



Produce  
Procedure Manual

# Supplier Quality, Logistics and Materials Manual

Procedure Number:  
P-PR200.12

Revision Level: Q



## SUPPLIER QUALITY, LOGISTICS AND MATERIALS MANUAL



A Piston Group Company



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**PISTON'S QUALITY & ENVIRONMENTAL POLICY MODEL**



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## 1.0 OVERVIEW

### 1.1 MISSION, VISION AND VALUES

Piston Automotive is in various regions of the United States. Our shared vision is to be the leading supplier of complex module assemblies for ground breaking innovators in mobility and electrification by providing a diverse range of product and service expertise. Our core values drive this mission.

#### CORE VALUES

- ✓ Putting our differences to work.
- ✓ Always have your back.
- ✓ Thrive on Challenge.
- ✓ Help others achieve.
- ✓ Support Local Communities.

### 1.2 PURPOSE OF INTENT

Piston Automotive is totally committed to partnership of all interested parties including customers, shareholders/owner, suppliers, workforce, local agencies, etc. All of which are vital in achieving our vision. Currently, we buy most of our components from directed-suppliers. However, we are obligated to manage the entire supply base in delivering quality products and services. We are determined to create a healthy mutual working relationship with our supply base, regardless of the supplier's relationship with the OEM customer.

The purpose of this manual is to inform suppliers of Piston Automotive requirements and expectations, as well as how we will monitor, measure and communicate their performance. These requirements extend from supplier qualification to new product development and past model service production.

### 1.3 SUPPLIER QUALITY SYSTEMS VALIDATION

Piston Automotive is a supplier to the automotive industry and as such we comply or adhere to the Automotive Quality and Environmental Management System requirements (IATF 16949, ISO 9001, ISO 14001). Piston Automotive requires all suppliers regardless of their status with the OEM customer, to be third party certified at minimum to ISO 9001.

For laboratory and calibration services, Piston Automotive recognizes the ISO 17025 or American Association for Lab Accreditation (A2LA) in lieu of the above standards.

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## 1.4 NEW SUPPLIERS

1.4.1 Piston’s suppliers are managed based on the following Supplier Type Categories.

- 4.1.1.1 Directed
- 4.1.1.2 Non-Directed
- 4.1.1.3 MRO
- 4.1.1.4 Distributor
- 4.1.1.5 Special Services
- 4.1.1.6 Transportation

1.4.2 New suppliers to Piston Automotive are those suppliers who have not shipped parts to Piston prior to being directed or selected for business. Newly acquired suppliers start off with a status of ‘High impact’ to Piston Automotive. New supplier’s status will change from ‘High Impact’ to ‘Low Impact’ after a successful assessment process which will be initiated by Piston Automotive.

1.4.3 Supplier Assessment

Piston Automotive will assess each supplier’s capability to satisfy our requirements. This will be done by requiring all new suppliers to conduct a self - assessment. After review of the assessment, if Piston determines that there is a risk in any of the elements of the supplier’s self - assessment, an on-site assessment (if possible) or program review will be initiated for further evaluation.

1.4.4 Supplier Approval Process

Suppliers are approved based on positive results of their Initial Assessment. All of Pistons Automotive’s suppliers of products and services will be required to have an implemented quality management system certified to ISO 9001, unless otherwise authorized by the OEM customer. This requirement will be verified during the supplier’s initial assessment. The Initial Assessments are required of all directed and non-directed suppliers as soon as practical. Suppliers providing services such as testing, calibration, etc. must provide proof of certification to ISO 17025 or equivalent. There are some exceptions based on supplier’s type.

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The following table describes the assessment requirements for Piston Automotive supplier types.

Supplier Type	ISO 9001	IATF 16949	ISO 17025 or Equivalent	Self-Assessment
Direct	Yes	Yes	Optional	Yes
Non-Direct	Yes	Yes	Optional	Yes
MRO (Maintenance, Repair, and operations)	Optional	Optional	Optional	Optional
Distributor	Yes	No	No	No
Special Services (Testing, Calibration, etc..)	Yes	No	Yes	No
Transportation	Optional	No	No	Optional

## 1.5 SUPPLIER'S CODE OF ETHICS

Piston Automotive requires that all supplier's have in place and operate by their Code of Conduct and Ethical Behavior Policy, in which all employees and sub-suppliers that conduct business with or on behalf of Piston

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Automotive adhere to. The Code of Conduct and Ethics Policy should act with fairness and integrity, observing high standards of personal and business ethics.

## 2.0 QUALITY SYSTEMS REQUIRMENTS

“Supplier” is an umbrella term that includes suppliers of products and services as well as distributors that provide deliverables to Piston Automotive. The supplier shall:

- Satisfy the requirements established in this manual.
- Maintain a working knowledge of all policies and processes governing the relationship between the supplier and Piston Automotive.
- Accept responsibility for the quality, delivery, regulatory compliance, and technical performance of all deliverables.

Piston Automotive Supplier Agreement, Terms and Conditions and Product/Service Purchase Order will be used accordingly when conflict arises with agreeance to the terms of this Supplier Manual between Piston and the supplier.

Note: It is the supplier’s responsibility to integrate the contents of Piston’s Supplier Quality, Logistics and Materials Manual into their quality system and deploy to their respective sub-suppliers.

## 2.1 ADVANCED QUALITY PLANNING

### 2.1.1 ADVANCED PRODUCT QUALITY PLANNING (APQP)

This is a structured methodology which defines the stages of product development to assure that the final product satisfies the customer. Suppliers are expected to use customer preferred APQP documents and become involved early in the product development process. If there is no preferred customer APQP documentation and reporting, the AIAG APQP documents shall be used. Program Management will lead and coordinate with suppliers on APQP timeline, goals and progress. Suppliers are expected to follow the five APQP phases or the one dictated by Piston Automotive and its customers. The five phases are:

- a) Plan and Define Program.
- b) Product Design and Development Verification.
- c) Process Design and Development Verification.
- d) Product and Process Validation and Production feedback.
- e) Launch, Assessment & Corrective Action.

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Suppliers shall be familiar with the use of the core tools: PPAP, FMEA, APQP, MSA and SPC. will provide appropriate support for product development initiatives including MSA, DFMEA (when required), PFMEA, process flow, control plans, lessons learned, etc. at Piston Automotive and Customer facilities.

## 2.1.2 PRODUCTION PARTS APPROVAL PROCESS (PPAP)

Piston Automotive follows the AIAG PPAP for validation of all purchased materials required for production unless otherwise requested by its customers to use a different approval process. Supplier shall follow the PPAP manual and understand submission requirements and work with Piston Automotive Site Quality Department on list of specific PPAP requirements to submit and which level of submission.

### 2.1.2.1 SUBMISSION REQUIREMENTS FOR DIRECTED AND NON-DIRECTED SUPPLIERS

The default PPAP submission level shall be level-3 requirements of the AIAG PPAP manual. In addition to level-3 PPAP submission, suppliers shall also submit all applicable IMDS and all customer specific requirements. Suppliers shall submit the IMDS to Piston Automotive ID 55880.

