

## **PURPOSE**

The purpose of this supplier manual is to clearly communicate Trans-Matic's policies and procedures in the areas of supplier development, supplier relationship ethics, new part/process qualification, reject/non-conforming processes, and corrective and preventive action.

This manual will be reviewed and updated periodically. As these updates take place, revised documentation will be issued.

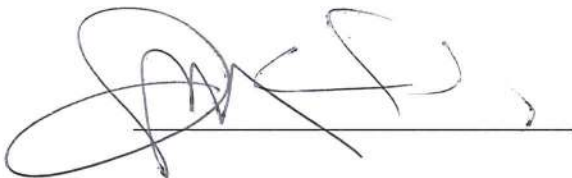
## **GOALS AND EXPECTATIONS**

Trans-Matic strives to build beneficial, productive relationships with its supply base. Our Supplier Manual works towards developing common processes/procedures that support this goal. To ensure a competitive, fair environment is maintained that provides Trans-matic with quality products and services, the procedures in the manual are expected to be understood and followed by every supplier.

Our customers expect quality products and services, on-time, at a fair price, and, in turn, Trans-Matic expects this from each and every one of its suppliers as well. Today's competitive environment demands that zero defects and 100% on-time delivery no longer be the goal, but the standard. This level of performance is required of Trans-Matic, and we require it of our supply base.

Having a standardized approach to supplier activities and continuous improvement are goals that both suppliers and Trans-Matic share. All activities should be approached with the mindset that everything is an opportunity for improvement.

John M. McDonald  
Director of Global Procurement and Supply Chain

A handwritten signature in dark ink, appearing to be 'J. McDonald', is written over a horizontal line.


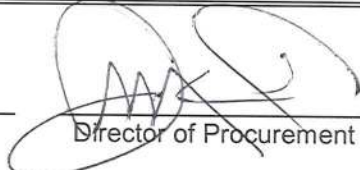
## **PROCEDURE / POLICY**

## **REVISION DATE**

SP -100 Purchasing General Policy Statement	12/17/15
SP-101 Supplier Development	12/17/15
SP-102 Supplier Relationship Ethics	02/04/08
SP-103 New Part/Process Qualification	03/29/10
SP-104 Rejected/Non-Conforming Supplied Products/Processes	01/22/16
SP-105 Corrective and Preventive Action For Supplier Related Issues	12/23/08
SP-106 Deviation Policy	12/4/15
SP-107 Vendor Release Process	02/04/08

## **ADDENDUM**

Trans-Matic Corporate Mandate

<b>Supplier Procedure Title</b> Purchasing Policy Statement	<b>Document Number</b> SP-100	<b>Page</b> 1 of 1	<b>Date</b> 12/17/15
<b>Approvals:</b> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">               _____              Director of Quality         </div> <div style="text-align: center;">               _____              Director of Procurement         </div> </div>			

- Statement** The policy of Trans-matic Mfg. is to obtain the best value for the materials, goods, and services that it purchases from suppliers; and to maintain the highest ethical standards in dealing with its suppliers.
- Purpose** To outline general purchasing policy and basic method of operating for Trans-matic personnel engaged in Purchasing activity.
- Scope** Policy applies to all Trans-matic employees. It is the responsibility of all who are delegated the authority to commit company funds through the Purchasing function to adhere to this company policy.

#### General Procedure

All purchases for materials, goods and services require an approved purchase requisition and subsequent purchase order **before a purchase is made. Exceptions may apply as approved by Trans-Matic purchasing.**

##### Purchase Requisition

A purchase requisition should be prepared **and issued per PLEX-PUR-565.**

##### Purchase Order

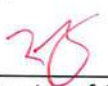
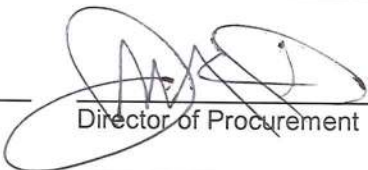
A purchase order form with its standard terms and conditions is the official document that commits Trans-matic to a purchase contract. **Purchase orders** are issued by the purchasing department **or other authorized personnel** based on the purchase requisition. All contracts should be in writing to assure that all deliveries meet the terms and conditions reflected on the purchase order.

