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.
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<th>Description/Highlighted</th>
<th>Date Revised</th>
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<td>1.B.4</td>
<td>Quality Performance Requirements</td>
<td>Added Zero Plant Disruption or Special Statuses.</td>
<td>1/23/2017</td>
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<tr>
<td>2.A.1</td>
<td>ISO References</td>
<td>Latest Version Added to Sentence</td>
<td>1/23/2017</td>
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<td>2.A.1.d</td>
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<td>MTC and MII will accept IATF Rules and Requirements</td>
<td>1/23/2017</td>
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<td>2.B.3.a</td>
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<td>1/23/2017</td>
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<td>1/23/2017</td>
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<td>1/23/2017</td>
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<td>1/23/2017</td>
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<td>1/23/2017</td>
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<td>11</td>
<td>Key Contacts</td>
<td>Added Dan W., Harold B., Mike P.</td>
<td>1/23/2017</td>
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<tr>
<td>11</td>
<td>Key Contacts</td>
<td>Added Jodie N. and Nancy K.</td>
<td>8/02/2017</td>
</tr>
<tr>
<td>11</td>
<td>Key Contacts</td>
<td>Updated to new contact numbers</td>
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<td>10/20/17</td>
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<td>2.A</td>
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<td>3/6/2018</td>
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<td>2.A.1</td>
<td>Minimum Certification Requirements</td>
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<td>3/6/2018</td>
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<td>2.A.2</td>
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<td>3/6/2018</td>
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<td>2.B.2</td>
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<td>3/6/2018</td>
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<td>3/6/2018</td>
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<td>5.D.1</td>
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<td>Added requirement for mock events against current plan.</td>
<td>3/6/2018</td>
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<tr>
<td>11</td>
<td>Key Contacts</td>
<td>Added Kim Lucas to MTC &amp; added Brandy Morehead to MII.</td>
<td>3/6/2018</td>
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<td>2.G</td>
<td>Special Characteristics</td>
<td>Added new table from ENG-WIS-0007</td>
<td>4/2/2018</td>
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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) expectations regarding quality and environmental management systems to companies providing products and services to MTC and MII.  

   To ensure that Supplier quality and environmental systems conform to MTC and/or MII systems requirements.  

   (Per section 1.B, Supplier Requirements)

Melling Tool Company (MTC) is the parent company of Melling Industries, Inc. (hereafter referred to as MII) and Melling Engine Parts (hereafter referred to as MEP), the name we use to market products. 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 MTC Purchasing or MII Procurement Manager.
2. This manual is an extension of MTC and MII 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 MTC’s and/or MII’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. MTC and MII have 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. MTC and MII Supplier Quality Systems Requirements based on risk and the type(s) of products and / or services you supply to MTC or MII.
   1. ISO 9001(latest version) is the certification (minimum) accepted by MTC or MII with a goal of achieving IATF 16949 (latest version) compliance and eventual certification or a Quality System per MTC and/or MII 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 MTC and/or MII with a copy of their certificate, if applicable.
      b. The Supplier shall provide MTC and/or MII with a new certificate from re-certification audits, if applicable.
      c. The Supplier must notify MTC and/or MII if there is a change in certification status, if applicable.
      d. Transitioning from ISOTS and previous revision of ISO 9001 MTC and/or MII will accept the IATF Rules and Requirements including timing requirements for MTC and/or MII 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.

2. If your company, or any of the lower tier suppliers, use any of these special processes to produce products that are supplied to MTC and/or MII 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 MTC and/or MII Purchasing. Forms can be found at this link: [http://www.aiag.org/](http://www.aiag.org/)

- Plating – CQI-11 Special Process: Plating System Assessment
- Coating – CQI-12 Special Process: Coating 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. MTC and/or MII follows 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. MTC and/or MII 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 MTC and/or MII Purchasing Department.

