SUPPLIER QUALITY MANUAL

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1.0 PURPOSE

The purpose of this manual is to communicate Porter Systems Inc. (Porter) quality requirements and expectations to suppliers. It is the intent of Porter to do business with suppliers who are able to provide parts/materials/processes and services consistently to specifications, at a competitive price, and in accordance with the defined delivery schedule. This manual provides a firm foundation for mutual business relationships. We wish to build on this foundation in a spirit of openness and trust.

2.0 SCOPE

Porter recognizes the very important role our Suppliers have in the value we offer our customers. As an extension of our own operations, we rely on our Suppliers to provide material, products, and services which meet all of the requirements of Porter contracts, applicable specifications, and the quality management requirements outlined herein. The content of this manual applies to all Porter suppliers of production material, products and services.

3.0 QUALITY SYSTEMS REQUIREMENTS

Porter encourages suppliers to develop fundamental quality systems that provide for continuous improvement and emphasize defect prevention while reducing variation and waste. Suppliers to Porter should be certified to ISO 9001 or ISO/TS 16949. Conformity with ISO 9001 shall be demonstrated by third party certification through a certification body bearing the accreditation mark of a recognized IFA MLA member. Suppliers are required to maintain their certification throughout our partnership and provide Porter with a copy of the most current certification during their registration cycles.

4.0 SUPPLIER ASSESSMENTS

Suppliers must demonstrate system capability in several areas. These capabilities must also be maintained for the supplier to keep the status as an Approved Porter Supplier. With prior notification, Porter may conduct a Quality System Audit at suppliers' facilities. The goal of the audit is to understand supplier's capabilities and/or as an ongoing continual improvement initiative.

4.1 Potential Suppliers

All potential suppliers should be certified to, at a minimum, ISO 9001 and perform accordingly. A potential supplier will be audited as part of Porter's sourcing process. Suppliers will be provided a Non-Disclosure Agreement (NDA) F3.6.1.6, Supplier Profile Evaluation (SPE) F3.6.6.1, Porter Supplier Quality Manual (SQM) 3.6.6 prior to the on-site audit date. The NDA, SPE and Supplier Quality Escalation Form (Appendix C) should be returned to Porter prior to the on-site audit. The SQM Acknowledgement (Appendix A) or SQM Exceptions (Appendix B) may be presented to the on-site auditor at the time of the audit to allow the opportunity to address any questions the supplier may have.

If the potential supplier is to provide products or services with special processes such as Heat Treat, Plating, Coating, Welding, and/or Molding the supplier is requested to complete the latest version of the AIAG Continuous Quality Improvement (CQI) self-assessment. The assessment will be verified during the on-site audit.

Following the on-site audit, Porter will notify the supplier of findings and any necessary corrective actions required. Results of the audit will be used in the sourcing decision of a potential supplier.

4.2 Existing Suppliers

An existing supplier may be audited if there are ongoing quality problems. Porter reserves the right to audit the supplier's management systems for quality, environment, and logistic as well as processes

and products produced for Porter, after prior announcement and if necessary with Porter's customers. The supplier must allow access for the Porter representatives for this purpose. This does not absolve the supplier from its responsibility for quality and its liability. The supplier has to ensure Porter's right to audit according to this standard at the sub-suppliers site as well.

Without further request from Porter, existing suppliers shall provide the following:
• Annual Level 4 PPAP (*See Section 11.0 Annual PPAP Requirements)*
• Annual CQI assessment *(if applicable)*
• ISO Certification upon each re-registration cycle and/or notify Porter if there is a change to the supplier's certification status. The expiration of certificate without planned recertification must be reported to Porter at least 3 months prior to the expiration date. The revocation of a certificate must be communicated immediately.
• Annual Restricted Substance Report *(if applicable)*
• Annual Conflict Minerals Report *(if applicable)*
• Notify Porter prior to product and/or process modifications to obtain written approval by Porter (includes sub-suppliers product and/or process modifications).
Note: Although process change approval may be obtained through the appropriate procedure, the product must still meet all PPAP requirements prior to shipping any product form the changed process.
• Notify Porter of changes to supplier's key staff members
• Notify Porter in case of mergers, acquisitions or affiliations

5.0 ASL ~ APPROVED SUPPLIER LIST

Production parts/materials/processes and services will only be purchased from suppliers on the Porter Approved Supplier List (ASL) F3.6.1.2.1. Porter evaluates and selects suppliers based on their ability to supply product/services in accordance with specified requirements. To remain on the ASL, the supplier must maintain a good standing with regards to business relationship and supplier performance. A "Provisional" status may be assigned to a supplier when there is objective evidence the supplier is not meeting Porter expectations. Porter will work with the supplier, as necessary, to help regain their "Approved" status. If a supplier fails to improve performance, Porter will determine the next steps keeping their customer's best interest in mind.

6.0 SUPPLIER PERFORMANCE SCORECARDS

Porter's supplier performance evaluation system uses a number of factors such as quality, delivery and competitiveness to develop an overall performance rating. This rating serves as an objective measure to determine whether Porter's expectations are being met. A supplier is eligible to begin the score process directly after PPAP component approval is awarded. The supplier's performance status is taken into consideration as part of future sourcing decisions as well as identifying areas to focus continuous improvement efforts. The scorecard is issued to active suppliers on a monthly basis. Any discrepancies noted with the score should be addressed to Porter's Supplier Quality Engineer.

Suppliers are expected to achieve and maintain zero defects and 100% on-time delivery. If a supplier has a monthly score below 80, Porter will require an action plan and corrective action, as necessary, to address the issues that created the low score. If a supplier's performance remains below a score of 80 for three consecutive months the supplier is expected to submit an improvement action plan. At this time, Porter Purchasing will change the supplier status to "Provisional" on the ASL and the supplier will not be awarded any new business. If a supplier's performance remains below 80 for six consecutive months the Porter team will determine the next steps keeping their customer's best interest in mind.