### 2.1.2.2 SUBMISSION EXCEPTIONS AND ADDITIONS

#### 2.1.2.2.1 HEAT TREAT REQUIREMENTS

Suppliers of heat treat material shall complete the AIAG CQ1-9 audit documentation by a second party and include the results in their PPAP submission. Any identified “not satisfactory” or “needs immediate action” items shall have a documented action plan. The AIAG CQ1-9 audit shall be completed annually for all heat treat parts.

#### 2.1.2.2.2 DIRECTED SOURCED SUPPLIERS - MPA or without MPA

Directed-sourced suppliers by the OEM shall submit their PPAP to the OEM who sourced the part(s) and to Piston Automotive. Unless otherwise clarified in the statement of work or any formal signed document to the contrary, the OEM customer is responsible for approving the PPAP. Piston Automotive responsibility will still be managing the supplier for incoming quality of material. PPAP approval for directed-sourced suppliers with MPA or without MPA is the responsibility of the OEM customer. Piston Quality will coordinate with the OEM customer or supplier to obtain complete PPAP approval documentation.

#### 2.1.2.2.3 BAILED MATERIAL SUPPLIERS

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Bailed material is purchased and owned by the OEM customer and PPAP approval is done by the OEM customer. Piston Quality will coordinate with the OEM customer or supplier to obtain complete PPAP approval documentation.

### 2.1.3 ON GOING RESPONSIBLE MATERIALS SOURCING REPORTING

Suppliers are required to fully support and cooperate with efforts to secure full transparency and traceability of their raw material supply chains and must also engage sub-tier suppliers in their efforts to demonstrate transparency and appropriate due diligence regarding the materials as described in the following statements.

#### 2.1.3.1 Conflict Minerals Requirements (CMRT)

To the extent tin, tungsten, tantalum, and gold (“Conflict Minerals” or “3TG”) are contained in our products, suppliers and their sub-tier suppliers must use conflict free minerals while continuing to support responsible in-region mineral sourcing from the DRC and adjoining countries. Suppliers are required to conduct due diligence and shall not knowingly provide products containing minerals that contribute to conflict as described in Rule 13p-1 of the Securities Exchange Act of 1934 (the “Rule”). Suppliers shall complete and submit, annually, a new CMRT and include a list of the smelters or refiners providing the tin, tungsten, tantalum and gold contained in the products shipped to Piston Automotive.

#### 2.1.3.2 Extended Minerals Reporting Template (EMRT)

Suppliers and their sub-tier suppliers shall conduct due diligence on their cobalt supply chain to demonstrate that they are sourcing this mineral responsibly. Customers and investors are demanding that cobalt materials in manufactured products be responsibly sourced. Cobalt supply chain visibility and mapping are important steps towards identifying the refiners that process cobalt for the parts you manufacture. Suppliers shall complete and submit, annually, a new EMRT and include a list of refiners providing the cobalt contained in the products shipped to Piston Automotive.

#### 2.1.3.3 Pilot Reporting Template (PRT)

In addition to requirements for CMRT and EMRT, suppliers and their sub-tier suppliers are required to conduct due diligence on their Lithium (Li) and Nickel (Ni) supply chains to demonstrate that they are sourcing these minerals responsibly. To support this effort, your company must complete the Pilot Mineral Report (PRT) annually and submit including a list of Lithium and Nickel processors providing these materials contained in the products shipped to Piston Automotive.

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#### 2.1.4 SAFE LAUNCH and EARLY PRODUCTION CONTAINMENT

Suppliers are required to implement a safe launch plan or early production containment plan to ensure a smooth launch with Piston Automotive. This plan shall last for 90 days after start of production (SOP) or a minimum of 5000 units shipped to each Piston location without major disruption. A major disruption is defined as any significant downtime incurred by Piston Plants due to the shipment of nonconforming material. If this criterion is met, the supplier can petition to exit the Safe Launch & Early Production Containment plan. The supplier must obtain written authorization prior to exiting Safe Launch & Early Production Containment. This authorization must come from the respective Piston plant quality representative. A Pre-Launch Control Plan shall be developed showing any additional controls and inspection audits that are to be taken. Safe Launch or Early Production containment includes, but not limited:

- a. 100% inspection for all pre-production and pilot parts shipped.
- b. Off-line, separate and independent checks where applicable and or requested and per the safe launch check sheet.
- c. Inspection of all sub-supplier visual characteristics.
- d. Increased label verification for accuracy.
- e. Inspection of functional characteristics.

## 2.2 QUALITY REQUIREMENTS

### 2.2.1 INCOMING PRODUCT QUALITY

Piston Automotive expects that the supplier will ship product to Piston facilities 100% defect free. The supplier shall implement a process to ensure the quality of incoming deliverables meets Piston Automotive requirements. All nonconforming material resulting from this process shall be identified and quarantined. The supplier and sub-supplier shall have a process to disposition nonconforming product.

### 2.2.2 SPC AND PROCESS CAPABILITY

- a) Suppliers shall be familiar with the use of Statistical Process Control (SPC) to be able to verify part and process capability. All significant characteristics, critical characteristics, and other characteristics affecting safety shall be identified on the control plan and monitored for out-of-control conditions.
- b) Suppliers shall maintain a minimum Cpk (Process Capability which represents a short-term variation in the process) of 1.33 and a Ppk (Process Performance over a long term) of 1.67.
- c) The AIAG SPC Manual may be used as guideline.

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### 2.2.3 MEASUREMENT SYSTEMS AND GAGES

All measuring instruments and gages used for verification of quality must be calibrated in accordance with IATF 16949 requirements. All gages used to measure significant characteristics or critical characteristics must have a Gage R&R <10% error. Gages that are between 10% to 20% error may be acceptable based on importance of applications, cost of measurement device, cost of repair, etc. However, every effort should be made to improve the measurement system. If shipped product is measured using a measuring device with a Gage R&R of <10%, supplier must have a signed waiver from Piston Automotive or OEM customer if supplier is a directed-source.

### 2.2.4 SUPPLIER NONCONFORMING MATERIAL

#### 2.2.4.1 NOTIFICATION OF NONCONFORMING MATERIAL

Suppliers are obligated to immediately notify Piston Automotive of any nonconforming or suspect material that is in transit to or has already been received by Piston Automotive.

Supplier shall provide information regarding suspect material such as:

- a) Day suspect material was built
- b) Exposure window (how many parts are suspect)
- c) Method of Escape
- d) Containment of Suspect Material (in house and at end user.

#### 2.2.4.1 CONTROLLED SHIPPING

If escalation of a non-conformance is necessary, Piston Automotive and/or our Customer may place a supplier on Controlled Shipping (CS) status. Controlled Shipping ensures a robust inspection process to protect Piston Automotive and its customers from receiving non-conforming product. The supplier shall utilize a separate and distinct area for redundant inspection of the product. Piston Automotive and/or our Customer will determine when a supplier shall be placed into Controlled Shipping Level 1 (CS1) and/or Controlled Shipping Level 2 (CS2). However, there may be a determination to place a supplier immediately into CS2, bypassing CS1, dependent upon the level of the identified quality issue. Additional information such as Exit Criteria will be defined upon initiation of a CS1 or CS2 inspection. All cost associated with Controlled Shipping Inspections are the responsibility of the Supplier.

