



Pax Machine Works, Inc.

Supplier Manual

Level 1

Rev. 10 – 7/27/2022

This document defines the requirements and general terms applicable for suppliers.

Pax Machine Works, Inc. has authorized the release of this manual to all suppliers to Pax Machine Works. Any printed versions of this manual are considered to be a non-controlled document. For the most current revision of this manual, refer to Pax's website at www.paxmachine.com.



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The information provided in this document apply to all of Pax Machine Works' suppliers including but not limited to Steel Coil, Fastener, Packaging, Outside Services, and Finishing suppliers. Subsections of this manual that specifically call out a supplier type in the subsection title shall only apply to the titled supplier type for that specific subsection. The Steel Coil supplier type refers to both ferrous and non-ferrous coils.



1. Introduction

1.1. Purpose

- 1.1.1. The purpose of the Pax Machine Works' Supplier Manual is to communicate the supplier requirements and expectations for new and existing suppliers.
- 1.1.2. Compliance to the requirements set forth in this manual are considered mandatory in order to become a new supplier or maintain an existing supplier relationship with Pax Machine Works (Pax). Pax reserves the right to audit the supplier in accordance with the requirements specified in this manual or the requirements listed in the Purchase Order. The supplier must comply with all terms and conditions from the purchase order.

1.2. Scope

- 1.2.1. The Supplier Manual shall apply to the following:
 - All external suppliers of materials, components, assemblies, or finishing services that modify
 the product in some way to add value to the part or that makes up any percentage of the final
 customer part.
 - Suppliers of packaging material.

1.3. Revisions

- 1.3.1. When a revision to the existing Supplier Manual is published, a copy of this revision will be published on Pax's website www.paxmachine.com. An email notice to all suppliers will be sent out after any revisions have been uploaded to the website. It is possible for Pax to overlook a supplier in the email notice of a revision. It is the supplier's responsibility to verify and check the website for the most current revision prior to executing any purchase order or releases. If a supplier cannot access the manual on the website, the supplier will need to contact Pax's purchasing or quality department to verify the correct version.
- 1.3.2. The Supplier Manual is considered to be a controlled document. Only the manual on the website is considered current and up-to-date. Once the manual is downloaded and printed, it becomes a non-controlled reference document.

1.4. Confidentiality

1.4.1. All suppliers are required to sign a confidentiality agreement prior to being able to propose on any material/components being furnished for Pax.

1.5. Supplier Receipt and Acceptance of Pax's Supplier Manual

1.5.1. Suppliers must acknowledge receipt and acceptance of the Pax's Supplier Manual. All suppliers must complete and return to Pax the Acknowledgment form located in the appendix.



2. Company Information

2.1. Background

2.1.1. Since 1948, Pax has grown to become one of the most modern and complete metal stamping plants in the country. This growth has been based on a simple philosophy -- care and pride in workmanship.

Pax's primary goal is customer service, which means quality metal stampings, at a competitive price and on-time delivery. This customer service goal is backed by a continuing investment in plant, equipment and people that keeps pace with current technology and changing customer needs. Pax continues to plan for and invest in the future, and by doing so, builds for the future of our customers.

2.2. Location

2.2.1. Pax operates in a 450,000 square foot facility on the 160 acre property.

Pax Machine Works, Inc. 5139 Monroe Road Celina, OH 45822 419-586-2337

2.3. Organizational Contacts

2.3.1. The following is a list of primary contacts within the Pax organization:

Michael Pax – President	419-586-2337	mpax@paxmachine.com
Jeffrey Pax – Administrative Mgr.	419-586-2337	jpax@paxmachine.com
Michael Link-Purchasing Manager	419-586-2337	mlink@paxmachine.com
Todd Ridder – Quality Manager	419-586-2337	tridder@paxmachine.com
Joe Sutton – Quality Engineer	419-586-2337	jsutton@paxmachine.com
Robert Heyne – Production Manager	419-586-2337	bheyne@paxmachine.com
Justin Overman – Asst. Production Mgr.	419-586-2337	joverman@paxmachine.com



3. Qualification

3.1. Supplier Qualification

- 3.1.1. Pax is a source of high-quality precision stampings and holds itself to the highest standard possible. Pax shall expect and demand all suppliers to hold themselves to the same standard. To better evaluate future suppliers, we ask that each supplier complete and submit to Pax a qualification form. Pax uses the qualification form to help mitigate potential issues and reduce the probability of a risk occurring with a supplier.
- 3.1.2. All suppliers must complete and submit a qualification form from Pax.
- 3.1.3. Completion and submission of a supplier qualification form to Pax does not guarantee acceptance or signify an approval of the supplier.
- 3.1.4. Pax will review and approve/reject all supplier qualification forms.
- 3.1.5. Pax may request onsite visit(s) to the supplier's facility to help evaluate the supplier's qualification.
- 3.1.6. Each potential supplier may be evaluated on the below basic criteria depending on the services or material being provided by the supplier.
 - Certifications
 - In House Capabilities
 - High Level production equipment and technology
 - Geographic location and supply lead times
 - Financial stability
 - Quality
 - Responsiveness
- 3.1.7. Each basic criteria shall be given a score by Pax between 0-10 points and a total score of 0-70 points for all basic criteria. Each supplier being evaluated must have a score of 50 or higher to be able to be approved without reservations. A supplier approved without reservations means that Pax is not required to perform 2nd party audits on the supplier. Pax does reserve the right to audit any supplier no matter the score received in the evaluation. A supplier with a score below 50 maybe approved, but will require annual 2nd party audits unless IATF certified.

3.2. 2nd Party Audits

- 3.2.1. A supplier 2nd Party Audit will be required for the following reasons annually unless specified differently below.
 - A supplier's qualification form score is below 50 (Reference section 3.1.7) and the supplier is not IATF certified.
 - A supplier scores below 92 on 3 of the last 4 quarterly scorecards (Reference section 4.4).
 - A 2nd party audit will not be required to be performed if the current quarterly scorecard is 92 or above and a 2nd party audit was conducted the previous quarter.
 - A major event that Pax deems significant for one of the basic criteria listed in section 3.1.6. A 2nd party audit will be conducted per major event and not tied to an annual schedule.



- 3.2.2. A 2nd party audit will be based on Pax's quality form QAFM0634 Pax Process Product Audit Form.
- 3.2.3. As part of the supplier 2nd Party Audit, a supplier will be required to re-complete the qualification form.
- 3.2.4. A second party auditor for Pax is deemed competent and qualified to perform a 2nd party audit if they have completed appropriate IATF auditor training from an accredited organization. Additional persons may support such auditing activities to provide expertise on processes or subject matter relevant to the audit, but to not qualify as an independent 2nd party auditor.



4. Quality

4.1. Quality Policy

- 4.1.1. Pax considers the quality of suppliers a critical element in the supplier process. Compliance with Pax's quality policies and procedures is a mandatory requirement for all suppliers.
- 4.1.2. The Quality Policy of Pax is stated below:

As a producer of precision metal stampings, machined components and assemblies, Pax Machine Works, Inc. is committed to meeting the Quality and Delivery Expectations of our Customers.

Management establishes Quality Objectives that are tracked as part of our Continuous Improvement activities and Customer Satisfaction.

4.2. Supplier Quality Expectations/Requirement

4.2.1. Quality System Requirements

- Suppliers to Pax that are designated as Level I or Level II suppliers must become third-party registered to the latest version of ISO 9001 by a recognized accredited third-party registration body in order to be considered as a potential new supplier or to maintain status as an existing supplier. See section 4.3 for a description of the supplier level designations. It is preferred that the supplier be certified to IATF 16949 whenever possible.
- In the event a supplier's quality registration status changes or is suspended, the supplier must notify Pax within five (5) business days.
- Pax reserves the right to perform on site reviews and system audits at our discretion regardless of certification status.

