

Motek – TEAM Industries Supplier Manual



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Forward

Throughout this supplier manual, “Motek-TEAM Industries” will be abbreviated to “Motek.”

This document is a supplement to and does not replace or alter conditions covered by the Terms and Conditions of Purchase. Consequently, any deviation to a particular requirement stated in this document must be separately defined in the Terms and Conditions.

Suppliers shall be in compliance with all statutory and regulatory requirements.

Please check back regularly at the supplier web page at www.motekeng.com for updated information about supplying to Motek.

Supply Chain Philosophy

Planning/Proactive: Motek suppliers will have a mindset of looking forward and being prepared to deliver good product on time. This mindset will be reflected in systems for quality and production planning. Suppliers will communicate concerns/threats to success during times requiring APQP and Risk Management.

Continual Improvement: Motek is committed to a process of continually improving all aspects of our business. It is important that our suppliers understand and embrace this philosophy as well. Data driven decision making will help create mutually beneficial priorities.

Win-Win solutions: Doing business should contribute to success for each of us. Even while resolving issues of the past, we must keep in mind how the solution can strengthen both of us for our future. We believe in win-win solutions.

It is the policy of Motek to achieve a clear competitive advantage through continuous improvement in quality, service, delivery, and cost from our suppliers in the total supply chain.

Supplier Approval Process

Sourcing

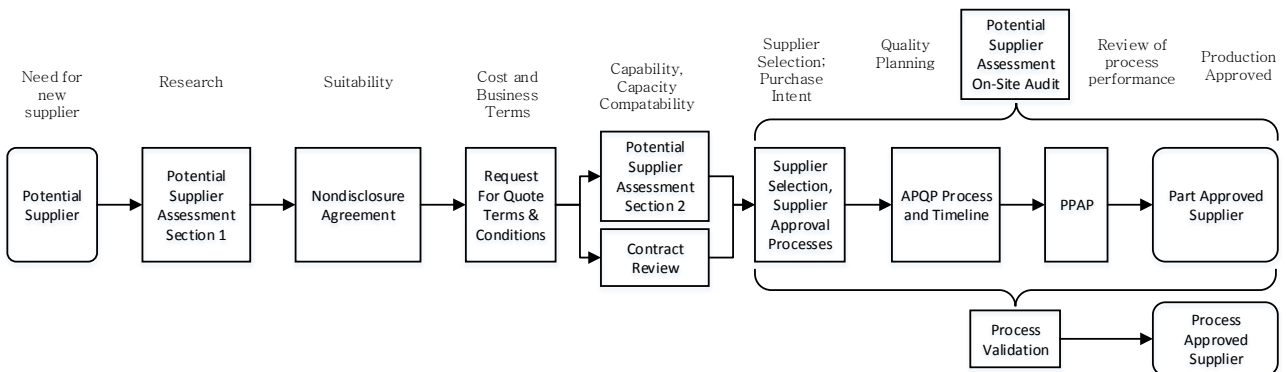


Figure 1 illustrates Motek’s sourcing and product approval procedure when purchasing parts from external sources.



Potential Supplier Assessment

When new suppliers are needed, Motek performs searches to find candidates for future business collaboration. The Potential Supplier Assessment is intended to provide a general understanding of the nature of the supplier's business system.

Nondisclosure Agreement

A potential supplier must sign a Nondisclosure agreement to regulate the protection of business information before engaging in detailed discussions.

Request for Quotation

Motek's request for quote constitutes a basis for business negotiation.

Supplier Assessment

A supplier assessment is performed in order to evaluate the potential supplier's capability of delivering the requested parts and/or services. Depending on the type of business, Motek may conduct this assessment during a visit at the supplier's site, through a supplier self-assessment or using a third-party registrar. In addition, a financial assessment may be performed if required by Motek (Dun & Bradstreet [D&B] rating or similar).

Supplier Audit

Motek reserves the right to conduct system or process audits at the supplier's site or at any sub-supplier site at any time to evaluate the supplier's production line and process capability to produce parts according to Motek's requirements. Depending on the results of an audit, the supplier or its sub-supplier is required to establish and implement an action plan which shall be defined and agreed upon within the context of the audit.



Management Systems (Quality Management Systems)

Motek - TEAM Industries strongly encourages suppliers to implement a documented Quality Management System such as the ISO/TS 16949 or ISO 9001 model. Standard and contact information is provided below for your convenience.

ISO 14001 is encouraged as a standard for environmental management systems.

Integrating two or more types of management systems into one overall system may offer certain operational advantages to some organizations.