##### 2.2.4.1.1 Controlled Shipping Level 1 (CS1)

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When placed on CS1 status, the supplier must provide certified product to Piston Automotive. The supplier shall provide the CS1 inspection results at the specified frequency determined by Piston Automotive. The supplier shall continue its problem-solving activities and corrective action implementation. The CS1 activities must remain in effect even with the addition of a CS2 inspection requirement.

#### 2.2.4.1.2 Controlled Shipping Level 2 (SC2)

When placed on CS2 status, a meeting will be scheduled between key Piston Automotive and/or our Customer and supplier representatives. An approved third-party provider must be utilized to certify the supplier's product prior to use. Piston Automotive shall determine the location where the third-party provider must perform the inspections. The results of the third-party inspections shall be provided to Piston Automotive at the specified frequency. The supplier shall continue its problem-solving activities and corrective action implementation.

#### 2.2.4.2 CONTAINMENT OF NONCONFORMING MATERIAL AT PISTON AUTOMOTIVE

2.2.4.2.1 When Piston Automotive discovers nonconforming material at any Piston Automotive plant, or supplier believes they may have delivered nonconforming material to Piston, Piston Automotive may request immediate supplier on-site inspection of all material affected and if applicable at the end user's facility.

2.2.4.2.2 The supplier shall respond promptly to the request for containment, including engaging the services of a third-party containment provider. All costs associated with supplier containment and sort activity is the responsibility of the supplier.

2.2.4.2.3 Piston may choose and acquire a 3<sup>rd</sup> Party containment provider if there is no response from supplier. All costs incurred will be charged to the supplier through the QPN cost recovery process.

2.2.4.2.4 3<sup>rd</sup> party containment/sort activity may be implemented at Piston Automotive, supplier location and/or end user location.

2.2.4.2.5 Suppliers shall provide documented work instructions to the 3<sup>rd</sup> party containment provider. A copy of the work instruction shall be provided to Piston Automotive as a tool for ensuring inspection activities are effective.

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2.2.4.2.6 A Daily report of fallout from the 3<sup>rd</sup> party containment shall be provided to the affected Piston Automotive Plant Quality Department. The total rejects identified daily will count against the supplier performance tracking.

2.2.4.2.7 Containment activities shall continue until permanent corrective action has been implemented and/or until the agreed upon exit criteria established between Piston Automotive and supplier has been met.

**2.2.4.3 CONTAINMENT OF NONCONFORMING MATERIAL AT SUPPLIER FACILITY**

Suppliers shall implement 100% off-line inspection of any nonconforming material or suspect material to prevent the escape of any material to Piston Automotive. Supplier shall trace the suspect or nonconforming material to suspect lots and certify all future shipments and mark all certified stock for a minimum of 30 days. Piston Automotive may request containment data from supplier especially if it involves significant characteristics or critical characteristics.

**2.2.4.4 DISPOSITION OF NONCONFORMING MATERIAL**

All nonconforming material found at Piston Automotive or at the customer location shall be processed by the affected Piston Plant Quality team and dispositioned based on the agreement with the suppliers. The parts may be returned to the supplier with a RMA (Return Material Authorization) number issued by the supplier to Piston, scrapped by Piston at the supplier request and or reworked by Piston/Supplier based on the nature and risk associated with the rework. Any rework involving the alter of the material intended form, fit and function must be approved by the OEM customer. In rare occasion, there may be the need to use nonconforming material after evaluating the risk and considering the impact on the production schedule and customer delivery. In such situation, the OEM customer shall make the determination and Piston shall obtain an approved Alert or Authorization from the OEM customer before such material can be used in production. If non-conforming material is unable to be reworked, Supplier must submit a RMA number within 48hrs of Notification. If a RMA number is not received, Piston reserves the right to issue a RMA number to have the suspect material returned to the Supplier. All costs associated with the return of nonconforming material and /or the disposition of the nonconforming material shall be processed by the affected Piston Plant Quality team through the QPN (Quality Problem Notice) process.

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## 2.2.5 PROBLEM SOLVING AND CORRECTIVE ACTION

The supplier should adopt the “Zero Defects” mindset to reduce and eliminate nonconformances. When a nonconformance occurs, the goal is to quickly and effectively identify the problem, minimize its impact determine the root cause, implement corrective actions and prevent recurrence. Piston recommends the 8D Problem Solving method. However, the Supplier may use a Problem-Solving method of their choice.

Piston Automotive may issue a Corrective Action Request to the Supplier if a nonconformance was identified in the Supplier’s shipment or at the End Customer in the form of a QPN.

## 2.2.6 QPN (QUALITY PROBLEM NOTICE) & REQUEST FOR CORRECTIVE ACTION

When a supplier ships non-conforming material, the material will be rejected and a QPN will be issued to the Supplier. The Supplier must submit an initial corrective action to the Piston Automotive Quality Representative within 24 hours of receipt. Within 10 days the Supplier must update the response with a Corrective Action Plan and within 30 days, the Final Report with PCA verification must be sent to the Piston Automotive Quality Representative.

### 2.2.6.1 QPN DISPUTE

Suppliers may dispute a QPN for one or more of the following reasons:

- a. The supplier does not agree to the problem described on the QPN as originating from their facility.
- b. The supplier does not agree to quantity of parts affected by the problem described in the QPN.
- c. The supplier does not agree to the charges stated in the QPN.
- d. Other reasons the supplier may have relating to the QPN.

QPN’s can be disputed up to ten (10) calendar days after issuance. Supplier must notify the Piston Plant Quality representative who originated the QPN within the 10 calendars from the date the QPN was issued, of their intent to dispute and provide supporting documents that support the bases of the dispute. It is recommended that Suppliers first contact Piston Plant Quality to see if things can be resolved before formally disputing the QPN. Piston plant Quality will review the dispute and either amend the QPN, rescind the QPN or let the QPN stand and

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proceed with processing. In rare occasion, an escalated QPN will be used to capture hours of management team engaged in continuing dialogue with supplier to resolve quality issues.

#### 2.2.6.2 CHARGEBACKS

There are standard fees associated with the Piston QPN/DPN process. All QPNs/DPNs are issued with an automatic \$200.00 administration fee. Piston strongly encourages suppliers to conduct sorts at their own facility or at any outside location other than Piston Automotive. However, there will be instances when the supplier must use Piston Automotive facilities to conduct these sorts. The sorting may be conducted by the supplier or the supplier can elect to have a 3rd party perform the sort/containment. There will be a mandatory fee of \$200 per shift for supplier sorts conducted on-site at any Piston facility.

All chargebacks to the supplier will be documented in the QPN/DPN. Chargebacks will include but not be limited to:

- a) Customer chargeback to Piston for supplier nonconformance.
- b) Containment/Controlled Shipping activities, sort charges, including yard campaigns, stop ship, etc. at Piston Automotive, the customer plant or end user facility.
- c) Rework and /or scrap resulting from a supplier issue.
- d) Downtime associated with loss of production due to supplier issue.