4.2.2. COI Assessments

- Pax expects its Outside Services and Finishing suppliers to adhere to CQI guidelines and submit annual self-assessments consistent to those described in the applicable and current CQI guidelines as published through AIAG. The following processes require CQI Assessments:
 - CQI-9 Heat Treat
 - CQI-11 Plating
 - CQI-12 Coatings
 - CQI-15 Welding

Additional information on these standards can be obtained through the AIAG at www.aiag.org.



4.2.3. Supplier On-Time Deliver Requirement

- It is essential that Pax receive supplier produced product or services on a timely basis to be able to meet customer requirements. Communication is a key element. If a supplier is unable to meet promised delivery dates, it is imperative that this information be communicated before the product or services are due at the Pax facility.
- On-time delivery is based on a normal four (4) working day shipping window Monday through Thursday. Order Releases will state the required delivery date. All deliveries must be made Monday thru Thursday of the same week they are due to be considered On-time. Optional arrangements must be agreed to by contacting the Production Control Department during normal business hours. Deliveries outside of this window are counted early/late unless a concession is given by Production Control in charge of Material or Service Scheduling prior to the promised delivery date.

4.2.4. Supplier Quality Performance Requirement

- There are two key elements that are tracked regarding supplier performance. The first element tracked is on-time delivery. Pax requires 100% on-time delivery as a minimum standard. Anything less than 100% on-time delivery is not acceptable and may require root cause analysis and 8-D corrective action.
- The second element is quality performance. Quality Performance is comprised of two components. The first component is Rejected Weight (or Parts) and the second component is Problem Controls. The specific requirements for each element can be found in this manual in section 4.4, Supplier Rating System. If Pax determines there is a systemic issue with supplier quality performance or delivery, you will be contacted with a request for a written corrective action. The required response timeframe can be found in this manual in section 4.6, Corrective Action. Otherwise, it is expected that the supplier takes a self-initiative approach for improvement should your scores fall below our minimum standards.

4.3. Supplier Assessment Process

4.3.1. Assignment of Supplier Level Designations

- Suppliers are categorized by level designations based on the significance of the product or service they provide.
 - Level I Suppliers are considered significant to the quality of the finished product and are required to have certification by a third party registrar to ISO 9001 or IATF16949.
 - Level II Suppliers are considered significant, but this level is reserved for Suppliers mandated to Pax by our customer. It is the decision of the end customer if registration is required.
 - Level III Suppliers are considered important but do not pose a significant impact on the finished product quality.
 - Level IV Suppliers are considered non-important from the standpoint of affecting product quality.



4.3.2. Supplier Selection

- The Purchasing Department selects new supplier candidates for consideration. The selection
 process includes an on-site visit, completion of the Supplier Evaluation Checklist, submission
 of an ISO or IATF registration certificate and additional criteria as deemed necessary.
 Successful candidates will be notified by the Purchasing Department.
- 4.3.3. PPAP Approval and Authorization to Begin Shipping
 - PPAP approval by Pax does not guarantee acceptance of a new supplier's product by our
 customer. Pax is required to submit a PPAP to our customer using the prospective supplier's
 product or service. Once Pax receives the customer's approval, the supplier will be released to
 begin supplying product or services

4.4. Supplier Rating System

- 4.4.1. It is important that continuous communication exists between Pax and its suppliers. It is the intent of Pax to communicate how well the suppliers are performing. Communication is also the key to continuous improvement.
- 4.4.2. Data is collected with each delivery of product or services. Delivery and Quality performance is monitored and recorded for all level I and level II suppliers. A performance Rating is calculated and published for each supplier on a monthly basis.
- 4.4.3. The Rating is then sent to the suppliers primarily through the use of email. It is important that the supplier establish who is to receive this information so that it is channeled to the proper individuals within their organization. For those suppliers that do not have email capability, this information is faxed.
- 4.4.4. The following criteria will be evaluated to determine the performance Rating:
 - Receiving (Delivery Performance)
 - Rejected Weight (or Parts)
 - Problem Controls (Number of Occurrences)
- 4.4.5. Each of these specific criteria will be awarded points. The Suppliers Rating will be the total of all three criteria combined. All suppliers should strive for the highest possible score.
- 4.4.6. The maximum achievable score is 100 points.
- 4.4.7. If the overall score falls below 75 points during any month the supplier may be required to submit an 8-D corrective action.
- 4.4.8. If the quarterly average scores dips below 92 points the supplier may be required to submit an 8-D corrective action.
- 4.4.9. Corrective actions must be submitted within two (2) weeks of receiving the performance report. The corrective action must be sent to the attention of the Purchasing Manager at Pax. Failure to submit a timely corrective action could result in a disqualification and replacement of the supplier.
 - In some cases, corrective actions for specific issues are requested during the reporting month. If these corrective actions have been submitted and approved by Pax, a corrective action for an overall low monthly performance rating is not necessary.



- 4.4.10. Specific evaluation of Supplier Performance criteria is based on the following:
 - Receiving (Delivery Performance). A measure of the percentage of shipments received that are on time.

Points	% Received On Time
50	100 - 95
45	94 - 90
40	85 - 89
25	80 - 84
15	60 - 79
0	0 - 59

• Rejected Weight (or Parts). A measure of the amount material or product rejected verses the total amount of material or product received.

Points	% Rejected
25	0 – 2.0%
20	2.1% – 3.0%
15	3.1% – 4.0%
0	Greater than 4%

Product and service suppliers are rated by the number of parts rejected verses the total number of parts received.

Material suppliers (steel) are rated based on a percentage of rejected material weight. The weight of any rejected material is compared to the total weight of material received for the current month.

• Problem controls (Number of problem occurrences). A measure of the number of problems that occur in one month.

Points	Number Of Problems
25	0 - 1
20	2 - 3
15	4 - 5
0	6 - 100

Each steel supplier will receive a supplementary number of allowable problem controls based on the pounds of material we receive each month. The additional allowable problem controls for each steel suppliers will be calculated based on the pounds received each month divided by 200,000. The supplementary number of allowable problem controls can be added to the number of problems listed in the above table.

4.4.11. Impact on Reporting Quantities

Product rejection quantities can be significantly affected by the actions taken by the supplier.
 If the Supplier is proactive in dealing with a rejection, the quantity defective used for reporting purposes can become lower.



- When a rejection of parts occurs, the supplier may be required to take the product back to their facility for sorting or re-work. If the supplier reports the results of the sorting to Pax, the quantity rejected to the supplier can be updated to only include the actual number of parts found defective or required to be reworked. If for example 10,000 parts are rejected and sorted by the supplier and there is a total of 50 pieces found defective, this can reduce the reported rejection quantity from 10,000 down to 50.
- If Pax is required to sort the product or contract the sorting from an outside source on behalf of the supplier then the initial quantity rejected remains the final quantity used for the performance reporting. It is the supplier's responsibility to report the final rejection quantities after a sort or rework process.

4.4.12. Continuous Improvement

• In conjunction with providing high quality products, services and on-time delivery, Pax encourages its suppliers to lead and participate in continuous improvement projects. This includes ideas for current production programs as well as future innovations. Continuous improvement will increase quality and efficiency for all involved.