The detailed supplier performance scoring system is as follows:

Quality - 50%

PPM - Parts Per Million

30 points	=	0	PPM
25 points	=	1 – 50	PPM
15 points	=	51 - 100	PPM
10 points	=	101 - 500	PPM
0 points	=	500 +	PPM

No Customer Disruptions

0 points	=	Quality Spill found at Porter's Customer
10 points	=	Quality Spill found within Porter's Process
20 points	=	No disruption

Third Party Sort

0 points	=	Placed on 3rd Party Containment
20 points	=	No Sort

QMS Registration Status

0 points	=	No
10 points	=	Yes

Timeliness of Corrective Action Reports (CAR)

0 points	=	Any late CARs
20 points	=	CARs on Time

Initial containment response within 24 hours. Implementation/Closure within 30 days, unless additional time has been granted.

Delivery - 40%

Shipped to Release (Over/Short)

50 - 40 pts	=	100 - 80%	On Time Delivery
39.5 - 30 pts	=	79 - 60%	On Time Delivery
29.5 - 20 pts	=	59 - 40%	On Time Delivery
19.5 - 10 pts	=	39 - 20%	On Time Delivery
9.5 - 0 pts	=	19 - 0%	On Time Delivery

Shipping Documentation Accuracy

15 - 10 pts	=	0 - 33	# of Infractions
9.9 - 5 pts	=	34 - 66	# of Infractions
4.5 - 0 pts	=	67-100	# of Infractions

AIAG Bar Code Labels Scannable/Packing/ Correct Engineering Level

10 - 8 pts	=	0 - 20	# of Infractions
7.9 - 6 pts	=	21 - 40	# of Infractions
5.9 - 4 pts	=	41 - 60	# of Infractions
3.9 - 2 pts	=	61 - 80	# of Infractions
1.9 - 0 pts	=	81 - 100	# of Infractions

Premium Freight

25 - 20 pts	=	0 - 20	# of Infractions
19.75 - 15pts	=	21 - 40	# of Infractions
14.75 - 10 pts	=	41 - 60	# of Infractions
9.75 - 5 pts	=	61 - 80	# of Infractions
4.75 - 0 pts	=	81-100	# of Infractions

Competitiveness - 10%

Number of Ideas Submitted

10 points	=	5+	Ideas submitted
8 points	=	4	Ideas submitted
6 points	=	3	Ideas submitted
4 points	=	2	Ideas submitted
2 points	=	1	Ideas submitted
0 points	=	0	Ideas submitted

Number of Ideas Considered

10 points	=	2+	Ideas considered
5 points	=	1	Ideas considered
0 points	=	0	Ideas considered

Number of Ideas Implemented

10 points	=	1+	Ideas implemented
0 points	=	0	Ideas implemented

Response Timeliness

15 points	=	100%	on time
10 points	=	75-99%	on time
5 points	=	50-74%	on time
0 points	=	< 50%	on time

Accuracy of Information

15 points	=	100%	
10 points	=	1	issue
0 points	=	> 2	issues

P.O. Price Reduction

40 points	=	4%	Annual reduction
30 points	=	3%	Annual reduction
20 points	=	2%	Annual reduction
10 points	=	1%	Annual reduction
0 points	=	0%	Annual reduction
-10 points	=	1%	Annual increase
-20 points	=	2%	Annual increase
-30 points	=	3%	Annual increase
-40 points	=	4%	Annual increase

7.0 SUB-SUPPLIER MANAGEMENT

If a supplier assigns orders to sub-suppliers, the supplier is obligated to commit its sub-supplier to the compliance with quality requirements which at least corresponds to the ISO 9001 standard. Documented approval of the production process and the product of the sub-suppliers must be performed according to PPAP requirements. The signed Part Submission Warrant (PSW) shall be a part of the suppliers PPAP documentation package.

Porter must be informed prior to replacing or adding any sub-supplier and Porter approval of new nominated/substituted sub-suppliers is required. With prior notification, Porter may conduct an audit at the sub-supplier facility with supplier representation. However, an audit does not release the supplier from its responsibility to the sub-supplier and Porter.

The use of Porter-designated sources does not relieve the supplier of the responsibility for ensuring the quality and procurement of purchased products.

8.0 DOCK-TO-STOCK PROGRAM

Porter expects to receive products from Suppliers with zero defects allowing products to move directly from dock to stock, or to the point of use, without incurring additional costs associated with receiving inspection. Porter will charge Suppliers for costs to sort, evaluate, and return products that do not meet requirements. Porter administers a Dock-to-Stock program on the basis of individual part numbers and overall supplier performance.

Dock-to-Stock applies to material and components released for production. However, Porter reserves the right to inspect any product upon receipt or at any time, or cancel the program at any time.

8.1 Dock-to-Stock Requirements

To be considered for Dock-to-Stock, the product must meet the following requirements:

- Must be from an approved Porter Supplier
- The Supplier must meet dimensional requirements for 10 consecutive shipments of the same part with varying lot number being accepted by the Porter Quality Department
- The Supplier must not be rated as having unacceptable product quality performance
- No open and delinquent Defective Material Notice (section 16.1) for the part number

8.2 Dock-to-Stock Suspension

The Supplier's Dock-to-Stock privilege can be suspended for numerous reasons but commonly when any of the following conditions occur:

- A part number is identified as nonconforming
- Porter is made aware that the Supplier has a major non-conformance related to a second or third-party quality management system audit
- When results or audit evidence show the Supplier is not following their approved Control Plan or related work instructions

Generally, the suspension process is as follows:

a. Without notification, the Dock-to-Stock privilege is suspended.
b. Porter will issue a Defective Material Notice (section 16.1) to the Supplier.
c. The suspension should end when the Supplier satisfies the conditions outlined in the section above.

If the Supplier is put on suspension repeatedly, Porter will place the Supplier on "Business Hold" (section 16.4) change their status on the ALS to "Provisional" and/or divert the business to an alternate Supplier.

9.0 APQP ~ ADVANCED PRODUCT QUALITY PLANNING

When a supplier is selected to supply product, Porter may begin formal Advanced Product Quality Planning (APQP) activities with the supplier, as per the AIAG Advanced Product Quality Planning and Control Plan guidelines. APQP is designed to communicate product quality expectations and verify the supplier has adequate processes in place to assure smooth start-ups.