#### 2.2.7 PROCESS/PRODUCT/MATERIAL CHANGES

Regardless of a supplier status with the OEM customer, suppliers must notify Piston Plant Quality of any product, material or process changes before such changes are implemented. All product, process, material changes shall be documented using the OEM customer change control documents (for all customer-directed suppliers with MPAs or without MPAs). Piston Automotive source suppliers must use Piston Automotive change control process. All process changes must be approved by Piston Automotive Quality Department prior to implementation. Purchasing and Quality will review the request, approving or rejecting at their discretion. Adequate notice must be provided prior to change of the process. Complete PPAP Level 3 documentation is required as the reevaluation document for all Piston Automotive designed production parts. The Supplier must submit a timeline to the Quality Department detailing the timing required to make the process change.

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## 2.2.8 ONGOING SUPPLIER CERTIFICATION

Suppliers are expected to register to their Quality and Environmental management systems to the requirements of ISO 9001 or IATF 16949 and ISO 14001:2015 through recognized Third-Party audits and maintain current certificates if they are in production.

Suppliers are expected to notify Piston Automotive if their certificate is revoked within 10 business days from the date the registration was revoked.

## 2.3 SUPPLIER MANAGEMENT

### 2.3.1 SUPPLIER ASSESSMENT

Piston Automotive will conduct Supplier Assessments at different stages of the Piston/Supplier relationship. Below is a description of Piston’s Supplier assessment types.

#### 2.3.1.1 Supplier Self-Assessment

Piston will request that new suppliers complete a self-assessment of its quality management system. This assessment will be mandatory for Non-Directed and Directed Supplier’s.

#### 2.3.1.2 On-Site Assessment

After review of the self - assessment, if Piston determines that there is a risk in any of the elements of the supplier’s self – assessment, Piston will perform an On-Site Assessment at the Supplier’s manufacturing facility.

#### 2.3.1.3 Supplier Risk Assessment

On-going suppliers with continued deficiencies in their performance will result in Piston conducting a Risk Assessment. The Risk Assessment will result in one or more of the following:

- 2.3.1.3.1 Supplier Development Plan
- 2.3.1.3.2 On-site Assessment
- 2.3.1.3.3 Removal of Supplier

### 2.3.2 COMMUNICATION /ASSESSMENT & FEEDBACK

To strengthen the relation between Piston Automotive and its supply base, Piston will regularly communicate with suppliers on their performance to assist them in improving any quality and other related issues. Piston Automotive monitors supplier performance of both Directed and Non-Directed suppliers to ensure quality and delivery expectations are met.

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### 2.3.3 SUPPLIER SCORECARDS

Piston Automotive generates monthly scorecards to report supplier performance. Scorecards are available to all suppliers upon request and/or via our ERP supplier portal.

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### 2.3.4 SUPPLIER PERFORMANCE REPORTING SYSTEM

#### 2.3.4.1 Scoring Model (100 points total)

Metric Group	Metric	Results	Points
Delivery (Max 30 points)	DPNs issued	0	10
		1 - 4	7
		5 - 7	5
		>8	0
	Delivery Incidents	0	10
		1 - 4	7
		5 - 7	5
		>8	0
	Corrective Action Responsiveness	0	10
1 - 4		7	
5 - 7		5	
>8		0	
Quality (Max 70 points)	QPNs issued	0	30
		1 - 4	20
		5 - 7	10
		>8	0
	Quality Incidents	0	10
		1 - 4	7
		5 - 7	5
		>8	0
	Corrective Action responsiveness	0	10
		1 - 4	7
		5 - 7	5
		>8	0
	PPM	0	20
		1 - 100	10
		101 - 200	5
		>200	0

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## 2.3.4.2 HOW SCORES ARE DERIVED

2.3.4.2.1 Total score for delivery is 30 points. The 30 points are distributed as follows.

### 2.3.4.2.1.1 **DPN ISSUANCE – 10 Points**

10 points will be awarded for 0 DPNs (Delivery Problem Notice) during the evaluated month. DPNs are issued for delivery non-conformances. Points are deducted based on the quantity of DPNs issued during the evaluated month. Reference the Metric Table above.

### 2.3.4.2.1.2 **DELIVERY INCIDENTS - 10 Points**

10 Points will be awarded for 0 Delivery Incidents during the evaluated month. Delivery Incidents are defined as Premium Freight, Late Delivery, Line Disruption at Customer, Line Disruption at Piston. Points are deducted based on the quantity of delivery incidents during the evaluated month. Reference the Metric Table above.

### 2.3.4.2.1.3 **CORRECTIVE ACTION RESPONSIVENESS (Delivery) – 10 Points**

10 points will be awarded for timely Corrective Action responsiveness for each DPN issued during the evaluated month. Points are deducted based on late or no response to Corrective Action requests during the evaluated month. Reference the Metric Table above.

2.3.4.2.2 Total score for Quality is 70 points. The 30 points are distributed as follows.

### 2.3.4.2.2.1 **QPN ISSUANCE – 30 Points**

30 points will be awarded for 0 QPNs (Quality Problem Notice) during the evaluated month. QPNs are issued for product quality non-conformances. Points are deducted based on the quantity of QPNs issued during the evaluated month. Reference the Metric Table above.

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2.3.4.2.2.2

**QUALITY INCIDENTS - 10 Points**

10 points will be awarded for 0 Quality Incidents during the evaluated month. Quality Incidents are defined as APQP issues, Missing or incomplete quality documentation as required (certifications, conflict minerals, etc.). Points are deducted based on the quantity of delivery incidents during the evaluated month. Reference the Metric Table above.

2.3.4.2.1.3

**CORRECTIVE ACTION RESPONSIVENESS (Quality) – 10 Points**

10 points will be awarded for timely Corrective Action responsiveness for each QPN issued during the evaluated month. Points are deducted based on late or no response to Corrective Action requests during the evaluated month. Reference the Metric Table above.

2.3.4.2.1.4

**PPM - 20 points**

20 points will be awarded for a 0 PPM count for the evaluated month. PPMs are accumulated based on the number of parts rejected for product quality non-conformances.

**2.3.5 SUPPLIER RATING LEVELS**

Suppliers are rated under the following levels:

- |                                   |                   |
|-----------------------------------|-------------------|
| a) Preferred Supplier (Green)     | Rating = 100 – 90 |
| b) Acceptable Supplier (Yellow)   | Rating = 89 - 80  |
| c) Unacceptable – High Risk (Red) | Rating = <79      |

The following actions will be taken for Suppliers who are maintain a status of ‘Red’ for three consecutive months:

**2.3.5.1 DIRECTED SUPPLIERS**

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- a) A Corporate Supplier Quality representative will send a Supplier Development Notification letter with a copy of the supplier’s scorecard, via email, notifying the supplier of their low performance.
- b) Corporate Supplier Quality representative may send the scorecard to the supplier OEM QE/STA and supplier component buyer in cases where their assistance is needed.
- c) Suppliers are expected to develop performance improvement plans with target for closure and responsibility.
- d) Supplier(s) may be scheduled for a quality meeting at the Piston Automotive plant they ship to or via web conference, to present actions taken and corrective actions implemented on issues found with their parts. Visits to the supplier’s manufacturing facility may also be scheduled to follow up on actions implemented.