4.5. Supplier PPAP Submission

4.5.1. General Requirements

- All initial orders for material, product, or services are generated through a Purchase Order (P.O.) issued by Purchasing Department at Pax. The P.O. will state that a PPAP (Production Part Approval Process) submission is required with the initial shipment of product. For reference, copies of the PPAP Manual can be obtained through the AIAG by calling 1-248-358-3003.
- It is the supplier's responsibility to retain samples needed for the PPAP submission and testing. The samples must be representative of supplier's normal production process. In the case of coating or plating suppliers, Pax may send prototype parts to the supplier for processing and then use the parts for PPAP submission. Processes that are to be performed to the parts are to be representative of the supplier's normal production process.
- It is important to begin time related testing such as salt spray as soon as possible to allow the completion of the PPAP in a timely fashion.
- Pax will include applicable part prints and related specifications with the initial P.O. It is the
 responsibility of the supplier to maintain these documents for future reference. Should the
 supplier receive a new or updated P.O that references an updated part print or specification and
 the documentation is missing, call the Pax Purchasing department and the required
 documentation will be provided immediately.



4.5.2. PPAP Documents required from the supplier.

- Coating/Plating Suppliers:
 - Coating/Plating certification (must reference specification listed on part print and P.O.).
 - Test results recorded on AIAG form CFG-1004 with Lab Report.
 - ISO or IATF certification and Lab Scope for Coater/Plater and the Lab used.
 - IMDS number or C.A.S. numbers with portion percentages.
 - Thickness reported on AIAG form CFG -1003.
 - PFD (Process Flow Diag.), FMEA, Control Plan, MSA studies, Process CPK studies, Warrant.
 - CQI Self-Assessment CQI -12 for Coating or CQI-11 for Plating (required to be updated annually).

• Heat Treating Suppliers:

- Heat Treat Certification (must reference specification listed on part print and P.O.)
- · Hardness and/or case depth studies.
- ISO or IATF certification and Lab Scope for Heat Treater and any outside Lab used.
- PFD (Process Flow Diag.), FMEA, Control Plan, MSA studies, Process CPK studies, Warrant.
- CQI-9 Self-Assessment and Ford Heat Treat assessment if applicable.

• Steel Suppliers:

- Material Certification (must reference specification listed on part print and P.O.).
- ISO or IATF certification and Lab Scope for Internal and any outside Lab used.
- Dimensional reported on AIAG CFG Form 1003.
- Chemical/Physical results reported on AIAG form CFG-1004.
- IMDS number or C.A.S. numbers with portion percentages.
- PFD (Process Flow Diag.), FMEA, Control Plan, MSA studies, Process CPK studies, Warrant.

It is preferred that the steel PPAP accompany the initial PPAP coil of material or before.

4.5.3. Suppliers should maintain the most current copies of the AIAG manuals for PPAP, MSA, APQP, PFMEA and SPC.

4.6. Quality Discrepancy and Corrective Action

4.6.1. Quality Discrepancy

• In the event noncompliant product is received or discovered at Pax, it is the supplier's responsibility to work with Pax to investigate and correct the conditions relating to the discrepancy. The supplier is required to respond back to Quality Concerns within a maximum of 1 business day. Pax will make every attempt to provide samples or at least pictures of the defect along with lot traceability. Charges involved for overnight shipping of samples will be the responsibility of the supplier.



- It is expected that a preliminary corrective action be submitted within 24 hours of receipt of notification of a problem. The preliminary corrective action acknowledges the existence of the problem and indicates the immediate containment actions that have been put into place to prevent additional product escaping the supplier's attention. Containment goes beyond the actual part in question. Containment addresses short-term changes to the supplier's process involved in the issue.
- Time is significant when there is a nonconformance to prevent shutting our operation down or the operations of our customer. If the situation involving a discrepancy requires immediate sorting at Pax, this will be communicated to the supplier. The current sorting charge is \$45.00 per man per hour (subject to change over time). The supplier has the option to send their own people in, contract a sorting company to come into Pax on their behalf, or authorize Pax to contract the sorting for the supplier. As long as the schedule interruptions can be worked around, Pax will attempt to allow the supplier the option of returning the product or contracting outside sorting. The supplier must keep in mind that the sorting method can affect the Supplier Performance reporting. Reference paragraph 4.4.12. If using an outside sorting company and Pax is responsible for the supervision of the sorting personnel, hourly supervision charges may be necessary.

4.6.2. Corrective Action

- Pax issues a Supplier Corrective Action Request (SCAR) to a supplier when non-conforming parts are found at incoming inspection, in production, or by a Pax customer. They can also be issued as a result of a supplier audit. The supplier is required to respond by returning the Completed SCAR back to Pax. The following provides a brief outline of the SCAR procedure that suppliers to Pax should comply with to identify root cause(s) of the problem and develop actions to prevent recurrence:
 - Use a team approach
 - Describe the problem
 - Contain the problem
 - Identify and verify root causes(s) (WHY MADE and WHY SHIPPED)
 - Implement permanent corrective action(s) (WHY MADE and WHY SHIPPED)
 - Verify corrective action effectiveness
 - Close the corrective action
 - What other processes or parts could have the same problem and how were they addressed?
- Corrective Action and the use of problem-solving techniques are important to correct discrepancies and prevent their reoccurrence in the future. A poorly written corrective action normally results in the same or similar problem showing up again.
- A finalized SCAR with projected completion dates for activities should be received within 2 weeks after issuance. Delays implementing corrective action activities beyond the targeted implementation dates must be discussed with Pax Quality prior to the implementation due date. It is understood that there are situations where the corrective action cannot be adequately closed out in this time frame; but at a minimum, Pax requires an update within two weeks as well as weekly updates thereafter with a projected completion date for all action items addressed in the corrective action.



4.7. Skip Lot Receiving Inspection

4.7.1. General description of Skip Lot Inspection

- Receiving inspection represents a significant expense particularly when the purpose is to
 confirm that the supplier sent compliant product. It would stand to reason that a good supplier
 would not send product that does not meet specification. Receiving inspection becomes a
 redundant process yet this protects Pax from the possibility of receiving nonconforming
 product. A documented trust must be established between Pax and its suppliers.
- Pax uses a method called skip lot inspection. This method uses an inspection matrix, as seen in the appendix, which reduces the amount of receiving inspection with a systematic approach of gradually skipping receiving inspections based on the number of supplier shipments found to be defect free. The white blocks represent the received lots that would require a receiving inspection. The green blocks represent lots that would be skipped. As seen on the matrix, the first 5 receiving lots receive an incoming inspection. If no defective product is found, the 6th lot is skipped. As time progresses and the supplier continues to supply good quality product, the frequency of receiving inspection will eventually decrease to 1 out of 14.
- There are penalties involved in the event the supplier sends in discrepant product. In such a case, the supplier must undergo three (3) consecutive flawless receiving inspections in order to continue the matrix. Receiving inspections performed as a result of sending in defective product is charged back to the supplier at a rate of \$45.00 per man hour to perform the inspection.
- The Form used for Skip Lot Inspection con be found in the Appendix.

4.8. Deviation Request/Supplier Change Request

4.8.1. Deviation request procedure

- Situations may exist that the supplier discovers a non-compliance with material or product intended for Pax. The supplier must never knowingly ship product that is not compliant to the part print or specifications. Deviation requests must be initiated before the product is shipped to Pax. The deviation request is intended to be a onetime temporary request.
- Pax will work with the supplier whenever possible to grant a deviation for non-compliant material or product as long as the condition does not affect the processes or product Pax produces and does not violate the end customer's print dimensions or specifications. There may be rare instances when Pax is left with no other option than to request a deviation from our customer. Historically, this resulted in extreme time delays and must be avoided when possible. The supplier must develop a contingency plan to protect Pax in the event the condition cannot be deviated and there is a risk that delivery schedules to our customers will be affected.