#### Approval Authorization Levels

Approval levels are established for each department and each type of purchase.

#### Emergency Purchases

In cases of immediate need, authorized employees will place the order and ensure all relevant Plex updates are made. An emergency by definition would be material or services required for health, human safety or to avoid an interruption to production.


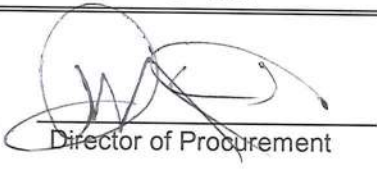
<b>Supplier Procedure Title</b> Supplier Development	<b>Document Number</b> SP-101	<b>Page</b> 1 of 1	<b>Date</b> 12/17/15
<b>Approvals:</b> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">               _____              Director of Quality         </div> <div style="text-align: center;">               _____              Director of Procurement         </div> </div>			

**Purpose** To outline the supplier development activity, including minimum system requirements and follow-up activities.

**Application**

- 1.0 As specified by ISO/TS 16949:2009 suppliers to Trans-Matic shall be 3<sup>rd</sup> party certified to ISO-9001:2008 with the goal of ISO/TS16949:2009 conformity. Suppliers failing to comply with this mandate may be taken off the Trans-Matic approved supplier list and desourced. ISO/TS16949:2009 states that "the prioritization of suppliers for development depends upon, for example, the supplier's quality performance and the importance of the product supplied".
- 2.0 On a quarterly basis (every 3 months) supplier ratings are compiled into individual supplier performance reports. Each supplier is expected to meet the minimum score(s) outlined on the supplier performance report or risk being removed from Trans-Matic's approved supplier list. If no business occurs with a supplier within a 6-month rating period, the supplier is not rated. Suppliers will be required to notify Transmatic of any special status customer notifications related to quality or delivery issues.
- 3.0 On an annual basis, Trans-Matic may select suppliers for focused supplier development activity. The selection is based on one or up to all of the following:
  - Volume
  - quality rating
  - future potential
  - "Newness" of supplier or process
- 3.1 Selected suppliers will participate when appropriate, in training programs, new technology support, and "supplier day" activities that focus on building/enhancing the business relationship as well as continuous improvement of operations.
- 4.0 Supplier development may focus not only on improvement of operations/activities that need corrective action, but also operations/activities that are not necessarily in need of corrective action (continuous improvement).



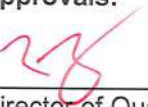
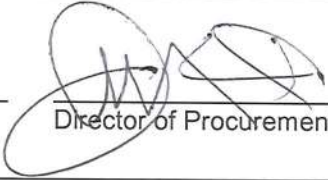
<b>Supplier Procedure Title</b> Supplier Relationship Ethics	<b>Document Number</b> SP-102	<b>Page</b> 1 of 1	<b>Date</b> 02/04/08
<b>Approvals:</b> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">               _____              Director of Quality         </div> <div style="text-align: center;">               _____              Director of Procurement         </div> </div>			

**Purpose** To outline the relationship Trans-Matic Mfg. Co. will maintain with suppliers relative to business ethics.

The solicitation or acceptance of personal gifts, gratuities, favors by a Transmatic employee is prohibited, except when it might be inappropriate or insulting to refuse the gift offered and the value of the gift is nominal; ( under \$25 USD).