AIAG Publications:

- ISO/TS 16949 Quality Management Systems
- Production Part Approval Process (PPAP)
- Advanced Product Quality Planning (APQP)
- Failure Mode and Effects Analysis (FMEA)
- Measurement Systems Analysis (MSA)
- Fundamental Statistical Process Control (SPC)

Automotive Industry Action Group (AIAG)
6200 Lahser Road
Suite 200
Southfield, Michigan 48033-7100

Phone: (248) 358-3003
Fax: (248) 358-3570
Web Site: www.aiag.org

ASQ Publications:

- ISO 9001-2008 Quality Management Systems
- ISO14001-2004 Environmental Management Systems
- ISO 10012 Quality Assurance for Measurement Equipment
- ISO 10013 Guidelines for developing Quality Manuals
- ISO 9004 Guidelines for performance improvements

American Society for Quality (ASQ)
P.O. Box 3005
Milwaukee, WI 53201-3005
or
600 North Plankinton Avenue
Milwaukee, WI 53203

Phone: (800) 248-1946
Fax: (414) 272-1734
Web Site: www.asq.org

Environmental Responsibilities

MOTeK expects its suppliers to comply with all Federal, State, and local regulations regarding the environment.

MOTeK expects its suppliers to be environmentally responsible citizens of their respective communities.

Material Safety Data Sheets (MSDS) shall be supplied and kept current for all products supplied to Motek - TEAM Industries.



Material Identification and Traceability

Motek - TEAM Industries requires systems for material identification and traceability that permits tracing product to its parent material. Specific requirements shall be established through purchasing documents and the APQP (Advanced Product Quality Planning) process.

Where material certifications are required, the certification must include:

- Material identification code
- Part Number
- Revision
- Quantity
- Purchase Order Number
- Specification Numbers
- Signature and title of the authorized company representative
- Date
- Appropriate test results (chemical, mechanical and physical)

International Material Data System (IMDS)

Motek may require suppliers to participate in reporting substance present with products shipped on the International Material Data System. Suppliers already supplying to automotive customers will be familiar with this system. Requirements will be communicated in the PPAP requirements section of the Supplier Change Request form described below.

Management of Change

Suppliers shall notify Motek in advance of any intended product or process changes (changes from the process as established by the latest PPAP), and shall receive Motek approval prior to implementation. Reference Appendix A for answers to specific types of changes.

Motek will provide feedback regarding specific requirements for testing or approval of the planned change including PPAP requirements.

Engineering (Revision) Changes

Changes to part requirements such as drawing revision levels, packaging or shipping requirements will be communicated to suppliers via the Purchase order.

Process Changes

Motek Suppliers shall notify their Motek Quality Engineer of any process changes, manufacturing location changes, material composition changes, tooling changes or modifications (excluding normal maintenance), sub-Supplier changes, warehousing, packaging, or delivery method changes. The Supplier shall submit a Supplier Change Request to the Motek Q.E. for approval to proceed with any changes listed above. Suppliers shall practice disciplined change management methods with their supply chain.



Request for Engineering Design and/or Print Changes – ECR

Motek Suppliers shall contact the MOTeK plant contact with all requests for engineering design changes (use Engineering Change Request to request any design change). All engineering design changes shall undergo PPAP resubmission.



Request for Deviation

Effective change management is especially important for deviated product. Requirements for Deviation Requests are described in the section following Nonconforming Material below.

Management of Sub Suppliers

Suppliers are responsible to maintain control over those processes that are outsourced. These controls shall be appropriate to the process being purchased and are subject to all management of change requirements.

Motek reserves the right to audit supplier and sub supplier procedures and processes at any time.

Tooling

Suppliers are responsible to identify, verify and protect tooling belonging to Motek or its customers. Suppliers shall notify Motek regarding tooling that has been lost, damaged or become otherwise unsuitable for use.

When Motek customers change a product from current production to “Obsolete”, Motek expects suppliers to preserve non-production tooling to allow Motek’s customers to purchase service parts.

Motek expects suppliers to notify the procurement department before scrapping any tooling belonging to Motek or its customers. Repairs or refurbishment to tooling (with the exception of routine tooling maintenance) is subject to Management of Change requirements listed above.

Tool Status Reporting

Where tooling is not managed as “perpetual tooling”, suppliers are responsible to provide periodic reports regarding the status of the tool’s life and condition.

Suppliers are responsible to initiate requests for replacement tooling with timing commensurate with replacement lead times so as to preclude an interruption in service. Down time for repairs must be coordinated with purchasing so that delivery requirements are not affected.

Gauging

Motek owned gauging shall be identified. Maintenance and Calibration of Motek owned gauging is the responsibility of the supplier.

Photo records of tooling and gaging shall be provided with the PPAP associated with new or modified tooling. The photo record shall include at least two pictures: One of the tooling in its entirety or, if large components, one of each component. A second photo showing of the area where the identification is and close enough so that the identification may be read.