Timing will be established and communicated during the source selection process. Porter will work closely, as needed, with the supplier in the development and implementation of APQP documents and processes.

The Supplier must establish cross-functional teams to manage the requirements of APQP. Porter reserves the right to conduct a Launch Readiness Review at the supplier's facility. This review will include inspections of the supplier's documents and processes associated with the production of parts for Porter.

The Supplier may be required to run Production Trials (Run at Rate) prior to mass production. This is to determine the capability of their processes to meet required production rate and quality levels. Should the supplier trials prove unsuccessful, corrective actions must be completed prior to start of mass production.

10.0 PPAP ~ PRODUCTION PART APPROVAL PROCESS

Supplier is required to obtain approval for mass production parts prior to shipment through the Production Part Approval Process (PPAP) as per the AIAG Production Part Approval Guidelines. The purpose of the PPAP Approval process is to verify that a supplier's production process is capable of producing parts to meet Porter's specifications. All concerns raised prior to PPAP approval are considered launch concerns and are addressed accordingly.

In general, submission level 3 applies unless otherwise stated by Porter's SQE and/or written agreement exists. The parts produced for the PPAP shall utilize normal production equipment, tooling and processes that will be used in mass production. A significant production run shall be from one hour to eight hours of production, and with the specific production quantity to total a minimum of 300 consecutive units, unless otherwise specified by Porter SQE. The supplier will then submit sample parts from this PPAP production run for Porter's approval. Within that production run, the supplier must prove installed capacity for Porter by an overall equipment efficiency calculation.

PPAP due dates will be determined and communicated to the supplier as part of the Porter APQP process. PPAP submissions shall be sent to the Porter's SQE, unless otherwise instructed. The Supplier shall submit PPAP samples for new parts or changes to existing parts, processes, drawings, manufacturing locations, sub-contractors, or materials.

All PPAP forms and related documents should be consistent with forms and documents presented in the AIAG core tool reference manuals. The Supplier is responsible for obtaining the latest revision of the applicable AIAG core tool reference manuals and forms. The AIAG Core Tools Manuals are:

- Advanced Product Quality Planning (APQP) and Control Plan
- Production Part Approval Process (PPAP)
- Potential Failure Mode and Effects Analysis (FMEA)
- Measurement Systems Analysis (MSA)
- Statistical Process Control (SPC)

The following are Porter minimum requirements for a level 3 PPAP submission:

Engineering Drawing
A copy of the product drawing must be included with each submission to confirm the supplier is working to the correct revision. The drawing should also be ballooned with each characteristic numbered to correlate with the dimensional layout.

Dimensional Layout
A minimum of a seven-piece dimensional layout is required for each mold, pattern, cavity, die and production line that produces a part. Exceptions to the seven-piece minimum may be made with the approval of the Porter SQE. Additional pieces may be required by the Porter SQE for special situations. Dimensional results must be provided for all dimensions, notes and other specifications on the part drawing. The dimensional layout must correspond to a ballooned drawing supplied with the PPAP.

No PPAP should be submitted to Porter if dimensions or test results do not meet part drawing and CAD requirements. The Supplier shall make every attempt to implement corrective action for any out of specification condition. Supplier shall contact Porter if they are unable to meet part drawing/CAD requirements. Porter will then inform suppliers of required course of action.

Material Certifications
The supplier must provide evidence of compliance to material specifications through material and performance test results. Each PPAP submission must be accompanied by a Material Certification report with the Porter part number included. The supplier must provide certifications for the source (i.e. laboratory) where testing was completed. When performance test requirements such as tensile, cycle, salt spray, paint, functional, etc. are specified, the supplier shall have these tests performed by a qualified laboratory.

Process Capability Studies
Process Capability Studies are required to be completed for all critical characteristics and special characteristic dimensions as determined by Porter. All key characteristics require preliminary capability of Ppk $\geq$1.67 and process capability/long term process capability Cpk $\geq$1.33. If Cpk or Ppk levels fall below the specified requirement, 100% inspection is required. If the process cannot be controlled by measuring of product, the supplier should define indirect controls to evaluate process capability, or qualify the process.

A regular evaluation of the SPC records should be carried out no later than at the start of series production. The long-term process capability study must be submitted to Porter, as soon as it can be determined according to above mentioned regulations. Furthermore, the results of the process capability study must be submitted upon request. If processes cannot be controlled by measuring of the product, the supplier should define indirect controls to evaluate process capability, or qualify the process.

Samples
Sample parts are to be made to Porter supplied drawings and engineering specifications from specified materials on the intended production tooling. No operations are to be included which are not part of the defined production process. The samples provided should be the parts that were measured to satisfy the dimensional layout requirements for the submission.

The supplier is required to submit the measured sample parts with each PPAP submission. Samples from tooling should be submitted for each mold or cavity. Sample of the final packaging label shall be included in PPAP package. Each sample part must have a tag indicating it is a PPAP sample. The

tag should include part number, revision level, date parts were produced, supplier name, and cavity number if applicable. Where a tag is not practical, the parts must be numbered to correspond with the documentation provided.

IMDS ~ International Material Data System

To ensure compliance with the various legal and customer requirements, Porter requires its suppliers to report material and substance information for all types of automotive-related purchased materials, components or items supplied to Porter. There is a legal liability that all components are registered on the International Material Data System (IMDS) web site (http://www.mdsystem.com). The IMDS ID number must be recorded on the Supplier's PSW and will be subject to approval by Porter's SQE. The supplier must notify Porter of changes in mass, material or substance content and the existing MDS must be revised and resubmitted. If any GADSL substance is reported, the supplier must indicate the application.

Acceptance of IMDS report does not mean that the substances content is acceptable as per End-of-Life Vehicle (ELV) requirement or specification. Acceptance or refusal of the report shall only refer to the quality of the report as to compliance with Porter's requirements, IMDS standard and/or customer specific requirements. Liability rests with the supplier in the event that components being supplied to Porter do not conform to the relevant statutory requirements. Any and all costs incurred in such instances will be borne to their full extent by the supplier, not by Porter.