• The form used to request a deviation can be found in the appendix section of this manual. The request must be directed to the Assistant Production Manager or the Purchasing Manager at Pax. They will forward the request to the Quality Department who reviews the request with the Engineering Department and the customer if applicable. If Pax agrees to the deviation, a control number will be assigned and the form returned to the supplier. It is the supplier's responsibility to identify each skid of product with the form containing the deviation control number.

4.8.2. Supplier change request procedure

- It is the responsibility of the supplier to determine the manufacturing feasibility of a product or service based on supplied prints and specification before accepting the job and submitting a PPAP. The supplier is responsible for performing statistical capability studies as needed on dimensions of their concern even if they are not listed on the print as significant. The supplier must have a complete understanding of their dimensional and manufacturing limitations. The supplier must not hesitate to ask questions with regard to how their product or service is to be used at both Pax and the end customer.
- If there are any supplier concerns, the supplier must mark up the print that was issued with the initial purchase order so the concerns can be discussed and approved prior to submitting PPAP. Once the PPAP is submitted and approved, the dimensions and or processes become binding. Any change to the product or processes used that are not communicated and approved by Pax ahead of time are subject to rejection.
- If, after the supplier receives PPAP approval, a situation develops that a possible print change should be considered to improve the product, reduce cost, make the product more dimensionally compliant or processing materials become obsolete, a Supplier Change Request (SCR) can be submitted. The submission of the SCR must be directed to the Purchasing Manager. The SCR will be reviewed and disposition will be communicated to the supplier. SCR submission dispositions may require a significant amount of time to process when the end customer approval is required. It is important to understand that changes that may seem insignificant can have negative affects with regard to the processing at Pax or the processing or product performance at the end customer. Reference the AIAG Production Part Approval Process (PPAP Manual) section 3- Customer Notification and submission requirements for examples of changes that require notification.
- If an SCR is approved, the supplier must then submit a PPAP submission for the change addressed in the SCR. Only after the approval of the supplier's PPAP submission can the change be implemented and updated product be sent in to Pax.
- The supplier can use an SCR form of their choosing or one can be provided by the Pax Quality Department.

4.9. Certification of Compliance/Material Certification

4.9.1. General

• The supplier is responsible for maintaining a record of processing product from Pax. The information is part of the Certification of Compliance.



- The Certification must include the following items or actions:
 - 4.9.1.2.1 The supplier is responsible for maintaining a record of certification for product from Pax for the life of the program. However, certifications are still required for PPAP submission at the time of service.
 - 4.9.1.2.2 Pax will no longer require certification to be sent or emailed with every shipment. Please continue to send the BOL and shippers of each shipment
 - 4.9.1.2.3 It is the supplier's responsibility to contact Pax if data values are under/over specification such as but not limited to hardness, thickness, and CPK results.
 - 4.9.1.2.4 Certifications must include: date processed, part number, specification, required recordable data, lot and or serial number, and a responsible party name. The certification must indicate compliance to the actual specifications relating to the processing stated on the part print or purchase order.
 - 4.9.1.2.5 Certifications must be sent upon request within the requested time frame given. Certifications will be requested on an as needed basis.
 - 4.9.1.2.6 Failure to provide such information within the allotted time could result in an NCM.
 - 4.9.1.2.7 Actual test samples may be required with each shipment. The samples are to be clearly labeled with the part number, lot number, and processing date. The samples (if applicable) and certification documents must be included with the product samples being sent back to Pax.

4.9.2. Steel Coils

- The steel coil supplier shall be responsible for providing material certifications for every delivery. The material certifications shall list the chemical and mechanical properties for each coil being delivered as per the material specification. All chemical and mechanical properties restricted in the material specification must be provided on the material certifications. Missing information from the material certifications shall not be acceptable.
- Material call out information must be listed on all material certifications. All material call outs on certifications must match the call out on the Purchase Order.
- Steel supplier is required to submit a Level 3 PPAP for all new programs.



4.10. Sorting Supplier Requirements

4.10.1. Specific requirements

- Sorting suppliers are normally selected by our customers. However, if Pax is going to be held
 responsible for paying the sorting invoice directly to the sorting company, the sorting
 company must acknowledge that Pax is their customer and Pax must be kept in
 communication throughout the sorting project.
- Sorting initiated by Pax's customer must include a clear description of the quality issue. The sorting authorization must be approved by Pax through email authorization. The sorting is to encompass only the reported issue. If Pax's customer directly contacts the sorting company to expand the scope of the sorting project or the amount of product placed in containment is different from the original notification, the sorting company is required to contact Pax before taking action or risk not getting compensated for the additional sorting time.
- Pax requires the sorting company provide a quotation for the work to be done. The quote must include the hourly rate per man hour, contact information including names, phone numbers and email addresses, bank information for the payment of the invoice and conditions specific to the sorting company. It should be noted that the sorting company is responsible for the wire transfer fee.
- A sorting report is required. The report information must include the part number sorted, the lot and serial numbers of the containers sorted, the sorting time spent per container and the number of defective pieces found by container. The sorting report must reference Pax's customer NCM# or Problem Report #. For extended sorting projects, an updated sorting report is required on a weekly basis as a minimum. Pax must be promptly notified when the project is completed. The sorting company is required to provide banking information and payment instructions. All correspondence to Pax MUST reference the part number and the Non-conformance reference number assigned by Pax's customer.
- Failure to meet these requirements can jeopardize some or all payment for the services.

4.11. Supplier Communication

4.11.1. Request for supplier communication

- Pax requires prompt responses to questions regarding the products or services contracted with the supplier. Decisions within our organization must be made quickly to maintain delivery schedules and, in certain instances, containment of questionable product or services.
- Responses to questions regarding steel chemical or physical attributes based on provided steel certifications are required within a 24-hour period. Responses to all other inquiries shall be made within a 48-hour period.
- When quality issues arise where containment of material or product is necessary, timely
 responses are needed to prevent producing or shipping product that may be questionable. Pax
 expects the full cooperation of its suppliers.



5. Request for Quotes and Pricing

5.1. General

- 5.1.1. All quotes shall be priced by the supplier to include all Pax's requirements as noted in the Supplier Manual, Purchase Order Terms & Conditions, and Request for Quotation. No deviations shall be accepted without prior written authorization from Pax's Purchasing Department.
- 5.1.2. Pax shall provide the supplier with an EAU (Estimated Annual Usage) for the volume of parts or material being quoted. The EAU is based on the estimated part volumes provided by Pax's customer. The EAU cannot be guaranteed by Pax and the EAU may increase or decrease during the duration of the program. Pax will do its best to inform the supplier when we become aware of any volume changes, but it is up to the supplier to monitor and adjust for their volume based on the releases.
- 5.1.3. A minimum of a 60-day notice prior to any pricing change must be given.
- 5.1.4. Reference the accounting section of this manual for requirements for supplier payment terms.

5.2. Steel Coils

- 5.2.1. Pricing for steel coils will be based on either a fixed price per pound for a specific duration or an adjustable price per pound based on the CRU index.
- 5.2.2. For adjustable price per pound based on the CRU Index, the following pricing requirements shall apply.
 - Monthly CRU Steel pricing shall be adjusted monthly based on the previous month's second CRU reading (Example: January's steel price will be based on December's second CRU reading).
 - Quarterly CRU Steel pricing shall be adjusted quarterly based the second CRU reading of the month prior to the start of the quarter (Example: The second quarter's steel price will be based on March's second CRU reading).
- 5.2.3. All fixed price quotes shall be valid for a minimum of 30 days, while adjustable CRU price quotes shall be valid for a minimum of one year.
- 5.2.4. Because Pax allows a week (Monday thru Thursday) to deliver steel on time, we do not base our steel pricing changes on the first day of the month. Pricing updates shall occur on the first Monday of the month thru the day before the first Monday of the following month. This prevents any pricing changes during the middle of a week. Below are a few examples of pricing updates.
 - December 2016 pricing, on a monthly CRU program: December pricing would run from Monday December 5th, 2016 thru Sunday January 1st, 2017.
 - 1st Quarter 2017 pricing on a quarterly CRU program: 1st quarter pricing would run from Monday January 2nd, 2017 thru Sunday April 2nd, 2017.
 - 2016 pricing on a fixed annual program: 2016 pricing would run from Monday January 4th, 2016 thru Sunday January 1st, 2017.