2.3.5.2

NON-DIRECTED SUPPLIERS:

- a) A Corporate Supplier Quality representative will send a Supplier Development Notification letter with a copy of the supplier’s scorecard, via email, notifying the supplier of their low performance.
- b) The Piston Corporate Supplier Quality Engineer will coordinate supplier improvement plans through the Supplier Development Process to assist those suppliers in the improvement of their performance.
- c) Suppliers are expected to develop performance improvement plans by setting up action lists with targets for closure and responsibility.
- d) Supplier(s) may be scheduled for a quality meeting at the Piston Automotive plant they ship to or via web conference, to present actions taken and corrective actions implemented on issues found with their parts. Visits to the supplier’s manufacturing facility may also be scheduled to follow up on actions implemented.

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## 3.0 LOGISTICS & MATERIALS MANAGEMENT

### 3.1 PACKAGING

Suppliers are responsible for shipping quality acceptable packaging and parts to the point of use within the Piston Automotive receiving facility.

All packaging shall be considered a contractual obligation and be approved by the affected Piston manufacturing plant, with assistance and coordinated through Piston Automotive Packaging Engineer/Program Management. Any deviations shall have written approval prior to implementation. Piston encourages supplier initiated packaging improvement ideas before or after launch.

Piston Automotive Packaging Approval Sheet(s) or OEM equivalent shall be submitted and approved during the pre-production phase and the Production Part Approval Process (PPAP). Suppliers proposed packaging should involve selecting containers that maximize density, meet Piston Automotive general requirements and reduce non-value-added packaging materials and motions for the Piston Automotive production team members.

All Suppliers must have emergency expendable packaging backup planned prior to start of production.

#### 3.1.1 SUPPLIER PACKAGING APPROVAL SHEET

The Piston Automotive Supplier Packaging Approval Sheet or OEM equivalent form is required to ensure efficient packaging and transportation at the start of delivery. It is used to collect packaging data for production parts. Suppliers shall complete and submit the Supplier Packaging Approval Sheet for approval during the Pre-Production Phase and the Production Part Approval Process (PPAP). The sheets are required for new production parts, new suppliers, changes to parts or changes to packaging. The Piston Automotive receiving plant may request changes to supplier proposed packaging prior to approval.

#### 3.1.2 PACKAGING VALIDATION

All packaging requires either an Over the Road or Laboratory Test. Unless a customer exception is provided, new parts with minimal changes from a previous part level may be validated with an Over the Road Test as follows:

##### 3.1.2.1 Over the Road Testing:

3.1.2.1.1 Testing must be completed using a production intent container loaded to the full design capacity.

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- 3.1.2.1.2 Container must be clearly identified on all four sides with an 8-1/2" (216mm) X 11" (280mm) sign stating "Test Pack", "Hold in Receiving Area", "Notify contact name" and "Phone contact number".
- 3.1.2.1.3 Container must be shipped using the mode of transport intended for production.
- 3.1.2.1.4 Shipment must be coordinated on both the shipping and receiving ends for adequate tracking.
- 3.1.2.1.5 Both the parts and packaging must be inspected after the pack is received and any defects must be noted. Any parts not passing inspection will be considered a test failure.
- 3.1.2.1.6 Packaging Engineer is responsible communicating test shipment results to the project team and coordinating any required changes.

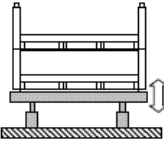
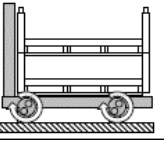
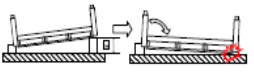
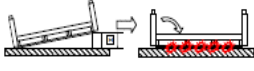
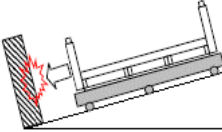
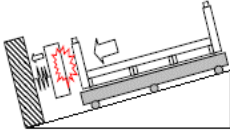
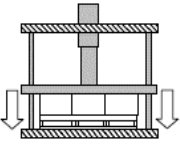
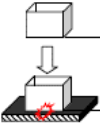
**Note: All containers which do not meet the requirements for Over the Road Testing must be Laboratory Tested.**

**3.1.2.2 Laboratory Testing:**

- 3.1.2.2.1 Unless a customer exception is provided, all new components and existing parts which have undergone a significant revision are required to be laboratory tested. Laboratory test requirements vary by OEM customer.
- 3.1.2.2.2 All components shipping to a Ford facility are to be tested directly by Ford at their Dearborn test center.
- 3.1.2.2.3 All other OEM customers must follow the test protocol on the following chart

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Laboratory Testing Decision Matrix								Test x Packaging Type			
No.	Test Name	Test Type	Description	Image	Test Level Input	ASTM Procedure	Output	Large Container (Rack, Bin, KD)	Toile	Thermoformed Tray	Corrugated
1	Stacked Vehicle Vibration Simulation	Random Vibration	Simulated Route Vibration		Time: 30-180 min Truck: 0.52 G/ms Rail: 0.29 G/ms Full Container	D4169, Schedule D D 4728	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	Y	Y	Y	Y
2	Loose Load Vibration	Repetitive Shock Rotary Motion	Simulates loose load vibrations and repetitive shocks		40 min dwell Full container	D4169, Schedule F D 999 Method A	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	Y	Y	Y	Y
3	Mechanical Handling Shock	Rotational Edge Drop	Simulates drops by fork truck handling		6 in height Full container	D4619, Schedule A D6179, Method A	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	Y	Y	Y	Y
4	Mechanical Handling Shock	Rotational Flat Drop	Simulates lateral impacts from handling		6 in height Full container	D4619, Schedule A D6179, Method C	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	Y	Y	Y	Y
5	Lateral Impact	Incline Impact Test	Simulates lateral impacts from handling		4.0 ft/s Full container	D4619, Schedule A D 880	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	Y	Y	Y	Y
6	Rail Impact Switching (Rail Only)	Incline Impact Test	Simulates lateral impacts from rail switching		2 x 6 mph, 1 x 4 mph Full container	D4619, Schedule G D 5277	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	Y	Y	Y	Y
7	Stacking Loads	Compression	Simulates vehicle and warehouse stacking with mixed freight		Load = [LXWX[100 in-H]/17.3 cu. in/lb Full container	D4619, Schedule B & C D 642	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	N	N	Y	Y
8	Manual Handling	Free Fall Drop	Simulates drops from manual handling		13-15 inches Flat bottom, and edge drop Full container	D4619, Schedule A D 5276	Pass / Fail 1. No damage to parts. 2. No damage to packaging per design requirements.	N	Y	N	Y

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3.1.2.2.3.1 The information in the right-hand columns of the chart determines which specific tests are appropriate for the subject pack.

3.1.2.2.4 Parts and packaging are to be inspected after completion of testing. Any parts not passing inspection will be considered a test failure.

3.1.2.2.5 Inspection information is to be provided to the testing facility for inclusion in the test report.

3.1.2.2.6 Testing laboratory will provide a final test report which will include a detailed description of the testing completed along with a result of PASS or FAIL.

3.1.2.2.7 Packaging Engineer is responsible for sending out the test report to the project team and coordinating any required changes.

### 3.1.3 ENVIRONMENT

Packaging systems shall be designed and engineered for handling, transportation and storage conditions/environments. Temperatures ranging from -30F to +150F (-34.4C to +65.6C) and humidity conditions up to 95%. Duration is determined by Supplier and Piston Automotive receiving plant.