When there are sub-suppliers, it is the responsibility of suppliers to Porter to cascade information to their sub-tier suppliers and ensure the sub-tier suppliers comply with these same requirements. Suppliers will be held accountable for any penalties incurred by Porter if material information for their part(s) is not reported or is incorrectly reported.

NOTE: Porter IMDS Identification Number 17005.

Conflict Mineral Report

Suppliers in all regions shall provide documentation and other information concerning the origin of any tantalum, tin, tungsten, gold and other minerals that may be designated in the future by the U.S. Secretary of State (collectively referred to as "conflict minerals") that are contained within any products sold to Porter in order for Porter to fulfill its obligation under the rules and regulations of the U.S. Securities and Exchange Commission or any other governmental agency.

We are committed to sourcing responsibly and will conduct due diligence efforts on our supply chain as necessary in accordance with global laws and Human Rights as well as our supply agreement with you. Therefore, we expect our suppliers to conduct their worldwide operations in a responsible manner. We ask that you evaluate your supply chain sourcing policies and due diligence procedures to ensure that child labor and other human rights abuses are effectively prevented. This is an important initiative that can only be resolved by working together.

In addition, we encourage that you become a member of the Conflict-Free Sourcing Initiative to gain access to up-to-date smelter information and current events and legislation related to global mining and conflict. We have found it beneficial to be a part of this initiative and believe membership is one way to fully understand the impact of global mineral mining.

Process Flow Chart

A Process Flow Chart must exist for all Porter products covering all process steps from receiving materials to delivery, including sub-contracted operations.

Recommended Expectations:
• Each operation must be clearly described on the process flow chart with operation number
• Logical sequence
• The process flow chart must illustrate the logical sequence from entry of incoming products to shipment of complete product including all operations, inspection, transportation, storage, subcontracted services, and alternative paths (rework, repair & backup)
• Type and reference number of machines and equipment.
• The process flow chart must describe how the product will move within the process (e.g. roller conveyor, slide, containers)
• Manual operations processed by operators should be included with a symbol

FMEA ~ Failure Mode & Effects Analysis
The supplier shall prepare a documented process Failure Mode & Effects Analysis (FMEA) for all the Porter products it manufactures. Where the supplier is responsible for design, the supplier shall prepare a documented design FMEA for all Porter products it designs. FMEA may be written for families of products, where typically the only difference in the products is dimensional, not form, application or functional. However, in all cases, use of family process FMEA shall be approved by SQE and use of family design FMEA shall be approved by Porter Engineering Department.

The FMEA must be carried out according the AIAG Potential Failure Mode and Effects Analysis Manual latest edition for the examination of possible risks and their evaluation regarding significance, probability of occurrence and the possibility of detection. These risks must be minimized by implementation of corrective actions. The FMEA is thereby an important instrument for the prevention of defects.

A FMEA has to be used for all applicable phases of the product process such as design, production, assembly, packaging, transport. FMEA must be developed and/or revised with the following occasions, e.g.:
• Development / production of new products
• Introduction of new manufacturing methods
• Relocation of products
• Drawing changes
• Process changes
• At occurrence of defects

Control Plan
All Porter products shall have Control Plans in accordance with the APQP reference manual "Control Plan Methodology". Process controls shall focus on prevention rather than detection and correction. Repaired and/or reworked product shall be re-inspected in accordance with the Control Plan and/or documented procedure. The Control Plan shall follow the same sequence as the Process Flow Chart from receiving materials to delivery, including sub-contracted operations.

Measurement System Analysis
Measurement System Analysis must be verified for all planned measuring equipment. The entire measuring process and the tolerance of characteristics to be measured must be taken into consideration. Capability studies (Reproducibility & Repeatability) must be performed according to the requirements of MSA issued by AIAG. The management of measurement and test equipment must fulfil the requirements of ISO/TS 16949.

PSW ~ Part Submission Warrant

Upon receipt of the PSW signed by the supplier, Porter will conduct an assessment. Formal written approval will be granted to suppliers when Porter is convinced that the supplier has the potential to produce products consistently meeting all requirements. The supplier will receive the original PSW document signed by Porter's Quality Engineer. This is the confirmation for the supplier to start serial production.

Interim PSW might be given if a deviation to PPAP requirements or Porter specifications had been identified but the material required date has passed for the start of serial production. Interim approval and required actions are depending on the severity of the problem.

11.0 MANAGEMENT OF RESTRICTED SUBSTANCE

This section deals with substances, preparations and products whose usage is forbidden or restricted based on Legal, Customer or Porter requirements. All substances, preparation and products in forms of raw material, process material, semi-finished products, purchased parts and commodity goods including their packaging which are procured by Porter have to be considered.

Basically for all substances, preparations and products the Global Automotive Declarable Substance List (GADSL, http://gadsl.org) is applicable according to declaration, usage restriction and prohibitions.

The suppliers are obligated to send updated Safety Data Sheets (SDS) and product data sheets for all substances, preparations and products to Porter. The supplier must inform Porter of any changes to properties, composition or marking of substances or preparations and provide a new SDS.

Materials for production must be silicon-free, if it could impact the heat treatment of steel. Adhesives must not contain any toxic monomer vaporization substances, e.g. phenol, aldehyde, vinyl benzene. Flux material must be free from cadmium, hydrazine and colophony (release of formaldehyde). Solder materials with lead must be declared. Additionally the following flame retardant agents must not be used: Antimony trioxide, trimethylphosphate, tributylphosphate, tricresylphosphate, brominated, chlorinated or chlorosulfonated substances.

12.0 ANNUAL PPAP REQUIREMENTS

The supplier is required to provide an annual Level 4 PPAP. Minimum documentation to be included with the submission is PSW, Sub-supplier PSW *(if applicable)*, Dimensional Layout, Material Certification, and Ballooned Drawing. The Supplier may be required to provide additional supporting documentation or sample parts.