6. Purchase Orders

6.1. General

- 6.1.1. The Purchase Order or Blanket Purchase Order is a formal and obligating document between Pax and the supplier.
- 6.1.2. The Purchase Order specifies a description of the product or service being ordered. The P.O. also lists specifications that must be complied with. If there is a part print or component print for the product being purchased, a copy of the latest part print revision will be distributed to the supplier once the print has been released by engineering.
- 6.1.3. The supplier shall review and analyze all Purchase Order requirements and supporting documents referenced in the Purchase Order. In the event the supplier becomes unable to manufacture and/or provide the material or component as per stated in the Purchase Order and Release, the supplier shall notify Pax within 24 hours of becoming aware of such an event.
- 6.1.4. All Purchase Orders issued for new product or services (used in the manufacture of product for Pax customers) specify the need to receive a level III PPAP (Production Part Approval Process) submission with the first shipment of product. Steel PPAP submissions will require a Level III PPAP (no material sample required).
- 6.1.5. Any conflicts in the Purchase Order must be addressed with the Pax's purchasing department prior to the Purchase Order being executed by the supplier.
- 6.1.6. A Purchase Order is considered an executed document by the supplier if one of the following applies.
 - Once the supplier has signed and returned the Purchase Order to Pax OR
 - Once the supplier acknowledges receipt of the Purchase Order from Pax OR
 - Once Pax receives the material/components from the release from a Purchase Order
- 6.1.7. The Purchase Order and information referenced in the Purchase Order are considered proprietary information to Pax and our customer. The supplier is not authorized to forward, share, copy, distribute, etc. the information to any other supplier or third-party company without approval from Pax.

6.2. Steel Coils

6.2.1. Blanket Purchase Orders will be updated monthly. These orders will be sent to steel suppliers around the first Monday of the month when pricing takes effect.



7. Supply Changes

7.1. General

- 7.1.1. In some cases, changes may be required to be made for a part manufactured at Pax. These changes could be required by the customer or Pax depending on the situation of the change and may or may not affect the supplier.
- 7.1.2. If a change is required, the supplier will receive notice or a drawing update of the change from Pax. It will be the suppliers' responsibility to review and notify Pax if there is an impact to the supplier. A supplier has seven (7) days from receipt of the notice or drawing update to notify Pax of any impacts to the supplier part.
- 7.1.3. In some cases, the changes will require a PPAP submission.
- 7.1.4. If there is an impact to the supplier, a Break Point will need to be established with coordination and acceptance by Pax. The Break Point only applies if there is a change to the supplier's material, component, etc. that resulted from the change.
- 7.1.5. Pax will not accept any material, component, etc. from the old version after the Break Point without earlier coordination and acceptance of Pax.
- 7.1.6. Suppliers shall not make any changes in design, material or process without written authorization from Pax. Reference 4.8.2, Supplier Change Request Procedure.



8. Scheduling

8.1. General

- 8.1.1. With Blanket Purchase Orders, Pax will typically issue releases to supplier on a weekly basis. These releases shall be used by the supplier to schedule deliveries for Pax.
- 8.1.2. Releases will either add new material/component to a release, change the volume of a previous release, change the due date of a previous release or delete a previous release.
- 8.1.3. Order Releases shall follow the following restrictions.
 - When a release due date is within 0-14 calendar days from the current date, the release is considered a firm order. The order will not be deleted and volume will not change, but the due date could change.
 - When a release due date is within 14-90 calendar days from the current date, the release is considered a pending order. Orders could be changed or deleted, but releases are likely to become firm
 - When a release due date is greater than 90 calendar days from the current date, the release is considered a forecast order. Orders could and mostly likely will be changed or deleted.
- 8.1.4. It is the supplier's responsibility to coordinate its production schedule. Pax will take no responsibility for a supplier working ahead on pending or forecasted releases.



9. Traceability

9.1. General

- 9.1.1. The supplier's facilities must have a system to identify and track material/components at receiving, during production, while in storage and during shipping.
- 9.1.2. The supplier must have and be able to demonstrate traceability for the supplied material/components to Pax. If requested, the supplier must provide Pax with documentation for specific heat, lots, and/or batches of raw material or components that are used to manufacture, assemble, treat, coat, etc. the material/component shipped to Pax.
- 9.1.3. Product is sent to outside suppliers in wiretainers, tubs, or cardboard containers for processing. The contents of one container must not be mixed with the content of any other container unless there is specific authorization to do so. The Pax containers are identified with labels referred to as Pax labels. The labels contain important traceability information that must be maintained. It is required that the supplier keep the labels with the same parts that was shipped to the supplier. There are instances when a container is subdivided into two containers due to the packaging method. In this case, the information from the parent container must be accurately transferred to the new multiple containers.
- 9.1.4. Material that is reworked due to an error in the suppliers processing must be clearly identified as "Reworked Material." The supplier must have authorization from Pax in order to mix reworked material from multiple containers together. The original traceability information from the parent container must be included with all reworked material.
- 9.1.5. Pax must be made aware and agree to all rework methods prior to proceeding for the first time. The supplier is responsible for issuing a detailed rework procedure for Pax to review and approve. This is important to prevent the rework process from affecting the part.

9.2. Steel Coils

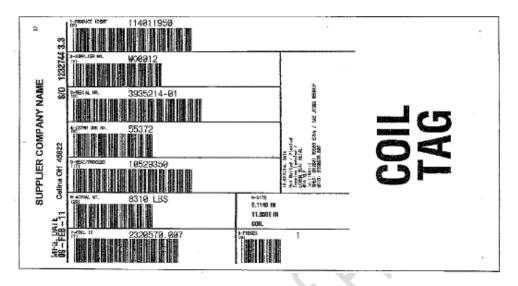
- 9.2.1. Each coil shall be required to have a bar coded tag/label with the below requirements.
 - <u>Part Number</u>: Human readable part number characters shall be bold and a minimum of 0.3 in. high. Bar code symbol of part number shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for Part Number is 15 alphanumeric characters plus data identifier (P). Pax shall designate part number.
 - <u>Supplier Area</u>: Human readable supplier number characters shall be a minimum of 0.2 in. high. Bar code symbol of supplier number shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for supplier is 8 alphanumeric characters plus data identifier (V). Pax shall designate supplier number.
 - <u>Serial Number</u>: Human readable serial number characters shall be a minimum of 0.2 in. high. Bar code symbol of serial number shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for serial number is 10 numeric characters plus data identifier (S).
 - <u>Purchase Order Number</u>: Human readable purchase order number characters shall be a minimum of 0.2 in. high. Bar code symbol of purchase order number shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for purchase order number is 8 numeric characters plus data identifier (K).