**Application**

- 1.0 Our suppliers of materials, equipment, and services are essential for our future success. We seek to develop long-term partnership relationships based on the same ethical principles that we provide to, and expect from, our customers. We expect the maximum value, service, and innovation in serving our needs. It is the policy of Trans-Matic to maintain good business relationships with our suppliers that are legal, ethical and promote good business practices. Good business practices are further defined:
  - 1.1 Providing a competitive, but fair environment for all suppliers.
  - 1.2 Evaluating suppliers fairly by quality, delivery, quality system(s), and PPM levels.
  - 1.3 Declining any gift, entertainment, or favor from suppliers that may influence business conduct, including cash or personal gifts.
  - 1.4 Not participating in any social event financed by suppliers that has no business purpose. However, meals incidental to business meetings are approved.
- 2.0 Suppliers are expected to provide a quality product and/or service in the agreed upon timeframe, at a competitive price. Excellence from each supplier of products and/or services is the expectation with each and every transaction.
- 3.0 Suppliers are fully responsible for the quality of their products. Shipments of non-conforming products will jeopardize the supplier's performance rating and future business award(s) as well.
  - 3.1 As part of each supplier's responsibility for the quality of their products, suppliers are to maintain technical support expertise and be willing, upon request, to provide technical support in conjunction with Trans-Matic. This would pertain to occurrences where the supplier's technical presence is required at Trans-Matic and/or the site of Trans-Matic's customer.
  - 3.2 Suppliers may be held financially responsible for costs incurred that are attributed to quality, delivery, and/or performance of their product.


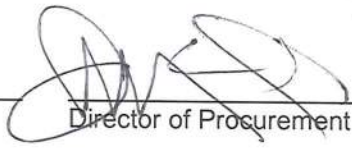
<b>Supplier Procedure Title</b> New Part/Process Qualification	<b>Document Number</b> SP-103	<b>Page</b> 1 of 1	<b>Date</b> 12/03/14
<b>Approvals:</b> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">         _____        Director of Quality     </div> <div style="text-align: center;">         _____        Director of Procurement     </div> </div>			

**Purpose** To outline the process of qualifying a new product and/or service provided by a supplier

**Application**

- 1.0 All products and/or processes supplied to Trans-Matic should follow the AIAG PPAP format for approval. Exceptions to this will be communicated to the supplier at time of work award notification. An AIAG Level 3 PPAP is the general required minimum unless otherwise specified. Any certification requirements after PPAP submission will be listed on the WIP traveler, Raw Material Specification, or Purchase order.
- 2.0 Documentation and **product/ process samples** will be submitted to either the Trans-Matic Quality or Purchasing Departments, for routing at Trans-Matic and approval. **PPAP approval will be provided by Supplier Development Engineer or Designee.**
- 3.0 **If the documentation and product/ process samples are not approved**, the supplier will be informed of the discrepancies and must take corrective action, and re-submit for approval.
- 4.0 **Trans-matic PPAP approval serves as Interim Approval until full PPAP approval by Transmatic's customer is obtained.**
- 5.0 Suppliers shall notify the responsible Supplier Quality Function of any **Design and Process Change Requests** (this would include things such as changes in equipment, process flow, process parameter's, material, facility location) as outlined in the "Customer Notification and Submission Requirements" section of the Production Part Approval Process Third Edition available from AIAG (Automotive Industry Action Group).



<b>Supplier Procedure Title</b> Rejected/non-conforming supplied products/processes	<b>Document Number</b> SP-104	<b>Page</b> 1 of 2	<b>Date</b> 1/22/16
<b>Approvals:</b> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">               _____              Director of Quality           </div> <div style="text-align: center;">               _____              Director of Procurement           </div> </div>			

**Purpose** To outline supplier's responsibilities/actions when supplied product is found to be non-conforming and convey requirements for corrective action