13.0 SAMPLE SUBMISSION RESPONSIBILITIES

It is the supplier's responsibility to provide Porter with a new sample submission when any of the following conditions occur:

- Existing tooling is transferred to a new plant location
- Additional tooling is constructed for use
- Parts are produced at more than one of the suppliers plan locations. Samples from each location are required.
- A significant change in the method of manufacture; such as use of alternate or additional machining centers
- Subcontractors source is changed
- Supplier changes to an optional type of construction or material
- Porter Engineering drawing is updated (revision change)
- Parts have not been produced for more than a 12 month period.

14.0 KEY CHARACTERISTICS

Key characteristics considers Critical Characteristics and Special Characteristics which require special attention as deviations of these characteristics can affect product safety, product lifetime, assembly capability, product function and/or quality of the following manufacturing operations as well as legal regulations. Key Characteristics are specified by Porter and/or Porter's customer.

The supplier is obliged to install an appropriate system for the processing of products with key characteristics and, if required with special verification.

Products and characteristics requiring special verification and traceability are products whose characteristics might significantly impact the safety of the vehicle or the compliance with legal regulations. As such, a certain risk of product liability is to be expected. These products and their characteristics, which are under Porter design responsibility, are identified in the appropriate Porter documents.

Key characteristics identified in the FMEA and listed in the Control Plan shall be subject of notification to and approval by Porter. Traceability must be arranged in such a way that a clear identification of potential affected product will be assured by traceability to the batch / lot delivered by the supplier. Critical Characteristics defined in the DFMEA with Severity levels of 9-10 at any Occurrence ranking and Special Characteristics identified with Severity levels of 5-8 with Occurrence ranking is greater than 3must be detailed and incorporated into the Supplier FMEA.

If characteristics requiring special verification for components/systems are defined, Porter must approve the supplier's traceability system. The supplier is obliged to assure that all subcontractors have a system to trace their product complying with Porter's requirements.

"K" Flag - Identifies specific critical characteristics that are process driven (controlled) and therefore require SPC to measure process stability, capability, and control for the life of the part. SPC must indicate initial Ppk=1.67 & Cpk=1.40

"M" Flag - Is limited to high-lighting critical characteristics on (production) part drawings, tools, and fixtures, and tooling aid procedures where verification is mandatory, but where ongoing process control is not automatically mandated. SPC must indicate initial Ppk=1.67

"P" Flag - Identifies specific critical characteristics that are controlled as defined in the applicable Control Plan.

"S" Flag - Refer to Porter's customer print for definition of critical safety characteristics.

The "S" designation are those product requirements (dimensions, performance, test, etc.) or process parameters that can effect compliance with government regulations, or safe vehicle / product function, and which require specific producer, shipping or monitoring action.

15.0 PROCESS CONTROL

For process control of Critical and Special Characteristics, preventive measurement such as Statistical Process Control (SPC) must be used. Gauges and other equipment used for measuring must also be proven capable and controlled according to a defined schedule by the means of MSA (AIAG).

For all variable characteristics, a controlled and capable process must be documented and maintained by means of continuous and systematic evaluation of measurement results according to common automotive standards of SPC.

Characteristics which are not adjustable, e.g. tool related characteristics and characteristics where process capability cannot be analyzed since the results of their evaluation are attributive, a reduction of the work piece tolerance is required to consider all influences of uncertainty of current used processes and measurement equipment.

In case of lack of process capability, the 100% inspection must also be documented by using statistical methods.

16.0 CHANGE MANAGEMENT

Product and/or process modifications require prior notification to and written approval by Porter. Suppliers are prohibited from moving, adding, replacing, scraping or modifying production tools, dies, molds, patterns, etc. without prior notification and approval from Porter. Production tools that move to an alternate supplier manufacturing site will require a Quality System Audit of the site prior to approval.

A process change request must be submitted and approved if any of the following occur:

- Change in the manufacturing process and or tooling
- Additional tooling or added cavities to tooling currently approved for mass production
- Manufacturing location changes
- Sub-supplier changes

Note: Although process change approval may be obtained through the appropriate process, the product must still meet all PPAP requirements prior to shipping any products from the changed process.

Unless otherwise agreed, changes of specification initiated by Porter will run the same process as a new product design. The supplier will have a request for quotation (RFQ) along with updated specifications. After the quotation has been approved the supplier will get a purchase order with a reference to the new specification. New or updated PPAP approval is required prior to shipping.

17.0 PROBLEM RESOLUTION

Any product that does not meet Porter specification, whether found at Porter or at Porter's customer's premises, will be recorded and notified by Porter. Nonconforming products are usually returned to the supplier for analysis.

The Supplier is expected to take immediate actions to remedy the nonconformance and document the actions taken on an 8D Status Report and submit to Porter in accordance to the timeline described below:

- Containment actions must be reported to Porter in written form within 24 hours.
- Porter expects a response for Root Cause and Corrective Action(s) within 15 days.

• Porter expects completion of the 8D including a description of permanent preventive actions taken within 30 days.

17.1 DMN - Defective Material Notice

Upon receipt of nonconforming material, Porter will issue a Defective Material Notice (DMN) report. Nonconforming material may be identified by Porter's customer, during incoming inspection, audit, assembly or warranty returns.

If suspect materials or concerns are found during pre-production fitting trials or regular production, and are considered minor issues, Porter may issue a "Flyer" to the supplier describing the problem. An informal supplier response may be required.

Return Material Authorization (RMA) must be provided for material that is defective or considered suspect and needs to be returned to the supplier. Porter reserves the right to sort suspect material to avoid shutdown of its production lines. The supplier will be accountable for charge back rates as outlined in this manual.

Within 24 hours of notification of defective parts through DMN report, supplier must:
• Implement requirements of Interim Containment
• Inform Porter of the plan to replace suspect material
• Identify containment actions (including in-house, in-transit, at Porter, and at Porter's Customer's facility, as applicable)
• Submit initial 8D response

Within 15 days of notification of defective parts through DMN report, supplier must:
• Define and verify Root Causes of defect(s)
• Identify corrective action(s) and timeline required
• Determine permanent corrective actions
• Submit revised 8D report

Within 30 days of notification of defective parts through DMN report, supplier must:
• Identify permanent corrective actions for root cause(s)
• Verify and validate permanent corrective actions
• Submit completed 8D report

The supplier may request additional time for final response to the 8D for various reasons. The request must be approved by Porter SQE prior to final deadline. If the request is not initiated by the supplier prior to the final deadline, the 8D response will be considered late and the supplier's scorecard will be negatively affected.