3. An Onsite Quality System assessment by an MTC and/or MII representative(s) may be required prior to issuance of initial or new purchasing agreements.
   a. Due to revised customer specifics MTC and/or MII reserves the right to do onsite audits for qualifying suppliers annually based on the number of supplier employees used to produce parts for MTC and/or MII OEM, Customer requirements, and/or the Supplier performance.
   b. Audits may be completed by a MTC or MII employees or it may be completed by a second party audit team on behalf of MTC and/or MII

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 MTC and/or MII Purchasing and/or MTC and/or MII 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 MTC and/or MII 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. MTC and/or MII 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. MTC and/or MII 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 MTC and/or MII 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 MTC and/or MII 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. MTC and/or MII 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 MTC and/or MII 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 MTC and/or MII website for checklist.
   4. Capacity Verification/Run at Rate
      a. If requested, suppliers shall provide documentation to MTC and/or MII 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.

<table>
<thead>
<tr>
<th>Type</th>
<th>Definition</th>
<th>Selection Criteria</th>
<th>Drawing Symbol</th>
<th>Documentation Requirements</th>
<th>Recommended Control Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>CQC Critical Quality Characteristic</td>
<td>A characteristic that has a direct effect on product safety</td>
<td>Selection should be based on or indicated by a loss of function, data obtained from DFMEA (Severity of 9 or 10), customer returns, warranty claims, or other methods to identify a customer based target</td>
<td>Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)</td>
<td>Control method approved at time of PPAP</td>
<td>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</td>
</tr>
<tr>
<td>PQC Product Quality Characteristic</td>
<td>A characteristic in which the customer is equally satisfied across the entire specification, with high customer dissatisfaction immediately outside of the specification</td>
<td>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</td>
<td>Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)</td>
<td>Control method approved at time of PPAP</td>
<td>Suggested methods of control: -Xp=2.0 Xpk=1.5 -Provide capability data annually</td>
</tr>
<tr>
<td>AQC Attribute Quality Characteristic</td>
<td>-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</td>
<td>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</td>
<td>Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)</td>
<td>Control method approved at time of PPAP</td>
<td>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</td>
</tr>
</tbody>
</table>
### 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

<table>
<thead>
<tr>
<th>Selection should be based on or indicated by data obtained from PFMEA, customer touch points, customer returns, warranty claims, or other methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document on specific drawing detailing the feature and documentation package (PFMEA, CP, WI)</td>
</tr>
<tr>
<td>Control method approved at time of PPAP</td>
</tr>
<tr>
<td>Suggested methods of control: 100% verification (such as: pass/fail or present/absent)</td>
</tr>
</tbody>
</table>

### 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.

<table>
<thead>
<tr>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control method approved at time of PPAP</td>
</tr>
<tr>
<td>Suggested methods of control: 100% verification (such as: pass/fail or present/absent)</td>
</tr>
</tbody>
</table>

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**For historical reference. May be referenced on older drawings**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>PPAP Requirement</th>
<th>Ongoing Production Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>PQC</td>
<td>Xp → 1.67, Xpk → 1.67</td>
<td>Xp → 1.33, Xpk → 1.33</td>
</tr>
<tr>
<td>Significant Product Characteristics</td>
<td>Samples Checked to Design Record</td>
<td>Noted on control plan and monitored during production</td>
</tr>
</tbody>
</table>

**Figure 1.**

### H. Cleanliness Requirements

1. MTC and/or MII 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. MTC and/or MII 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 MTC and/or MII 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 MTC and/or MII 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 MTC and/or MII so that accurate records can be kept as to the number of non-conforming parts sent to MTC and/or MII. The PPM Reversal Request form can be found on the MTC and/or MII website.
   b. Once a sort of returned suspect material is complete and the supplier wishes to reshup the portion of conforming parts back to MTC and/or MII 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 MTC and/or MII request in a timely manner.

10. MTC and/or MII 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 in overtime, and production loss incurred by MTC and/or MII or by our Customers.
   a. The following is a schedule for typical charge back cost categories associated with nonconforming product sent to MTC and/or MII:
      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 MTC’s and/or MII’s standard overtime rules.
      iii. All freight for product return or replacement due to vendor-related defect, including MTC and/or MII 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 MTC and/or MII 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 waived at the discretion of MTC and/or MII Quality or Purchasing/Procurement.
   b. All costs will be charged back via MTC and/or MII Corrective Action Form or MTC and/or MII Supplier Chargeback Form.

