchase order quantity.
7. Any count discrepancies will be communicated to the supplier immediately.

B. Packaging/Label Specification

1. All products shipped to Melling shall be properly packaged to assure that they arrive at Melling in good condition. All packaging must be pre-approved prior to shipping to Melling
2. Packaging Data Sheet.
3. Standardized pallets / skids – 36”X 39” (4 way).
4. For components received in boxes there is a maximum weight of 40lbs.
5. All material must be properly identified with the following information on a readable bar code label using the standard AIAG format unless otherwise approved by Melling. All container labels must contain the following (6) six fields. *(See Figure 2a)*
    a. From (Supplier Name)
    b. To (Melling Location)
    c. Part Number Field:
        I. Part # Text = 0.05 inch high in the upper left hand corner of the field over identifier (P).
        II. Melling Part # Text = 0.5 inch high and 0.25 inch wide. Must be as per P.O.
        III. Part Bar Code = Code 39 bar code part number = 0.5 inch high.
    d. Quantity Field:
        I. Quantity# Text = .05 inch high in the upper left hand corner of the field over identifier (Q)
        II. Quantity Text = Total quantity per container = 0.5 inch high and 0.25 inch wide.
        III. Quantity Bar Code = Code 39 bar code identifier (Q) and the quantity = 0.5 inch high.
    e. Supplier Lot Number must be able to be manually read and also be read by a scanner. No prefix is required.
    f. P.O.# Field
        I. P.O.# Text = .05 inch high in the upper left hand corner of the field over identifier (K)
        II. P.O. # Text = .3125 inch high .125 inch wide.
        III. P.O. # Bar Code = Code 39 bar code identifier (K) and the P.O. number. 0.5 inch high
    g. Date Field. Optional
    h. Master Pack Labels *(Figure 2b)* are required on pallets with two or more containers of the same part and require the same five fields as container labels. The quantity *(Field d)* will be

the total quantity per lot number and must be clearly visible. If more than one lot number is sent on a pallet, there needs to be one master label per supplier lot number.

6. Any deviations from these requirements require formal Melling approval.
7. Any concerns if labels meet requirements contact Melling Quality Engineer.

Melling Tool Company •2620 Saradan Drive, Jackson Michigan 49204 • Tel (517) 787-8172, Fax (517) 787-8928
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Figure 2a

Figure 2b

C. Packing Slips and Bills of Lading

1. All packing slips and bills of lading must have the following information
    a. Sold to Address
    b. Ship to Address
    c. Purchase Order number for each item shipped
    d. Packing slip number
    e. Each item number shipped with description
    f. Quantity shipped
    g. Number of boxes /cartons or containers shipped
    h. Date of shipment
    i. Shipping Class. Use the shipping class on Melling Purchase Order if indicated.
    j. BOL # and Pro # if applicable
    k. For Melling 3rd Party bill information must appear on the BOL.
    Melling Tool Co.
    Advance Freight Traffic Service
    P.O. Box 183850
    Shelby Township, MI. 48318-3850

D. Contingency Plan

1. The Supplier shall have a contingency plan to ensure continuation of supply and 100% on time delivery in case of equipment failure, labor shortage or utility interruption and available for review by Melling. The supplier will conduct annual mock events to test the plan.

6. Materials Management

A. Purchase Orders

1. Purchase orders are issued to suppliers on Melling approved supplier list.
2. Melling Purchase Orders or Requests for Quote or other documentation shall be proprietary and confidential unless agreed to in writing from Melling Purchasing Department and/or Procurement Manager.
3. All suppliers must comply with all requirements, all terms, and all conditions of the purchase order and as noted on the Melling website.
4. Any special additional requirements beyond the standard shall be stated in the body of the purchase order and/or as noted in the Statement of Requirements.
5. SDS shall be submitted, as needed and/or required, on products prior to shipping.
6. All products shipped for production must first have PPAP approval, unless the Supplier has obtained an approved deviation from Melling.
7. A Purchase Order Acknowledgment is returned with every purchase order. The supplier is required to have their applicable representative review and acknowledge via email to the Melling Purchasing agent and/or Procurement Manager.
8. Failure to submit an acknowledgment does not absolve the supplier from the purchase order terms or conditions. Shipment of product to Melling is deemed as an acceptance to all terms and conditions of the purchase order and any other contractual agreements.
    i. All deviations from purchase order requirements must be communicated to the Melling Purchasing Department and/or Procurement Manager.

B. Ship Schedules

1. The required delivery dates shall be on the purchase order.

2. The supplier shall be responsible for shipment transit time to meet the due date on the Purchase order. A separate daily/weekly ship schedule may need to be generated based on our production run schedule. The Melling purchasing agent and/or Procurement Manager shall contact the supplier to coordinate and confirm acceptance of the schedule.

7. Obsolescence Claims

1. Melling will notify Suppliers when a program end/change has been announced and will use a standard authorization of 4 weeks firm FG and 4 additional weeks of material.
2. It shall be the responsibility of the supplier to control raw materials and reduce any possible obsolescence exposure to Melling.
3. All obsolescence claims should be filed within two weeks of program end/change notification date.
4. Melling may review all claims and verify obsolescence before acceptance of claim.
5. The supplier's claim form must be itemized, showing Melling item numbers, quantities, weights, and at which stage each item has been processed.