### 3.1.4 DANGEROUS GOODS/HADARDOUS MATERIALS

Packaging, marking, labeling and shipment of dangerous goods (hazardous materials) shall comply with applicable Federal and international regulations governing the transport of dangerous goods. Reference: 49CFR Part 173

## 3.2 MATERIAL HANDING

Manually handled containers should not exceed 16 kilograms / 35 pounds. Mechanically handled loads should not exceed 1,000 kilograms / 2204 pounds. For deviations, consult with the receiving plant as variations may exist depending on material handling methods and assembly process

### 3.2.1 SUPPLIER TEST SHIPMENT

A test shipment may be requested for the following instances:

- a. Change of part, packaging or shipping method
- b. New parts (coordinated with pre-production builds)
- c. New Supplier
- d. As deemed necessary

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Each test shipment shall be coordinated and approved with the Packaging Engineer and the receiving Piston Automotive Plant prior to being shipped.

Each test shipment shall be clearly labeled on all four sides as a Test Shipment and marked to the attention of a specific contact person (including phone number) at that facility. It is recommended that orange paper be used for these labels.

Receiving Piston Automotive locations shall be notified of a test shipment when tendered so they can be on the lookout for the shipment before it arrives. Test shipment quantities may or may not be included in the regular Piston Automotive scheduled delivery.

### 3.2.3 ERGONOMICS

In addition to the 16 kg / 35 lb. weight limit for any manually handled containers, these containers should have the following dimensions:

- a. Length - Should be no longer than 76 cm / 30" long
- b. Width - Should be no longer than 51 cm / 20" wide
- c. Height - Recommended maximum from bottom of container to handholds is 46 cm / 18".

However, if oversized containers (manually handled) are needed, the following ergonomic criteria shall be followed:

Oversized for only length or width dimension, Maximum weight limit of 13.6 kg / 30 lbs. (lower maximum weight due to less optimal arm position to grasp container handles).

### 3.3 PALLETS

Packaging failure is often attributed to poorly constructed or poorly sized pallets. Pallet selection should be according to the following guidelines:

- a) All pallets should be new or reconditioned, and can be either corrugated or wood, depending on the load and transportation mode(s).
- b) The shipment of wood pallets shall comply with the regulations for the country of destination.
- c) All recycled pallets must be inspected for damage prior to use and repaired as required.
- d) Pallet size should be selected to maximize cubic efficiency for the intended mode(s) of transportation. Consult with the Piston Packaging Engineer and/or receiving plant to determine transportation mode(s) and preferred pallet size.
- e) All wooden pallets, boxes and containers must be in compliance with ISPM15 guidelines.

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**PREFERRED PALLET DIMENSIONS**

LENGTH	WIDTH
1000 mm	1200 mm
1140 mm	1140 mm
800 mm	1200 mm
45"	45"
48"	45"
48"	40"
32"	30" (fasteners footprint)
1140 mm	960 mm

### 3.4 EXPENDABLE CONTAINERS

- 3.4.1 Expendable containers shall be filled with parts to minimize transportation costs and to prevent collapsing due to excessive voids.
- 3.4.2 Container sizes should be designed to be modular to the standard size pallet to be used for shipping. The use of half slotted containers (HSC) with covers, or common covers is recommended when practical for the product, volume and distribution environment. Hand-holds should be considered for manually handled containers.
- 3.4.3 For containers designed to ship dangerous goods / hazardous materials, the UN Specification Packaging markings must be stamped or printed on the container. Reference: 49CFR Part 173
- 3.4.4 For transportation within North America, corrugated containers should be stamped with a box manufacturer's certificate as defined in Rule 41 of the *Uniform Freight Classification* or item 222-1 of the *National Motor Freight Classification*
- 3.4.5 Expendable containers shall have sufficient vertical strength to support unit load stacking and maintain pack integrity throughout the distribution system. Unit loads shall withstand stacking to 2684 mm / 106" in transit.
- 3.4.6 For overseas shipments, containers should be constructed with water-resistant adhesive to withstand extreme humidity/moisture conditions.

### 3.5 FASTENERS

- 3.5.1 Standard container styles for fasteners include Regular Slotted Containers (RSC), with inner liner when necessary or Full-Telescope Half-Slotted Boxes (FTHS). Maximum pallet load height should not exceed 838 mm / 33 inches.

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3.5.2 Fastener carton sizes should be modular to the preferred fastener pallet size: 813 mm / 32" x 762 mm / 30".

### 3.6 UNIT LOAD PATTERN

3.6.1 Containers shall be palletized in full layers only. When container quantities are insufficient to complete one full palletized layer, the additional containers may be consolidated onto a mixed load pallet with approval from the receiving location. Pyramiding shall not be acceptable for multiple pallets in the same shipment.

- a. Containers shall be columnar or vertically stacked one box directly on top of another.
- b. Interlocking or brick stacking shall not be acceptable due to a loss of 40% to 60% of compression strength of the corrugated containers. Brick stacking is only allowed for bags on pallets.
- c. Box overhang shall not be acceptable due to a loss of 20% to 40% of compression strength and the potential for damage in transit.

3.6.2 Banding or Stretch wrap should be used to secure the load to the pallet. Using just one or the other helps to reduce disposal and recycling costs. Both may be used when necessary to secure the load and prevent shifting during transit.

3.6.3 Non-metallic strapping (polyester or polypropylene) shall be used due the safety hazards associated with metallic strapping. The exception is for castings, sheet metal, or as approved by the receiving Piston plant. Edge protectors or angle boards shall be used when sheer/sharp edges are exposed on the metallic straps. A minimum of two bands in the length and width dimensions shall be used for multiple containers on a pallet. Fusing straps or crimp seals should be used to secure the banding. Buckles shall not be used. Banding shall be located clear of notched fork openings.

### 3.7 LABELING

3.7.1 All boxes, containers and pallets must be labeled to ensure proper identification and verification of the product and the quantity shipped. Bar-code labels are required and must be visible from opposite side. The location of the Piston Automotive facility will define the type of bar coding to be on the label (Odette, VDA, ANSI, AIAG, etc.). The Supplier is responsible for obtaining approval for the label prior to shipments to a Piston Automotive facility. Suppliers are required to properly identify shipments/containers that contain new model parts, prototype parts, trial parts and engineering changes. New model parts must have a "new model" label. All other special parts must use the standard

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Piston Automotive “Stop Sign” label. These labels must be present on at least, but not limited to, 3 sides of each individual container.

### 3.8 COMMON LABEL ISSUES

#### 3.8.1 Container label:

- Missing lot information

Piston Automotive label specifications require a lot number on the shipping container label.

The lot number on the label is up to the supplier to determine.

#### 3.8.2 Incorrect part number

The barcode for the part number must mirror the part as it is sent in the 830/862 release.

- If the part number in the release contains hyphens, then so must the barcode.

#### 3.8.3 Incorrect or missing vendor code

- Vendor code on the label must match the vendor code sent on the 830/862 release.