- <u>Heat/Process</u>: Human readable heat number or process id characters shall be a minimum of 0.2 in. high. Bar code symbol of heat number or process id shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for heat/process number is 20 alphanumeric characters plus data identifier (1T).
- Actual Weight: Human readable actual weight characters shall be a minimum of 0.2 in. high. Bar code symbol of actual weight shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for actual weight number is 8 numeric characters plus data identifier (2Q).
- <u>Coil ID</u>: Human readable coil id characters shall be a minimum of 0.2 in. high. Bar code symbol of coil id shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for coil id number is 20 alphanumeric characters plus data identifier (T). The Coil ID is a Pax requirement, which shall include the master coil identification and cut number hyphenated.
- <u>Pieces</u>: Human readable pieces characters shall be a minimum of 0.2 in. high. Bar code symbol of pieces shall be directly below the human readable characters and shall be 0.5 in. high. The maximum length for pieces is 8 alphanumeric characters plus data identifier (Q).
- <u>Description</u>: Human readable description characters shall be a minimum of 0.2 in. high. Description shall not be bar coded. Two-line description is acceptable.
- Special Data: The special data area may be utilized at the supplier's discretion.
- <u>Supplier Name</u>: Supplier name shall be placed at the top of the label a minimum of 0.3 in. high.
- 9.2.2. A means of confirming barcode legibility and accuracy must exist within the supplier's operation and legibility must be monitored.
- 9.2.3. The Heat Numbers provided to Pax must be consistent with the Mill Heat Numbers. Meaning all material received at Pax from the same Mill Heat lot, must be identified with the same Heat Number. Pax must be able to identify, from the Heat Number provided, what other coils Pax has received from the same Mill Heat lot of material without having to ask the supplier.
- 9.2.4. Failure of a supplier to follow the above labeling requirements will not be acceptable. suppliers who ship steel coils arriving at Pax's facility with missing labels or labels not following the above procedure may be charged by Pax for this procedure failure. A \$100.00 minimum charge per coil for a missing label or labeling that does not follow the above requirements may be issued at Pax's discretion. Additional charges above and beyond the \$100.00 minimum charge could be considered when excessive failures are prevalent from a supplier.



9.2.5. Below are some examples of steel coil tag/label.





10. Shipping

10.1. General

- 10.1.1. Pax's requirement is 100% On-Time Delivery for all materials and components received from our suppliers.
- 10.1.2. All scheduling will be coordinated and conducted through Pax's production or purchasing departments.
- 10.1.3. Blanket Purchase Orders will be scheduled based on releases against a blanket purchase order.
- 10.1.4. Individual Purchase Orders will state the required delivery date and special requirements in the purchase order.
- 10.1.5. Normal delivery days are Monday through Thursday 6:00 AM to midnight. Friday is not a normal delivery day for Pax, but if a Friday delivery day is required it must be coordinated with the Pax prior to the delivery date. Non-coordinated Friday deliveries may be refused and turned away at the supplier's expense.
- 10.1.6. Blanket order releases that have a due date of Friday, are still required to be made Monday thru Thursday of the same week and it is strongly encouraged to deliver these shipments as early in the week as possible.
- 10.1.7. The supplier is required to follow First-In/First-Out procedures for their stock rotation and shipping of material/components to Pax.
- 10.1.8. Unless noted otherwise in the purchase order, all deliveries are FOB Pax Machine, Celina, OH 45822.
- 10.1.9. It is a requirement for the supplier to keep Pax apprised of lead times for each type of material so that Pax can place orders/releases in ample time. If a supplier notices a material is not being ordered in a timely manner, it is the supplier's responsibility to notify Pax of the lead time requirements so it can be discussed and if feasible adjusted.

10.2. Steel Coils

- 10.2.1. Under no circumstances can a steel load sit on a truck over a weekend.
- 10.2.2. Inside Diameter of Steel coils must be 20"
- 10.2.3. Outside Diameter of Steel coils should be 72"
 - The 72" OD is a target dimension as long as the weight does not exceed 10,000 lbs.
 - Pax requests that the coil diameter be as close to 72" as possible. Small coils under 72" decreases Pax's efficiency and creates greater down time for our presses.
 - All steel coils delivered to Pax should have an outside diameter between 60" and 72" unless restricted by weight or approved by Pax. If Pax consistently receives coils under 60" from a supplier, Pax may elect to begin charging the supplier \$100.00 per coil for increased downtime at the press.
- 10.2.4. The maximum coil weight Pax is capable of receiving is 10,000 lbs.



- 10.2.5. The maximum lift capacity at Pax is 10,000 lbs.
- 10.2.6. All coils must be free of moisture and rust.
- 10.2.7. All coil loads must be tarped.
- 10.2.8. All surfaces of wooden skids must be totally protected. No coil shall be resting directly on wooden skids.
- 10.2.9. No spacers between stacked coils.
- 10.2.10. Metal banding must be used for all coils. No plastic banding or tape is allowed.
- 10.2.11. Bar code labels are required for every coil.
- 10.2.12. All skids need to be skidded for rear of truck unloading.
- 10.2.13. Plastic wrap for coils is not allowed without prior approval.
- 10.2.14. Coils must be chained to trailer (no box trucks permitted).
- 10.2.15. Scotch Brite Coils are not permitted to be shipped to Pax unless prior approved by Pax.
- 10.2.16. Shipments must be transported per federal and state regulations and truck weight limits.
- 10.2.17. Material certifications indicating chemistry and physical data must be sent to Pax prior to each shipment. This will serve as the Advance Shipping Notice.
- 10.2.18. Cuts from a master coil are to be numbered and identified on the label and bill of lading. Master coils must be shipped all at once or at least consecutively. For example, all cuts from a Master coil must be shipped prior to the supplier beginning shipment on the next master coil.
- 10.2.19. We understand the desire to ship in truckload quantities, but we order based on our customer's needs/forecasts. However, if our order for a week causes you a problem, please contact the Pax and we will see if it is feasible to adjust our order, but there is no guarantee. If we cannot accommodate a full truck load quantity, it is still the supplier's responsibility to deliver the material to Pax by the purchase order due date.



11. Issues / Conflicts

11.1. General

- 11.1.1. Pax must be kept informed, by the supplier, on all issues or conflicts that affect Pax's material/components. Any issues or conflicts that affect Pax's product(s) must be raised with Pax immediately.
- 11.1.2. Pax believes in a team approach to problem solving. We understand issues and conflicts do happen, and the best way to resolve any issue is by working together to come up with an amicable solution for both parties.
- 11.1.3. Pax must have an option to attend all meetings with the supplier and any other parties if the meeting pertains to any part or material/component being supplied to Pax.
- 11.1.4. In the event Pax and the supplier cannot come to an agreement on an issue or conflict, the following order of precedence shall apply for all purchase orders:
 - Pax's Purchase Order & Releases (over Pax's Purchase Order Terms and Conditions) Reference section 11.1.5
 - Pax's Purchase Order Terms & Conditions (over Pax's Request for Quotation Documents)
 - Pax's Request for Quotation Documents (over Pax's Supplier Manual)
 - Pax's Supplier Manual (over Specifications)
 - Specifications (over Drawings)
 - Drawings (over Supplier Quote Documents)
 - Supplier Quote Documents
- 11.1.5. Release status (E.g., firm, pending or forecast) on Pax's Purchase Orders & Releases shall be controlled solely by the parameters noted in the Pax Supplier Manual section 8 over what is shown on the emailed purchase order release.



12. Defects / Claims

12.1. General

- 12.1.1. Pax expects 100% defect free materials and components from our suppliers. Pax expects the supplier to catch material/component defects at their facility prior to shipment to Pax.
- 12.1.2. If defective material/components are discovered, Pax will notify the supplier of the defect and the reasons for the rejection. Pax will attempt to provide the initial containment of the material/component based on the defect found, but the supplier will be responsible to determine if additional containment will be required based on the defect discovered.
- 12.1.3. A meeting on-site can be arranged (and is encouraged) to review the rejections and samples to determine dispositions. It is Pax's expectation and intent to have no outstanding rejections open for greater than one month. The supplier needs to make every effort to close all open rejections within a one-month period.
- 12.1.4. The supplier and Pax must work together to come up with an amicable disposition for both parties.