N. Continuous Improvement
1. General
   a. Continuous Improvement regarding cost reduction is an essential element of long-term business success for MTC and/or MII and its Suppliers. In order to remain competitive, MTC and/or MII and its Suppliers recognize the requirement to eliminate waste and reduce the cost of products.
2. Expectation—Annual Improvement Factor
   a. MTC and/or MII 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 MTC and/or MII. 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 MTC’s and/or MII’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 MTC and/or MII. 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 MTC and/or MII 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. MTC and/or MII will not participate in any associated price increases.
         a. In an effort to foster continuous improvement activities within our supply base, MTC and/or MII will share the cost savings on supplier initiated design and process improvements.
      2. MTC and/or MII will not accept Supplier cost increases due to an engineering change unless authorized and approved by MTC and/or MII.
      3. Any supplier requesting a product move to a different facility must submit a Supplier Deviation Request form to the MTC and/or MII Purchasing representatives and submit a new PPAP for the respective products/services.

   C. Request for Change by MTC and/or MII
      1. If MTC and/or MII requires changes resulting in a price reduction in either tooling or manufacturing costs, MTC and/or MII will expect component price to reflect the entire amount reduced.

4. Environmental and Safety Management Systems
   A. Environmental Management Systems Requirements
      1. MTC and/or MII 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. MTC and/or MII 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 MTC and/or MII Purchasing upon renewal or at a minimum 1 time per year.

B. MTC and/or MII Environmental Policy/Guidelines and Survey
   1. MTC and/or MII suppliers and service providers will be required to follow the Environmental and Safety guidelines as noted in the MTC and/or MII Visitors and Contractors handbook. Reference MTC and/or MII website or contact MTC Purchasing and/or MII Procurement for a copy if not provided one during a visit to MTC.
   2. MTC and/or MII suppliers and service providers are required to complete the Environmental Supplier Survey and return to MTC Purchasing and/or MII 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 MTC and/or MII 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 MTC and/or MII 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 MTC and MII. 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 MTC and/or MII location.
5. Early or late deliveries shall not be tolerated without penalty (i.e. supplier rating) unless MTC and/or MII has approved them.
6. Over and under shipment needs prior approval by MTC Purchasing and/or MII 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.
6. Any count discrepancies will be communicated to the supplier immediately.

B. Packaging/Label Specification
1. All products shipped to MTC and/or MII shall be properly packaged to assure that they arrive at MTC and/or MII in good condition. All packaging must be pre-approved prior to shipping through the MTC and/or MII.
2. Packaging Data Sheet.
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 MTC and/or MII. All container labels must contain the following (6) six fields. (See Figure 2a)
   a. From (Supplier Name)
   b. To (MTC or MII 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 MTC and/or MII approval.
7. Any concerns if labels meet requirements contact MTC and/or MII Quality Engineer.
### Figure 2a

<table>
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<tr>
<td>ABC CO. ANY STREET ADDRESS ANY CITY AND STATE</td>
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### Figure 2b

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<td>MELLING TOOL CO. 2710 SARADAN DR. JACKSON, MICH. 49202</td>
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<tbody>
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<td>JUN.20.13</td>
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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 MTC and/or MII Purchase Order if indicated.
      j. BOL # and Pro # if applicable
      k. For both MTC and MII 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 MTC and/or MII. 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 MTC and/or MII approved supplier list.
      2. MTC and/or MII Purchase Orders or Requests for Quote or other documentation shall be proprietary and confidential unless agreed to in writing from MTC’s Purchasing Department and/or MII’s Procurement Manager.
      3. All suppliers must comply with all requirements, all terms, and all conditions of the purchase order and as noted on the MTC and/or MII 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 MTC and/or MII.
      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 MTC Purchasing agent and/or MII Procurement Manager.
      8. Failure to submit an acknowledgment does not absolve the supplier from the purchase order terms or conditions. Shipment of product to MTC and/or MII 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 MTC Purchasing Department and/or MII 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 MTC purchasing agent and/or MII Procurement Manager shall contact the supplier to coordinate and confirm acceptance of the schedule.

7. Obsolescence Claims
   1. MTC and/or MII 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 MTC and/or MII.
   3. All obsolescence claims should be filed within two weeks of program end/change notification date.
   4. MTC and/or MII may review all claims and verify obsolescence before acceptance of claim.
   5. The supplier’s claim form must be itemized, showing MTC and/or MII 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, MTC and/or MII 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. MTC and/or MII approval is required prior to any price increases.