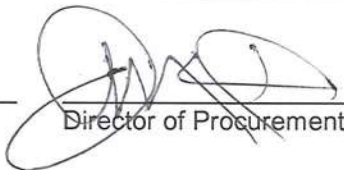
**Application**

- 1.0 Trans-matic requires all parts and materials received from its suppliers to be free of defects. Defects are defined as any deviation from the requirements provided by Trans-matic such as but not limited to:
- Any variation in a product or service that fails to meet the expected results.
  - Anything that causes a person or product to deviate from the normal process (sorting/rework/expediting, etc.)
  - Failing to meet requirements of design record.
- 1.1 The supplier will contain its inventory of the product for analysis to verify the presence/absence of the issue. This will include product being processed, held in inventory, in route to Trans-matic, and suspect product at Trans-matic's customer(s).
- 1.2 With prior approval from Trans-matic quality and/or purchasing personnel, (when possible) product will be sorted, reworked, or reproduced to meet Trans-matic specifications. If it cannot be reworked / repaired, it will be scrapped at suppliers cost.
- 1.3 Trans-matic will attempt to allow the supplier to choose which method of replenishing the non-conforming parts (return parts to supplier for sorting, Trans-matic to sort and charge back, etc.). However, the needs of Trans-matic and its customers will be the final determination of how and when the parts are replenished.
- 1.4 All sorted and/or reworked parts will be labeled as such when they are shipped to Trans-matic.
- 1.5 All debits, charges, and any other fees associated with the issue are to be handled through the Trans-matic purchasing group. For each non-conformance or corrective action request issued, there may be charges assessed to recover costs incurred by Tran-matic. Charges will generally be at a minimum of \$75.00 per incidence, but may be higher based on the severity, administration resource(s) required to resolve the issue, and any resulting Trans-matic customer charges. Resources can include, but not be limited to, transportation, packing/unpacking, and sorting.
- 1.6 If a product/service is found to be non-conforming, a corrective action request may be issued to the supplier. Sample parts exhibiting the condition(s) are sent out with the request, if available. Pictures and other information may be sent in lieu of parts if necessary.
- 1.7 Suppliers are to respond to a corrective action request in the 8D format up through containment actions (D3) within 24 hours unless more time is specifically requested and approved by the Trans-matic Supplier Quality Engineer (SQE). Short term and permanent corrective action(s) are to be completed by the supplier within 30 business days after receipt of the CAR unless otherwise required by Trans-matic or its customers.
- NOTE: Actions to contain the issue and meet Trans-matic production needs with certified product are to be taken immediately upon notification of the issue from Trans-matic.

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- 1.8 Corrective actions will be tracked using the "Fast track" problem tracking system and must be approved in writing by the SQE. In the event that more than 30 days is needed to close out an issue, an extension may be granted upon request from the appropriate quality or purchasing associate. If a corrective action request is not responded to, further current/future business will be jeopardized.
- 1.9 All supporting documentation to a CAR (FMEA, control plan, inspection sheets, etc.) that has been modified or updated as a result of the issue shall be submitted with the CAR.
- 1.10 Suppliers are encouraged to visit the Trans-matic facility(ies) where the issue occurred to follow-up on the effectiveness of their corrective action and to understand how the particular product/service is utilized.


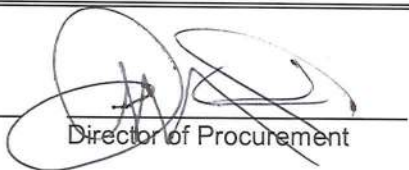


<b>Supplier Procedure Title</b> Corrective and Preventive Action for Supplier Related Issues	<b>Document Number</b> SP-105	<b>Page</b> 1 of 1	<b>Date</b> 12/23/08
<b>Approvals:</b>			
 _____ Director of Quality	 _____ Director of Procurement		

**Purpose** To outline supplier's responsibilities/actions relative to corrective action when supplied product/services are found to be non-conforming.