Porter will analyze the final 8D response and provide the supplier with a decision on closure of the DMN. DMN responses will be Accepted, Conditionally Accepted or Rejected. Resubmission of the 8D response with discrepancies corrected is required within 7 days.

17.2 Problem Solving Expectations

When Porter issues a DMN, supplier is required to submit a formal response. DMN responses are expected to be in "8-D" report format. It is recommended the supplier submit the 8D response utilizing their own 8D report format. If the supplier does not have an 8D report, Porter will provide the form.

Below is the list of information that is required to be included in the DMN response.

Problem Statement	• Define problems in detail • List Porter requirements concerning defect • Identify when the problem started • List manufacturing dates of defective material
Interim Containment Action	• Define and verify Interim Containment Actions • Provide daily sort results • All stock locations should be purged of suspect stock • Describe method of sorting/rework *(rework process must be approved by Porter and reworked product must meet initial PPAP requirements)* • Validate effectiveness of Interim Containment Actions
Root Cause Analysis	• Define in detail the root cause • Verify the root cause • Using the "5 Why" approach is recommended
Permanent Corrective Actions	• Must address the root cause • Must prevent recurrence. Identify responsible team members, implementation of process steps and timing of the implementation • Verify and validate the corrective actions. Describe in detail the method of verification. • The corrective actions implemented must not cause any other issues
Prevent Recurrence	• Modify necessary policies and procedures to prevent reoccurring problem • Evaluate whether corrective actions can be implemented on similar products or processes

Approval and closure of DMN responses will be at the discretion of Porter. All DMNs will remain open until all problem-solving requirements are met.

17.3 Controlled Containment

Supplier is responsible for developing a process to protect Porter from receiving material that does not meet the quality requirements and specifications set by Porter. Supplier must include, at minimum, elements of the following process of containment.

The Supplier will be placed into Controlled Containment as a result of Porter's receipt of defective material. Supplier will be required to take immediate actions to cease shipping defective material. These actions include:

- Sending 100% certified parts for all shipments to Porter
- Marking certified parts as agreed to by Porter
- Sending certified replacement parts to replace suspect parts in-transit, in Porter's inventory, and at Porter's customer
- Utilizing a certified part identification label/sticker to identify certified shipments
- Provide daily sort data and reporting findings to Porter

The supplier will be released from Controlled Containment once the DMN response has been approved and 10 consecutive shipments of varied lots have been approved by Porter's Receiving Inspection department.

17.4 Business Hold

The supplier may be placed on Porter "Business Hold" list if the supplier is financially unstable or has severe quality or delivery problems that are unresolved. The supplier will be notified upon being placed on the Business Hold List.

The following may occur if a supplier is placed on Business Hold:
• Formal meeting with Porter
• Identified as Provisional or removal from Approved Supplier List
• No quoting any future business

To be removed from the Business Hold List the supplier must implement corrective actions for the cause of their deficiencies and address permanent actions to prevent recurrence. A plan for implementation must be provided to Porter for approval. Once a supplier has satisfied the Porter requirements, they will be removed from the Business Hold List and returned to the ASL.

17.5 Cost Recovery
The supplier will be responsible for all costs associated with Porter receiving defective material, or Porter's customers receiving defective material. Costs may include, but not limited to:
• Administrative
• Sorting of suspect material
• Rework
• Customer Charges
• Premium Freight
• Production Downtime
• Third party containment
• Scrap
• PPAP rejection
• Overtime
• Laboratory Testing
• Travel
All costs will be debited from the suppliers' account. Upon notification of the intent to debit, the supplier will have 10 days to appeal the charges. If there is no response from the supplier, Porter will consider this lack of response as acceptance of the charges.

17.6 Charge-Back Rates
Porter reserves the right to charge the supplier for premium freight incurred due to late, rejected, or shipments not meeting requirements, unless the cause is assignable to Porter. The supplier may incur charges due to the fore mentioned activities in section 15.5 above.

A $150 minimum administrative charge will be assessed for each incident or DMN issued. Claims will be debited to the supplier for not fulfilling Porter performance expectations.

Non-conforming parts, material or service that result in costs to Porter (costs may include, but are not limited to, charges related to sort, rework, repair, product scrap, production downtime, customer imposed charges, warranty or recall costs, shipping, Engineering effort, etc.), Porter reserves the right to charge the supplier all costs associated with the nonconformance for product or service supplied to Porter, especially including those that reach Porter's customers.

In the event the Supplier cannot take appropriate actions to provide replacements/sorting/rework within a timely fashion to prevent line stoppage, Porter reserves the right to sort, repair or rework the

non-conforming material at Supplier's expense. Re-work, repair or sorting due to unacceptable supplier quality will be billed at $45.00/hr U.S.

18.0 TEMPORARY DEVIATION

If a supplier manufactures product that does not conform to Porter's, specifications and lead-time does not allow permanent corrective action due to Porter's, production requirements a temporary deviation request must be submitted to Porter and approved prior to shipping non-conforming material. Porter's approval will be based on how deviations might impact the form, fit and function of the parts. Deviation requests must include details of the non-conformance and the number of parts affected.

A supplier deviation request form may be used upon Porter's approval, or a Porter Deviation Request form may be used to submit information. Porter's Deviation Request form is available upon request. If the deviation is approved by Porter, the supplier is required to affix a copy of the deviation on each shipping container and include the deviation number on the shipping documents.

19.0 PRODUCT FIELD FAILURES

In the unfortunate event of a product field failure, if it is conclusively determined which individual system component caused the degradation in the system performance, then the Supplier responsible for the supply of that component will be responsible for all warranty costs.