10. Supporting Documentation
    A. Contact your MTC Purchasing and/or MII Procurement or Quality department to obtain electronic copies of the forms referenced in this manual or will be added to the MTC and/or MII 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

<table>
<thead>
<tr>
<th>Individual</th>
<th>Phone ext.</th>
<th>Position</th>
<th>Office Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Risner</td>
<td>(517) 936-2513</td>
<td>Purchasing Sr. Buyer (MFG)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Lisa Parkhouse</td>
<td>(517) 936-2504</td>
<td>Purchasing Buyer/Plnr (MFG)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>John Shellberg</td>
<td>(517) 936-2473</td>
<td>Purchasing Manager</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Lisa Parsons</td>
<td>(517) 936-2486</td>
<td>Purchasing Agent (Buy/Resale)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Bob Kelley</td>
<td>(517) 936-2514</td>
<td>Inventory Manager</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Brian Johnson</td>
<td>(517) 936-2540</td>
<td>Sched. of Outside Processes</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Andy Collins</td>
<td>(517) 936-2511</td>
<td>Director of Quality</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Nancy Koch</td>
<td>(517) 936-2465</td>
<td>Purchasing Agent (Buy/Resale)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Harold Boucher</td>
<td>(517) 936-2537</td>
<td>QA Receiving Inspector</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Ken Cope</td>
<td>(517) 936-2495</td>
<td>QA Inspector (Buy/Resale)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Cami Shadley</td>
<td>(517) 936-2585</td>
<td>Quality Engineer</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Ben Hayes</td>
<td>(517) 936-2542</td>
<td>Quality Engineer</td>
<td>Jackson Manufacturing Plant</td>
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<tr>
<td>Brad Smith</td>
<td>(517) 936-2522</td>
<td>Quality Engineer</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Kim Lucas</td>
<td>(517) 936-2581</td>
<td>Quality Engineer</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Craig Babcock</td>
<td>(517) 936-2532</td>
<td>Quality/Environmental Rep.</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Robert Adair</td>
<td>(517) 936-2582</td>
<td>Production Manager (SGE)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Jenny Ebersole</td>
<td>(517) 963-2475</td>
<td>Purchasing / Scheduler (SGE)</td>
<td>Jackson Manufacturing Plant</td>
</tr>
</tbody>
</table>

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

<table>
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<th>Individual</th>
<th>Phone ext.</th>
<th>Position</th>
<th>Office Location</th>
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<tbody>
<tr>
<td>Jodie Neu</td>
<td>(517) 936-2567</td>
<td>General Manager</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Darrell Howe</td>
<td>(517) 936-2568</td>
<td>Plant Manager</td>
<td>Jackson Manufacturing Plant</td>
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<tr>
<td>Scot Gazlay</td>
<td>(517) 936-2561</td>
<td>Procurement Manager</td>
<td>Jackson Manufacturing Plant</td>
</tr>
<tr>
<td>Michelle Kinch</td>
<td>(517) 936-2578</td>
<td>Master Sched./Bus. Analyst</td>
<td>Jackson Manufacturing Plant</td>
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<tr>
<td>Derek Ott</td>
<td>(517) 936-2566</td>
<td>Quality Engineer</td>
<td>Jackson Manufacturing Plant</td>
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<tr>
<td>Brandy Morehead</td>
<td>(517) 936-2511</td>
<td>Quality Manager</td>
<td>Jackson Manufacturing Plant</td>
</tr>
</tbody>
</table>
**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)

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<th>Supplier Name</th>
<th>Address</th>
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<tr>
<td>E-mail Address (Please Type)</td>
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<tr>
<td>Authorized Signature</td>
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<tr>
<td>Name and Title</td>
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<tr>
<td>Date Signed</td>
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**Appendix B – Supplier Contacts**

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<th>Supplier Contacts</th>
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<tbody>
<tr>
<td>Position</td>
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<tr>
<td>Plant Manager</td>
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<td>2nd Shift Contact</td>
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<tr>
<td>3rd Shift Contact</td>
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