#### 3.8.4 Master label:

- Master label usage
- A master label should be used for material shipped in multiple containers on one pallet.
- Master labels are not required for single containers

### 3.9 SHIPPING LABEL SCAN

Mandatory fields for scanning shipping labels:

- Part number
- Quantity
- Supplier Code assigned by Piston Automotive
- Lot number
- Serial number

### 3.10 EDI- ELECTRONIC Data Interchange

Piston Automotive utilizes EDI in all its facilities for scheduling releasing requirements and forecast. Suppliers are required to use EDI and must verify the EDI connection between their facility and the Piston Automotive supplied plant prior to PPAP. Unless specifically approved by Piston Automotive Management.

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### 3.11 EDI SPECIFICATIONS

It is expected all suppliers will exchange EDI documents with Piston Automotive.

X12 EDI specifications can be found at: <http://www.pistongroup.com/main/suppliers.aspx>

3.11.1 Piston sends the following EDI documents in the X12 4010 format:

- 824, 830, 862 and 997

**NOTE: Piston 830 and 862 schedules are based on delivery date.**

3.11.2 Piston receives the following EDI documents in the X12 4010 format:

- 856 and 997

3.11.3 For the suppliers who cannot exchange EDI in the X12 format Piston offers EDIFACT 97A

If the supplier does not have EDI capability an EDI service bureau can be used

3.11.4 Piston Automotive approved service bureaus:

- Advance Technologies Service Bureau
- J-COM

### 3.12 EDI SERVICE BUREAU CONTACT INFORMATION

Advanced Technologies Service Bureau contact info:

Julie Simon

EDI Supervisor

734-416-9052 -phone

734-416-4277 fax

[julie@atsbmail.com](mailto:julie@atsbmail.com)

J-Com contact info:

520-352-3200 - phone

520-352-3206 fax

[www.j-com.com](http://www.j-com.com)

### 3.13 TERMS OF DELIVERY

Refer to the Purchase Order

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### 3.14 DELIVERY PROBLEM NOTICE (DPN) AND COST RECOVERY

The Supplier is responsible for all costs associated with a failure to meet delivery requirements. This will be managed through a DPN (Delivery Problem Notice) process. Piston Automotive will notify the Supplier via e-mail of any DPN(s) that are issued. If required, the Supplier must submit an initial corrective action to the Piston Automotive Materials Representative within 24 hours of receipt. At Piston’s discretion, the supplier must then submit a full 8-D corrective action report to the Materials Representative within 10 business days. The Supplier must include the identification of all potential root causes, mistake proof techniques and revisions to the PFMEA, control plan, process flow documents and work instructions as applicable. Piston plant Materials Representative or designee may follow up with a visit to the supplier manufacturing location to evaluate the effectiveness of corrective action(s) implemented. Any Supplier that has had any DPN activity during the month will receive a scorecard. All Suppliers’ will receive one at the end of the year. The scorecard represents the Supplier’s performance in quality, delivery and PPMs. Reference the Supplier Performance System section of this document for a detailed explanation of delivery scoring.

Examples of DPNs include, but are not limited to the following material issues:

- a. Supplier past due
- b. Supplier caused late shipment or missed window time
- c. Missing or incorrect ASN
- d. Missing or incorrect packing list or bill of lading
- e. Missing or incorrect labels
- f. Non-conforming labels
- g. Short shipment
- h. Over shipment
- i. Incorrect packaging
- j. Supplier ships in nonstandard/non-approved mode
- k. Supplier caused premium freight
- l. Production line stoppage, either at Piston or customer location due to supplier delivery issue
- m. Under Cube Utilization
- n. Incorrect or missing shipping documentation causing U.S. Customs delays
- o. Invalid or missing USMCA Certificate causing Non-Refundable Merchandise Processing Fees (MPF)

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### 3.15 DELIVERY

Suppliers shall ensure 100% on-time shipment of all products and services. Supplier ASN's (Advanced Shipment Notifications) must be transmitted electronically 100% of the time upon conveyance departure. Schedule changes can occur from our Customers; therefore, changes in schedules to our Suppliers are not uncommon and must be accommodated to ensure flow of materials. Piston Automotive will provide Suppliers with forecast and planning information with as much notice as possible of any/all changes to schedules or delivery requirements. It is the Suppliers responsibility to contact the appropriate Piston Automotive Plant Materials contact by phone and email if an updated daily /weekly production release has not been received or cannot be met in full. The Supplier is responsible for all costs associated with failure to do so. This will be managed through our DPN procedure (Delivery Problem Notice). [Occasionally, Piston will request the Tier I supply base to complete surveys or email requests to communicate their sub-suppliers' ability to support production requirements.](#)

### 3.16 RECEIVING & SHIPPING HOURS

All Piston Automotive facilities have normal hours dedicated for shipping and receiving product. Suppliers should contact Argus Logistics or Piston Automotive personnel at the receiving Piston Automotive facility to confirm shipping and receiving hours. Suppliers are required to obtain approval from Piston Automotive prior to any schedule changes.

### 3.17 LOADING TRUCKS AND TRANSPORT

Suppliers are responsible for loading trucks and for ensuring the containers and product are properly secured prior to delivery. Securing loads includes the use of any necessary locking devices, shipping straps, blocks, etc. required to ensure the containers or product do not shift and become damaged during transport. Suppliers shall verify the truck does not have any damage that could allow product to get damaged or allow contamination. Unless otherwise directed, suppliers are required to use Piston Automotive directed carriers. Suppliers are required to contact Piston's Third-Party Logistics provider, Argus Logistics, at [piston@argussolutions.net](mailto:piston@argussolutions.net) or call **866-202-9212 (24/7)** to arrange shipments based on the current release. For truckload shipments, suppliers must fully load and maximize the entire trailer by weight or cube measure (depending on product weight) provided the Piston release quantity allows. The supplier must notify the Third-Party Logistics provider and Piston prior to shipment of any off-standard loading methods that are used due to the capability of the trailer or truck or damage to the trailer or truck that prevents normal loading. Failure to follow these stated guidelines could result in a DPN or debit memo for excess or damaged freight.

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### 3.18 SHIPPING DOCUMENTS REQUIREMENTS

The following fields are minimum requirements for supplier shipping documents:

- a. Piston Assigned Vendor Code / Supplier Name
- b. Carrier Name
- c. Packing Slip Number
- d. Part Number
- e. Purchase Order Number
- f. Part Quantity Shipped
- g. Unit of Measure
- h. Containers Shipped
- i. Shipment Date
- j. YTD Accumulative
- k. Description Dimensions of Container
- l. Shipment Class (if LTL)
- m. Pieces per Container
- n. Argus Shipment ID (may be handwritten on shipper) for LTL and TL shipments

### 3.19 RAW/FAB AUTHORIZATION

For truckload shipments, Suppliers must make a best effort to completely fill the truck however; the Supplier is not to exceed the FAB cum authorization on their latest release without written authorization from the Piston Automotive Materials team. Any receipts(s) more than the FAB authorization is considered an over shipment and the Supplier can be issued a DPN (Deliver Problem Notice) with a minimum charge of \$200.00. An RMA may also be requested to return the material at the supplier's cost. It is the Supplier's responsibility to notify and reconcile with Piston Automotive of a cum disagreement as soon as it is noticed. If you should have any questions, please contact your Piston Automotive Materials Analyst.