20.0 LOGISTICS

The supplier is required to achieve 100% on time delivery with all appropriate documentation (material certifications, inspection reports, Safety Data Sheets, etc.) with each shipment. Product may be rejected at incoming inspection if appropriate documentation is not provided with shipment. If a supplier will be unable to deliver product by the required due date, it is the supplier's responsibility to provide a proactive notification to Porter. The supplier must also notify Porter Purchasing, and Supplier Quality Department, anytime suspect material has been shipped.

The shipment lead-time will be quoted in calendar days and should quantify the time from receipt of order to ship availability. Steady state lead-time (when schedule and/or forecast are routinely available) is 10 days or less. Porter may approve exceptions to this lead-time requirement.

21.0 LABELING

All products must be labeled in accordance with AIAG standards, on two sides (not on the top of the box). The Label must contain the following bar coded areas:

- Purchase Order number
- Porter part number
- Quantity
- Supplier number *(supplied by Porter)*
- Serial Number *(when applicable)*
- Manufactured date
- Lot Number
- Engineering level / Revision Level
- All suppliers are required to have lot traceability tied back to the manufactured date on the bar code label.

When shipping a new revision level due to an engineering change, the first three consecutive shipments must be prominently identified stating that this shipment is a new revision level. Failure to

do this may result in charge backs due to mixing revision levels on our production lines. Every container in a shipment shall be labeled, according to the Porter label standard. Any special label requirements will be communicated as required. Mixed part numbers on same skids shall be identified with a label as a "Mixed Parts Skid."

22.0 TRACEABILITY

The supplier shall ensure, document and furnish positive traceability of each individual product to the raw material certification/test report that represents the raw material from which each of the products was manufactured. Traceability shall be provided by identifying the raw material heat, lot, batch or melt number from the certification/test report on the product and/or on packaging (when used), or the products segregated and identified.

All products returned to the supplier and/or reworked by the supplier or the supplier's designate, must maintain its original traceability integrity and identified accordingly.

23.0 PACKAGING

The packaging function plays a key role in supporting lean manufacturing. Processes shall be established to ensure correct delivery and quantity of each unit. The supplier is responsible for the design and packaging of all products. It must be ensured the product is protected against corrosion and cannot be damaged or soiled during transportation due to external influences. The supplier shall initiate design proposals for the planned type of packaging and must achieve Porter approval before production delivery. Changes to packaging, at the suppliers expense, may be required if the packaging proves to be inadequate over time. For this reason, the supplier should develop methods to test the packaging design under simulated 'real-life' conditions. Suppliers shall provide Porter with validation results and testing documentation as required.

Any changes or deviations from the authorized standard packaging and/or container shall be requested through and agreed to by Porter's Materials Department prior to making the change. All packaging materials should be recyclable, reusable or returnable. The standard pallet sizes for Porter include 32"x30" & 44"x48". Containers shall meet all current International and governmental regulations, (i.e. NAFTA requirements).

All parts will be shipped in standard pack quantities unless otherwise authorized in writing by the Porter's Purchasing Dept. Porter must approve pallets with multiple components (mixed skids), in advance. The components on mixed skids must be grouped by product and lot, and separated.

When returnable containers are used, the supplier will be responsible for cleaning returnable containers and dunnage, removing labels and sorting for damage. Suppliers are also responsible for maintaining inventory counts on returnable containers and maintaining a sufficient supply of expendable backup material for emergency situations. Back up packs shall have the same pack dimensions, pack quantities and part orientation as the returnable container.

Porter has a 40-pound weight limit for all products shipped in small containers, corrugated and returnable containers. Please ship in established standard package quantities as determined by the Porter's Materials Department. Each shipment must be accompanied by a packing slip, either attached to the shipment or hand delivered by the carrier. Each packing slip must contain:

- Porter part number and revision level
- Porter purchase order number
- Quantity of cartons
- Piece count per part number

• Supplier name
• Carrier name
• Packing slip number
• Supplier lot number(s) and quantity associated with each lot number

24.0 CUSTOMER PROPERTY

Tools

If tooling is to be paid by Porter, suppliers will be paid for tooling contingent on full PPAP approval and Porter's receipt of payment by our customer. Maintenance, refurbishment and replacement of Porter-owned tooling are the responsibility of the supplier regardless of production volumes. Tool design responsible Suppliers, shall complete reproducible tooling prints within 6 weeks after PPAP approval for all new program tools, tools undergoing an engineering change, and current tools that are revised. The supplier, upon request from Porter, shall provide reproducible tooling prints for existing tools. Porter's decision to remove tools from an organization will be done so without fee or additional charges from the organization.

Tool inventory/Disposal

The supplier shall furnish a tool inventory of all Porter-owned tools (active and inactive) in the supplier's possession. The tool inventory shall be submitted to the Porter Purchasing Representative annually. The inventory shall contain the following information for each Porter-owned tool:

• Tool part number(s) (typed in numerical order)
• Current tool revision
• Description
• Date parts last ordered
• Total cost of tool
• Quantity of parts produced from tool
• Indicate previous part number if tool has been changed to produce a new part number
• Porter Design Engineer name
• Tool cost breakdown at Porter's request

Porter will determine the disposition of all Porter-owned tooling and such disposition shall be communicated to the organization in writing by Porter with a formal letter and a Return Material Authorization. Organizations are not to dispose of any Porter-owned tooling without prior approval from Porter.

25.0 POST MODEL SERVICE

Suppliers shall maintain the ability to provide parts to Porter for 15 years after the last active model year to satisfy service requirements, unless otherwise agreed upon and documented. Minimum order quantities and standard packs for production quantities do not apply for post model service requirements.

26.0 CONTINGENCY PLANS

The supplier shall prepare contingency plans to satisfy customer requirements in the event of an emergency such as (but not limited to) utility interruptions, labor shortages, key equipment failure, and field failures.

The supplier shall notify Porter within 24-hours of any production interruption or delay. The nature of the problem shall be communicated to Porter and immediate actions shall be taken to assure supply of the product to Porter.