 Once a disposition is agreed upon, the supplier will issue a claim disposition number.
- 12.1.5. Pax will issue debits per the agreed upon dispositions and reference the supplier claim number and Pax tag numbers for documentation.
- 12.1.6. The supplier can be held responsible for the cost associated with the rejected material/components whether it is still in its raw state or has been assembled and become a finished part at Pax or our customer. This could include but not limited to the cost of the part (less material scrap allowance), sorting costs and administration costs incurred by Pax or our customer.

12.2. Steel Coils

- 12.2.1. Pax understands the steel coil making process lends itself to certain inevitable defects. We know you, as a processor, try to detect these and not send them to Pax. However, it is still the supplier's responsibility to be held accountable for the defects.
- 12.2.2. Pax's rejection procedure, listed below, is for claimable defect types including but not limited to camber (1" in 20' unless stated otherwise), out of specification, rust within 30 days of receipt, scale of any magnitude, skin splitting (hot shortness), lamination (surface & subsurface) of any magnitude, gouges or scratches of any magnitude, rolled-in dirt of any magnitude, and stain of any magnitude.
 - If a defect is found on the coil or on a part while running at the press, the operator shall immediately stop running the coil. The operator will then reject the remainder of the coil and the parts made from the coil.
 - If a defect is found prior to the coil being run in the press, the whole coil will be rejected and the operator will run the next coil.
 - If the defect is found after the coil has been completely run in the press, then all containers that were created from the coil shall be rejected.
 - Between coils, the operator will run a magnet over the die. If a steel particle is found, all parts from the previously run coil will be sorted. If a claimable defect is discovered in the sort, the steel supplier will be responsible for the sort costs. If no defect part is found, the supplier will not be charged anything.



- 12.2.3. Pax will collect as many defected parts as possible to provide to the supplier. But if one (1) defective part is found, the claim will be accepted by the supplier.
- 12.2.4. Pax's policy on how to calculate claimable coil and part rejection costs are listed below. At the discretion of Pax, the supplier shall be responsible for the cost associated with the coils and/or all parts that are rejected due to claimable defect(s).
 - If the coil or parts are scrapped, the supplier would be responsible for the material cost based on the purchase order price minus the scrap allowance (for steel our scrap allowance is based on Pax's current scrap pricing minus .05/lb.).
 - If the coil is returned to the supplier, the supplier would be responsible for the material cost of the coil based on the purchase order price. Any shipping cost is the responsibility of the supplier. An additional \$50.00 will be charged per returned coil.
 - If the parts are sorted, the supplier would be responsible for the total labor cost of the sorting and the cost of the defective parts scrapped.
 - 12.2.4..1. In lieu of waiting for sorting costs, Pax may elect to handle sorted parts as a scrapped disposition. The cost of the scrapped disposition would be based on the net weight of the rejected parts multiplied by the purchase order price minus scrap allowance (for steel our scrap allowance is based on Pax's current scrap pricing minus .05/lb.).
 - If additional operations are required due to the rejection, the supplier would be responsible for the hourly cost of the additional operations (example: burnishing).
- 12.2.5. Any coils to be returned will be placed on a shipping document. The supplier will be notified by Pax when the coils are ready for pick-up.
 - When the supplier is ready to send a truck in to pick up the coils, the supplier must notify Pax their pick-up number in order to be loaded at our facility. Failure to follow this procedure may result in an additional \$250.00 charge to the supplier.
 - Do not send in a truck until notification from Pax the material is ready for pickup has been sent to the supplier. Pax must have the pick-up number in advance to assure the correct and complete load is being picked up.
 - No returned coils shall be reworked and sent back to Pax without prior approval.



13. Accounting

13.1. General

- 13.1.1. All current steel suppliers need to target a payment term of 1% 10 Net 90 or greater. New steel suppliers bidding must assume a payment term of 1% 10 Net 90. Deviations from these payment terms will need to be discussed and approved with Pax prior to any quotes.
- 13.1.2. Invoices can only be accepted for material/components that have been shipped by the supplier and received by Pax. Invoices cannot be accepted for future deliveries.
- 13.1.3. All invoices must make reference to the Purchase Order number.
- 13.1.4. All invoices must be either mailed to Pax (Attn: Accounts Payable) or emailed to <a href="mailed-email
- 13.1.5. Accounts payable check runs are made each week on Friday. Invoices must be received by Wednesday at noon to be able to make that week's check run.



14. Record Control

14.1. General

14.1.1. For all suppliers the following are minimum record retention requirements for Pax. Upon request the below records must be available to Pax for the periods as shown.

Documents	Retention Period
Contract Documents	Life of Part (Production & Service) Plus 1 Year
Traceability Records	Life of Part (Production & Service) Plus 1 Year
Inspection and Testing Results	3 Years
Audits	3 Years
Maintenance Reports	2 Years



15. Warranty

15.1. Steel Coils

15.1.1. The steel coil supplier must warrant that the steel coil being provided for a customer's part can make the part as shown on the Purchase Order and the Contract Documents.



16. Safety and Environmental Considerations

16.1. Safety

- 16.1.1. The supplier shall comply with all required safety requirements from 29 CFR OSHA 1910, Federal, State and Local authorities having jurisdiction.
- 16.1.2. When visiting or delivering material/components to Pax it is understand that the supplier shall follow all of Pax safety requirements even if they are above and beyond OSHA, Federal, State and Local requirements. Safety Glasses are required to be worn at all times in the facility (excluding the office area).
- 16.1.3. The supplier is responsible for making sure that material used to manufacture the material/components being supplied to Pax meet existing governmental and safety regulations on restricted, toxic and/or hazardous material.
- 16.1.4. Safety Data Sheets (SDSs) must be supplied to Pax for any chemical/substance that meets the requirements for SDSs being provided. Note that the SDSs must be supplied to Pax prior to the first chemical/substance being provided.
- 16.1.5. The wiretainers Pax utilizes in manufacturing our quality products, have safety security latches on both sides of the container. These are significant safeguards in the proper handling of our products on both the production floor and during the actual shipping / transportation process. Every supplier plays a key role in ensuring product integrity and confirming safety provisions meet our defined specifications. We ask each supplier to implement an extra check to ensure all wiretainer latches are properly secured to prevent possible injury. See additional instruction in Appendix.

16.2. Environmental Considerations

16.2.1. The supplier is expected to comply with all national, state, and local environmental regulations.

16.3. Federal/International Regulations

- 16.3.1. Material purchased for Pax must comply with all applicable local, state and federal regulations.
 - The Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502, concerning "conflict minerals". A supplier may be asked to officially confirm in writing their compliance with any regulation.
- 16.3.2. REACH requires Pax's customers, as producer and importer of article (components, parts, chemicals, etc.) into the EU to communicate information about the substances in these articles that have been identified as Substances of Very High Concern (SVHC) and are present in a concentration higher than .1% based on the article weight.
 - Substances identified as SVHC are listed in the candidate list on the website of the European Chemicals Agency at www.echa.europa.eu/candidate-list-table.
 - It is the supplier's responsibility to review the REACH Candidate List of SVHCs and identify SVHCs contained in articles supplied to Pax. If an article does contain SVHCs that is shipped to Pax, the supplier must determine if the concentration is higher than .1% based on the article weight. This information should be reviewed at least annually and reported to Pax if any SVHCs are found.