8. Cost Savings

A. To foster continuous improvement activities within our supply base, Melling shall share the cost savings on supplier initiated design and process improvements.
B. Productivity costs savings with yearly givebacks will be negotiated

9. Supplier Price Increases

A. If a Supplier price increase should become necessary, the following shall be required.
   1. A complete product cost break down with itemized price changes and reasons, and pre and post change invoices.
   2. A minimum 2 month notification on increase prior to effective date of proposed increase.
   3. Melling approval is required prior to any price increases.

10. Supporting Documentation

A. Contact your Melling Purchasing and/or Procurement or Quality department to obtain electronic copies of the forms referenced in this manual or will be added to the Melling website for download in the future.

11. Key Contacts Information

Melling Tool Company
2620 Saradan Drive
Jackson, MI 49204
Phone: (517) 787-8172
Fax: (517) 787-8928

Individual	Phone ext.	Position	Office Location
John Shellberg	(517) 936-2473	Purchasing Manager	Jackson Manufacturing Plant
Tim Risner	(517) 936-2513	Purchasing Sr. Buyer (MFG)	Jackson Manufacturing Plant
Tony Robinson	(517) 936-2504	Purchasing Sr. Buyer (MFG)	Jackson Manufacturing Plant
Carrie Fransted	(517) 936-2482	Materials Planner(MFG)	Jackson Manufacturing Plant
Lisa Parsons	(517) 936-2486	Purchasing Agent (Buy/Resale)	Jackson Manufacturing Plant
Nancy Koch	(517) 936-2465	Purchasing Agent (Buy/Resale)	Jackson Manufacturing Plant
Mark Anderson	(517) 936-2523	Sched. of Outside Processes	Jackson Manufacturing Plant
Robert Adair	(517) 936-2582	Production Manager (SGE)	Jackson Manufacturing Plant
Jenny Ebersole	(517) 963-2475	Purchasing / Scheduler (SGE)	Jackson Manufacturing Plant
Tim Zaski	(517) 936-2494	Frieght Manager	Jackson Manufacturing Plant
Bob Kelley	(517) 936-2514	Inventory Manager	Jackson Manufacturing Plant
Andy Collins	(517) 936-2511	Director of Quality	Jackson Manufacturing Plant
Cami Shadley	(517) 936-2585	Quality Engineer	Jackson Manufacturing Plant
Ben Hayes	(517) 936-2542	Quality Engineer	Jackson Manufacturing Plant
Brad Smith	(517) 936-2522	Quality Engineer	Jackson Manufacturing Plant
Kim Lucas	(517) 936-2581	Quality Engineer	Jackson Manufacturing Plant
Craig Babcock	(517) 936-2532	Quality/Environmental Rep.	Jackson Manufacturing Plant
Harold Boucher	(517) 936-2537	QA Rec Insp (MFG)	Jackson Manufacturing Plant
Ken Cope	(517) 936-2495	QA Rec Insp (Buy/Resale)	Jackson Manufacturing Plant

Melling Industries
2720 Saradan Drive
Jackson, MI 49204
Phone: (517) 787-5484
Fax: (517) 787-4782

Individual	Phone ext.	Position	Office Location
Jodie Neu	(517) 936-2567	General Manager	Jackson Manufacturing Plant
Darrell Howe	(517) 936-2568	Plant Manager	Jackson Manufacturing Plant
Scot Gazlay	(517) 936-2561	Procurement Manager	Jackson Manufacturing Plant
Jamie Rowley	(517) 936-2578	Master Sched./Bus. Analyst	Jackson Manufacturing Plant
Brandy Morehead	(517) 936-2545	Quality Manager	Jackson Manufacturing Plant
Matt Howland	(517) 936-2570	Quality Engineer	Jackson Manufacturing Plant

Melling Products North
333 Grace Street
Farwell, MI 48622
Phone: (989) 588-6147
Fax: (989) 588-6055

Individual	Phone ext.	Position	Office Location
Dan Mullins	(989) 544-5985	General Manager	Farwell Plant
Lamont Corp	(989) 544-5982	Purchasing Mgr	Farwell Plant
Steve Schultz	(989) 544-5989	Quality Manager	Farwell Plant
Todd Liptow	(989) 544-5961	Quality Engineer	Farwell Plant
Bill Bell	(989) 544-5997	Engineering Manager	Farwell Plant
Kim Tomaski	(989) 544-5993	Materials Manager	Farwell Plant

Appendix A – Supplier Manual Acknowledgment Sheet	
ACKNOWLEDGMENT SHEET	
Please retain this sheet and return a signed copy to the appropriate contact, indicating that you have received, reviewed, and accepted in principle the Supplier Manual content and code of conduct. All communications with respect to the contents of this manual are to be addressed initially in writing to your designated Purchasing and/or Quality Contact. If you have any comments or concerns, please note them below, prior to returning your acknowledgement sheet copy.	
COMMENTS: (Please Type or Print)	
Supplier Name	
Address	
Telephone Number	
E-mail Address (Please Type)	
Authorized Signature	
Name and Title	
Date Signed	

Appendix B – Supplier Contacts			
Supplier Contacts			
Position	Name	Phone	Email Address
Plant Manager			
Quality Manager			
Sales			
Materials Manager			
Purchasing			
Engineering Manager			
Warehouse			
2nd Shift Contact			
3rd Shift Contact			
Conflict Minerals Contact			
Customer Service			
Accounts Receivables			