### 3.20 TITLE AND CONTROL OF GOODS

Refer to the Purchase Order

### 3.21 OBSOLESCENCE

Suppliers are expected to build and deliver product adhering to the material release and scheduling requirements provided by Piston Automotive, unless otherwise agreed upon. Any obsolescence resulting from a Supplier failing to adhere to the release and schedule requirements will be the responsibility of the Supplier

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including any associated cost. For obsolescence that occurs due to measure beyond the control of Supplier; claims, supporting documentation and information must be presented to the Piston Automotive Materials Department for review. For directed Suppliers, claims may be required to be filed direct to the Customer/OEM. Refer to OEM requirements and/or contract. Claims are subject to audits and must be held in safe storage until the claim is settled. Supplier claims with quantities greater than Piston’s fab and raw allowances will be rejected. Claims must be submitted within 30 days of the final release date.

### 3.22 USMCA (US, CANADA, AND MEXICO SUPPLIERS)

Canada, Mexico and the United States established a uniform Certificate of Origin to certify goods imported into their territories qualify for the preferential treatment accorded by USMCA. The Certificate of Origin must be completed and signed by the exporter of the goods. Where the exporter is not the producer, the exporter may complete the Certificate based on knowledge that all good originate within North America.


Suppliers must be in compliance with the US, Canada and Mexico Customs regulations and requirements including completion of annual USMCA Certificate or Origin for all parts supplied to North America. Issuing a Certificate of Origin (COO) carries legal consequences. Suppliers that are not certain about how this applies to product they supply should contact the US Customs USMCA facts line at (972) 574-1582 or the Mexico Customs at (011-52-211-3545). Suppliers can also obtain information at the following website: [www.customs.gov](http://www.customs.gov). Piston Automotive utilizes the service FOCUS BUSINESS SOLUTIONS for documents required for USMCA. Suppliers are required to respond to Focus requests in a timely manner.

### 3.23 CONTROL OF RECORDS AND RETENTION

Suppliers shall define the method for controlling records. Production part approvals, tooling records, purchase orders and amendments shall be maintained for the length of time of that part (or family of parts) is active for production and service requirements plus one calendar year.

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## APPENDIX A – ACRONYMS AND DEFINITIONS

<b>NON-DIRECTED SUPPLIERS:</b>	Piston Automotive Sourced Suppliers
<b>DIRECTED SUPPLIERS:</b>	OEM Sourced Suppliers. Piston Automotive issues a PO to receive components from them.
<b>BAILED SUPPLIER:</b>	OEM customer owns and manages the supplier and all quality and delivery related issues. PPAPs for bailed material are approved by the OEM customer.
<b>MPA:</b>	MPA stands for 'Multi Party Agreements' Suppliers with MPA, means there is a 3-way agreement between Piston Automotive, Supplier and OEM Customer on roles and responsibilities. An MPA document is generally signed by all parties.
<b>SUPPLIER WITH MPA:</b>	The OEM customer is responsible for the PPAP approvals of the supplier parts that are shipped to Piston Automotive. This document includes a RASI showing who is responsible for what, who approves, who supports and who is just informed. It is intended to minimize an impact to Quality of quality and delivery.
<b>RASI:</b>	R=Responsibility, A=Approves, Support, I=Inform.

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APPENDIX B – LABEL EXAMPLES.

CONTAINER SHIPPING LABEL EXAMPLE

**8.0 SHIPPING LABEL**

Not to scale - for illustrative purposes only.

<small>FROM:</small> SUPPLIER NAME SUPPLIER ADDRESS 1 CITY, STATE ZIP	<small>TO:</small> CUSTOMER NAME CUSTOMER ADDRESS 1 CUSTOMER CITY, STATE ZIP	<b>SHIP DATE:</b> 09/28/12
<small>PART # CUST (P)</small> <b>DG1T-14290-LH</b> 		
<small>PART DESCRIPTION</small> <b>WIRE HARNESS</b>		
<small>QUANTITY (Q)</small> <b>100</b> 	<small>LOT# SPLR (1T)</small> <b>123456</b> 	
<small>SUPPLIER (V)</small> <b>1SUMIT</b> 	<small>SERIAL # (S)</small> <b>123456789</b> 	

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MASTER SHIPPING LABEL EXAMPLE

## 12.0 MASTER LABEL

Not to scale - for illustrative purposes only.

<b>FROM:</b> SUPPLIER NAME SUPPLIER ADDRESS 1 CITY, STATE ZIP	<b>TO:</b> CUSTOMER NAME CUSTOMER ADDRESS 1 CUSTOMER CITY, STATE ZIP
<b>MASTER LABEL</b>	
<b>PART # CUST (P) DG1T-14290-LH</b> 	
<b>QUANTITY (Q) 100</b> 	<b>LOT# SPLR (1T) 123456</b> 
<b>SPLR ID CUST ASGN (M) 1SUMIT</b> 	<b>PKG ID - MASTER (4S) 123456789</b> 

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## SUPPLIER ACKNOWLEDGEMENT

The following representatives of \_\_\_\_\_ have read and understand the  
(Company Name)  
requirements defined in the Piston Automotive Supplier Quality, Logistics and Materials Manual.

Supplier Representative Name (Print Name)	Job Title	Email Address	Supplier Representative Signature and Date

*At minimum, the Quality Manager, Materials Manager and IT Manager are required to sign below.*

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REVISION DATE	REVISION LEVEL	DESCRIPTION OF REVISION
9/14/2016	New Release	Initial Release into Plex and the new PBMS.
10/9//2017	A	Whole document revised in form and structure.
3/7/2018	B	Made spelling and grammar corrections throughout document. Modified Section 3.14 to reflect the current DPN process. Changed 3 <sup>rd</sup> Party Logistics contact information in section 3.17.
10/31/2018	C	Added language to reflect the actual supplier QPN expectations in Sections 2.2.4 and 2.2.3.4.
11/26/2018	D	Minor statement additions to section 1.6, 2.3.1,3.14, 3.16, 3.21, 3.22 and Appendix A. Spelling and grammatical corrections throughout the document.
12/10/2018	E	Added Section 1.7 describing the requirement for supplier's ethical behavior.
12/19/2019	F	Removed Section 1.3 Quality Policy and Section 1.4 Environmental Policy Added Quality & Environmental Policy Model to Page 6
3/20/2019	G	Modified statement in section 3.15. Updated Logistics name and contact information in Section 3.16 and 3.17.
10/24/2019	H	Changes made throughout Section 1.0 and 2.3 to reflect the current Quality requirements.

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12/10/2019	J	Changes made throughout entire document to reflect the intent of the new Supplier Development process.
2/18/2020	K	Section 2.3.4 Updated the Scoring Metric Model and updated the explanation of scoring to reflect the new Scorecard point system.
7/31/2020	L	Changed "NAFTA" to "USMCA" throughout document and added line items "N" and "O" in section 3.14.
12/9/2020	M	Added Packaging validation requirements to section 3.1.2.
11/30/2021	N	Updated section 2.2.4.2 to include more detail of required supplier sorts.
8/9/2023	O	Added note about 830 and 862 schedules to section 3.11.1
11/13/2023	P	Added requirements for Responsible Material Sourcing Reporting (CMRT, EMRT and PRT) in section 2.1.3.
4/5/2024	Q	Added supplier survey information statement to section 3.15

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