17. Supplier Manual Revision History

Rev.	Date	Revision Description	Approved
Rel	07-26-2006	Initial publication of the manual	07/31/2006
01	07-09-2009	General Update	07/09/2009
02	12-29-2010	Made Grammatical Corrections	12/29/2010
03	07-28-2011	Updated section 6, PPAP requirements to add more detail of required documentation	07-28-2011
04	05/14/2013	Updated Organizational Chart	05/14/2013
05	11/08/2013	General Review and Update	11/15/2013
06	09/28/2016	General Review and Update	09/30/2016
07	4/17/2017	Merged Supplier Quality Manual Rev. 06 with Supplier Manual Rev. 01.	5/1/2017
		Added section 1.6., Supplier Receipt and Acceptance of Pax Machine Works'	
		Supplier Quality Manual. Added Jim Powell to organizational contacts.	
		Revised section 4.2.1.2. Added section 4.2.2., CQI Assessment. Revised	
		sections 4.4, 4.5.2.3, 4.6.1, 4.6.2, 4.10.1.3, 4.10.1.4. Added Purchasing	
		Manager to Manual Approver.	
08	11/26/2018	Updated Sections: Section 3 Qualifications, Section 4.9 Certification of	11/29/2018
		Compliance/Material Certification, Section 9 Traceability, Section 10	
		Shipping, Section 13 Defects and Claims, IATF notations from TS previously	
		listed throughout document, Appendix – Skip Lot Inspection Process.	
09	11/12/2020	Updated Sections: Section 2 Company Information, Section 3 Qualifications,	11/13/2020
		Removed Plex Section (Old Section 15), added REACH requirement in	
		Section 17, Minor Corrections and Grammar changes throughout the	
		document.	
10	7/27/2022	Updates: Format Changes, moved section 1.5 to section 11, Added second	7/27/2022
		part auditor clarification section 3.2, updated and clarified section 6, removed	
		return skid program section 10, moved FIFO to section 10, updated and	
		clarified section 12, and minor corrections and grammar changes throughout	
		the document.	

The changes to this manual have been reviewed and approved by the President and the management staff of Pax Machine Works, Inc. This manual is approved to the most current revision listed above. The Purchasing Manager and Quality Manager of Pax Machine Works, Inc. has been authorized to release this manual for viewing on the Pax website as a read only document. This document shall not be distributed in printed form internally within the Pax organization. Any printed versions of this document downloaded from the Pax website by suppliers of Pax Machine Works shall be considered a non-controlled document.

Michael Link – Purchasing Manager

Date

7/27/2022

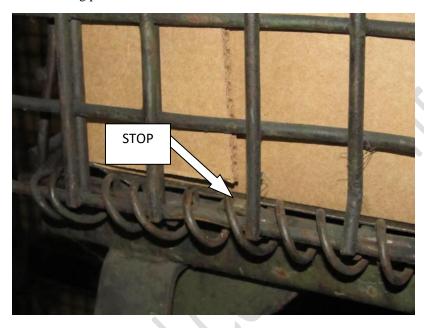
Todd Ridder – QA Manager Date



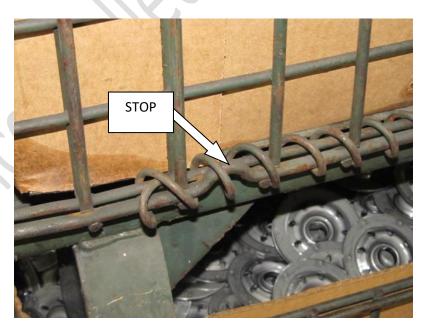
Appendix

WIRE CONTAINER ASSEMBLY INSTRUCTIONS

When assembling wire containers, one needs to make sure that all four sides of the container rest on top of the floor of the container. See the following photos.



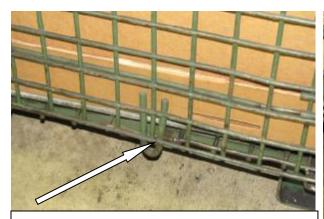
The basket wall in the above photo is assembled **incorrectly**. The sidewall of the container is on the wrong side of the stop that is located on the floor of the container. The sidewall is not supported by the floor of the container.



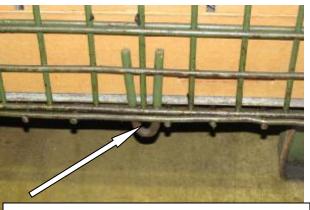
The basket wall in the above photo is assembled correctly. The sidewall of the container is on the correct side of the stop. This allows the sidewall to properly rest on the floor of the container.



Next, one will need to make sure that the tongues on the bottom of the side panels are properly engaged in the floor if the container along with the tongues on the vertical side of the container before latching. See photos below.



This basket is assembled <u>incorrectly</u>. The tongue on the end sidewall is not inserted into the floor of the container.



This basket is assembled **correctly**. The tongue on the end sidewall is properly engaged into the floor of the container.



This basket is not properly latched. The end of the latch is not through the tongue. Make sure that the tongue is properly engaged in the side of the wiretainer before latching.



The latch in this photo is properly engaged. The latch passes through the tongue. The latch handle must be pointing down.



Supplier Manual Acknowledgement Form

The supplier acknowledges that they have received, reviewed and agree to comply with all conterrequirements set forth in the Supplier Manual.	nt and
Instructions: Enter supplier name and address, sign and date, and return to Pax Machine Works' Purchasing department using the follow e-mail address: mlink@paxmachine.com	
Supplier Name:	
Supplier Address:	
Signature: Title:	
Date:	



Pax Machine Works Supplier Deviation Acceptance

QAFM 0571 03/03/17

This section to be completed be Purchasing Manager at Pax.	y the supplier and returned	I to the Assistant Pro	oduction Manager or the
Supplier Name		Date	
Part Number			
Description of Deviation includi	ng the suspect range and/	or quantity.	
This section to be completed b	v Pax Machine Works.		
Duration – Time/Quantity	Deviation Accepte	ed By	Deviation Number

This Deviation Authorization must accompany each skid of product sent in to Pax. The Product must have this notice Attached.

DEVIATED MATERIAL DEVIATION NUMBER



Skip Lot Inspection Process

Part Number:	Supplier Name	Initial Start Date				
represent lots that must have a rece line. Each time a lot is received, cl	eiving inspection performed. The heck the matrix to see if a receiv	a specific part number. This matrix will cover up to 820 received lots of parts. The white number of the green blocks represent lots that the receiving inspection can be skipped. Start at the left side of eiving inspection needs to be performed or skipped. Place an "X" through the block for the current seline and start over going from left to right.	the top			
material in for 5 consecutive lots, to	the matrix can be resumed where	d a lot is rejected, we must drop back to 5 consecutive receiving inspections. If the supplier sends for it was left off. If there are more than two restarts, a new matrix sheet must be started for a complete we can easily tell if there have been multiple complete restarts.				
•	This sheet is to be electronically kept in the receiving inspection record workbook within the individual part number file for that product. ***Highlight the appropriate audit performed in Yellow when it is completed and accepted. Example: 7 8 9 Skip Lot Inspection Matrix					
1 2 3 4 5 6 7 8	9 1 2 3	4 5 6 7 8 9 1 2 3	4			
5 6 7	8 9	1 2 3 4 5 6	7			
7 8	9	1 2 3 4				
5 6	7	9 9 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2			
3 9	4	5 6 7	8			
5	6	7 8 9				
1		2 3 4 4				
5	6	7 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3				
9	1	2 3				
	8		/			
2		3 4 4	5			
	6	7				
9		1 2				
3	7	4 5	0			
			9			
3	4					
1st Rejected Parts Restart 1 2 3 4 5 Note: Fill any Reject Restart Cell in RED		each receiving inspection while of	Note: The supplier is being charged for each receiving inspection while on either the first or second 5 lots restart inspection.			
Restart Date:	Example: 1 2 3	Restart Date: A shop order must be issued to tra	act these			