27.0 RECORD RETENTION

Additionally to the standard requirements defined for the Quality Management System the supplier has to retain documents and records affecting products delivered to Porter. All documents and data related to the products delivered to Porter, including but not limited to drawings, specifications, releasing documents such as required by PPAP, production control documents and the related records of measurements, qualification records of the affected personnel, initial and ongoing capability records of measurement equipment and production processes as well as records of quality system audits and management reviews shall be retained as long as the part or systems (or family of parts) is active for production plus a period of one calendar year, but minimum for a period of 15 years after the products were put on the market. The supplier hereby declares to agree on longer retention periods if required by Porter in a timely manner before the end of the period.

The supplier must be capable to demonstrate in case of product liability claims that the supplier's organization took adequate care to design, produce and deliver zero defect products which fulfil customer and regulatory requirements. Porter SQE shall have the right to audit the supplier's archiving system at any time for the purpose of proof.

Suppliers must retain specifications in a way which enables them to provide service products for a period as agreed.

Any further legal requirements remain unaffected. Longer retention periods (up to 30 years and, as the case may be, longer) are recommended. This particularly, but not limited to, applies in view of the periods of limitation concerning liability claims of products.

28.0 SUPPLIER PROFILE EVALUATION

The Supplier Profile Evaluation form (F3.6.6.1) is required as part of Porter's risk management assessment. This information provides important information to Porter regarding a supplier's profile, capability and capacity.

29.0 SQM ACKNOWLEDGEMENT & ACCEPTANCE FORM

The Supplier Quality Manual Acknowledgement and Acceptance form (Appendix A) has been designed to document the supplier's acknowledgement and receipt of Porter's Supplier Quality Manual. It is critical that suppliers become fully knowledgeable of the Supplier Quality Manual content so that they understand Porter's expectations and what documentation must be submitted. The appropriate leaders within a supplier's organization shall review the manual and take appropriate actions to become fully compliant. Any questions should be directed to Porter's Purchasing or Supplier Quality contact.

30.0 SQM EXCEPTIONS FORM

The Supplier Quality Manual Exceptions Form (Appendix B) is used when a supplier takes exception to one or more sections of the Supplier Quality Manual. The supplier shall list any clauses they wish to take exception with, sign the form, and submit it in substitution of the SQM Acknowledgement Verification form. Porter will then review the exceptions and determine if the exceptions are Accepted or Rejected.

If the exceptions form is Accepted, then Porter accepts the supplier's proposal and no further submission is required. If the exceptions form is Rejected, then Porter and the supplier will review the reason why the exceptions were rejected. Porter and the supplier will then work together to resolve any differences.

31.0 ESCALATION CONTACTS

The Escalation Contacts form (Appendix C) is required so the Porter team has an appropriate contact should there be an issue with quality, delivery, or purchasing requirements. Porter expects suppliers to respond expediently, effectively and with a caring attitude.

Porter is a global company with suppliers and customers all over the world. As part of our efforts to meet and exceed our customer's expectations, it is mandatory to include at least two 24-hour company contacts that can respond effectively with the appropriate sense of urgency required.

Porter believes responsiveness is a strategic issue and can be used to differentiate your business from your competitors. Therefore, the standards you establish for responding to all customer issues will determine the level of differentiation you achieve. The consistency with which you are able to respond quickly will go a long ways toward determining how loyal your customers become.

For additional requirements, refer to the Terms and Condition of Purchase located on our website www.porteres.com

Mission Statement

To inspire a cohesive, entrepreneurial team of diverse individuals bound by mutual trust and the desire to outperform the competition

Vision Statement

Add value through excellence and innovative solutions

Quality Policy

Porter Systems is committed to achieving 'best in class' product quality and customer service, through innovation and continuous process improvement. Responsibility for achieving our quality objectives rests with each Porter team member.

Environmental Policy

The goal of Porter Systems is to minimize or eliminate adverse environmental impacts by promoting environmental consciousness to all of our customers, employees and suppliers.

The specific principles of operation which support this policy include:
· Certification and compliance under the ISO 14001 program.
· Compliance with EPA, State and Local environmental standards and regulations.
· Establishment of measurable targets for environmental performance evaluation and periodic review of progress towards these objectives.
· Conducting a program of environmental audits to find and eliminate undesirable environmental conditions or practices
· Establishing and enforcing environmental rules as a condition of employment.
· Investigation of any environmental incident to determine cause and corrective action.
· Continual Improvement

NOTE: *The Environmental Policy is in effect for the Westfield, IN facility only.*

Appendix A

SUPPLIER QUALITY MANUAL ACKNOWLEDGEMENT & ACCEPTANCE

Supplier Name_____ Date _____

We, the undersigned, hereby confirm that we have read, understood, and agree to the responsibilities, policies and procedures contained within the Porter Systems Inc. Customer Specific Requirements.

Signature_____Title_____
Quality

Signature_____Title_____
Management

Please review and return to Porter Systems Inc. Purchasing Department at

Porter Systems Inc.
28700 Cabot Drive, Suite 800
Novi, MI 48377
248-994-8000 *phone*
248-994-8100 *fax*

Appendix B

Supplier Quality Manual Exceptions Form

List any exceptions (if applicable) to this Quality Manual by clause number on the lines below and sign. The exceptions are NOT accepted by Porter unless Porter Supplier Quality and Purchasing approve them. The supplier will receive notification if the exceptions are accepted or rejected.

Clause Number	Clause Description	Exception Taken (describe fully)

Additional Comments: _____

Supplier Name _____

Name (print)	Title (Quality)	Signature	Date

Name (print)	Title (Management)	Signature	Date

Porter Acceptance:

Quality (print)	Signature	Date
Purchasing (print)	Signature	Date

Appendix C

Supplier Quality Escalation Contacts

Company Specific Information				
Company Name			**Company Website**	
Address			**City, State, Zip**	
Key Contacts	**Name**	**Phone**	**Cell Phone**	**Email**
C.E.O.				
President				
Quality				
Engineering				
Sales				
Manufacturing				
Materials (Shipping/Receiving)				
Primary **24-Hour Contact**				
Secondary **24-Hour Contact**				

See Section 31.0 of this manual