**Application**


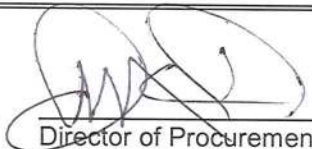
- 1.0 If a product/service is found to be non-conforming, a corrective action request may be issued to the supplier. Sample parts with the condition(s) are sent out with the request, if available.
- 2.0 Suppliers are to respond to a corrective action request in the 8D format up through containment actions within **24 hours unless more time is specifically requested and allowed by purchasing**. Short term and permanent corrective action(s) are to be completed by the supplier within 30 business days after receipt of the CAR unless otherwise required by Transmatic or its customers.  
NOTE: Actions to contain the issue and meet Trans-Matic production needs with certified product are to be taken immediately upon notification of the issue from Trans-Matic.
- 3.0 **Corrective actions will be tracked using the "Fast track" problem tracking system and must be approved in writing** by the appropriate Quality Engineer. In the event that more than 30 days is needed to close out an issue, an extension may be granted upon request from the appropriate Quality or Purchasing associate. If a corrective action request is not responded to, further current/future business will be jeopardized.
- 4.0 All supporting documentation to a CAR (FMEA, control plan, inspection sheets, etc.) that has been modified or updated as a result of the issue shall be submitted with the CAR.
- 5.0 Suppliers are encouraged to visit the Trans-Matic facility(ies) where the issue occurred to follow-up on the effectiveness of their corrective action and to understand how the particular product/service is utilized.

<b>Supplier Procedure Title</b> Deviation Policy	<b>Document Number</b> SP-106	<b>Page</b> 1 of 1	<b>Date</b> 12/4/15
<b>Approvals:</b>			
 _____ Director of Quality	 _____ Director of Procurement		

**Purpose** To outline the procedure for varying from the product routing description.

**Application**

- 1.0 A deviation form is Trans-matic's documented method of authorizing a supplier to perform work different from, less than, or more than that specified on the part routing description(s).
- 2.0 Deviation forms are clearly marked as such and need to be signed by an authorized Trans-matic representative prior to any work different than the routing description being performed.
- 3.0 Suppliers are not authorized to perform any service/work on Trans-matic product different than the **PPAP approved** routing unless a written deviation form is present with the part(s). Any work performed by a supplier different than the routing description is the supplier's responsibility and may include charges assessed to remove/rework if ineffective.
- 4.0 Any issues or questions regarding a particular deviation should be directed to the appropriate quality engineer or purchasing contact at Trans-matic.

<b>Supplier Procedure Title</b> Vendor Release Process	<b>Document Number</b> SP-107	<b>Page</b> 1 of 1	<b>Date</b> 02/04/08
<b>Approvals:</b>			
 _____ Director of Quality	 _____ Director of Procurement		

**Purpose** To outline the process that Trans-Matic follows relative to the communication of release requirements to suppliers.

**Application**

- 1.0 The Trans-Matic vendor release process is the way in which requirements are communicated throughout the supply chain. Each specific requirement can be tailored in order to help Trans-Matic meet the needs of its customers' requirements. This information is a culmination of past, present, and future requirements that Trans-Matic schedules and plans its production requirements to. These requirements will be communicated in a manner that is consistent with information that we believe to be accurate and reasonable. Trans-Matic will decide the best option for releasing product or services based in the factors listed below. If at any time a release can not be met, it is the responsibility of the supplier to notify the appropriate Transmatic associate.
  - 1.1 Trans-Matic requires service and releases product using several different types of methodologies depending on one or several of the following:
    - 1.1.1 Type of product or service
    - 1.1.2 Annual requirements
    - 1.1.3 Shipping requirements and frequency
    - 1.1.4 Standard pack requirements
  - 1.2 The different types of releases or requirements that are communicated to the supply chain can be communicated by the use of:
    - 1.2.1 Spot buy purchase orders
    - 1.2.2 Blanket orders or contracts
    - 1.2.3 Vendor release schedules (MRP)
    - 1.2.4 KANBAN or pull systems
    - 1.2.5 Planning and/or Priority Reports
- 2.0 Each process that is chosen for a specific requirement shall be communicated to each individual supplier. In order for a supplier to succeed in supporting Trans-Matic, each supplier shall have a good understanding of the process used so that requirements communicated can be met in a timely manner.
- 3.0 All suppliers of productive services (raw material, outside processing, purchased parts) will conform to and agree to business practices outlined on the Trans-Matic purchase order terms and conditions (see [www.transmatic.com](http://www.transmatic.com) for a copy).