Nonconforming Material

Nonconforming Product is defined as deviation from drawings, specification and purchase order requirements. Motek expects all products to be in compliance with product specifications. When a nonconformance is discovered at Motek, the supplier will be contacted regarding containment and disposition. Options include but are not limited to:

1. The supplier sends personnel on-site to conduct sorting or rework activities.
2. The supplier contracts a third party service to provide on-site sorting or rework.
3. The product is returned to the supplier for sorting or rework.
4. Motek - TEAM Industries performs sort or rework on behalf of the supplier at the supplier’s expense.



5. Nonconforming Product may be scrapped at Motek or returned at the supplier's expense.

Final disposition shall be determined based on the scheduled production requirements of Motek - TEAM Industries.

Deviation Requests

Written approval (approved Deviation Request) is required prior to the shipment of any non-conforming product. A copy of the signed (approved) request for deviation (see appendix) shall be attached to each container of deviated product.

NOTE: Approval of a deviation does not absolve the supplier of liability.

Corrective Actions

When an "incident" occurs with product quality, on time delivery, or failure to meet a system requirement, Motek may require a written corrective action response.

Motek supports the 8-D Corrective Action Process for our Suppliers. Other formats may be acceptable if they include at a minimum:

1. A clear problem statement.
2. Containment
3. A root cause analysis.
4. Short term and Long term corrective actions.
5. Dates of implementation.

A Supplier Corrective Action Report (SCAR) may also be issued to address failure to meet other requirements such as chronic delivery issues, failure to supply PQRs etc.

Product Corrective Actions require two reports:

Short term: No more than 24 hours.

Long term: No more than 15 business days. If more time is required, an extension shall be requested at least 2 days prior to the due date. A copy of the corrective action report complete through root cause analysis is expected by 15 business days even if the corrective action requires additional time to implement and verify.

For clarification of expectations for corrective action, contact your Motek Quality Engineer.

Cost Recovery

Motek reserves the right to recover expenses incurred due to the receipt of non-conforming material and/or delivery issues that result in, but not limited to:

- line shutdowns
- sorting, rework, elevated inspection levels
- value added (including materials damaged in processing)
- costs and penalties assessed by customers
- special transportation / expedited shipping costs
- overtime to make up for lost production

Production Part Approval Process (PPAP)

In order to successfully meet our customers' needs and requirements, Motek - TEAM Industries follows PPAP process as a means to approve a supplier for production shipments. The PPAP process provides



the flexibility to encompass all types of process approval methodologies such as PQR, ISIR, FAIR and others.

Specific PPAP requirements (i.e. number of samples, testing and documentation requirements) are defined by Motek - TEAM Industries and its customers. Those requirements will be communicated to the supplier using the Supplier Change Request (electronic document).

A PPAP event consisting of a signed PSW (Part Submission Warrant) is required as approval for mass production at each drawing revision at a minimum.

Other required events are described in the Management of Change section (below) or will be communicated directly.

Your contact for PPAP submittals is the MOTEK Quality Engineer. PPAP samples and documentation will be provided at zero cost to MOTEK, unless otherwise negotiated.

The part/documentation and the container must be identified and tagged appropriately.

Electronic submission of documents is preferred.

Advance notice of PPAP shipments shall be communicated to the Quality Engineer.

If for any reason you are unable to ship the PPAP sample by the planned date (prior to shipment of production parts), you **must** contact the Quality Engineer.

If you do not yet know who your Quality Engineer is, send an email to moteksuppliers@team-ind.com outlining your concern and how you can be reached by phone. The appropriate Q.E. will contact you to begin resolving the issue.

Maintaining Process Control

The supplier shall maintain process capability and monitor performance as approved during the Production Part Approval Process. To accomplish this, the supplier will ensure that the appropriate process controls are implemented and adhered to.

Cleanliness

Parts must be clean as specified during RFQ/APQP process.

Preservation

Part preservation shall be specified during RFQ/APQP process.

Packaging

Motek expects suppliers to package product in a manner that will protect it from damage and/or deterioration while in transit to Motek and during transport and storage within the Motek facility. Specific packaging arrangements are determined during the APQP process.

NOTE: Exceptions for current product must be discussed with purchasing.

After the initial approval, if a change to the packaging is required or desired, suppliers shall use Motek's supplier change request.

Motek supplied packaging shall be used exclusively for Motek product and may not be used for any other purpose.

Any unsuitable, or damaged reusable packaging shall be recorded and reported.



The supplier must communicate the Motek Packaging Requirements to all appropriate personnel including sub-suppliers.

Labeling

Each container shall identify its contents by a Motek Part Number (from P.O.), Revision, Quantity, Material Code / Heat Code (where applicable), PO number, and Bar-coded Material ID Tags

All incoming product will be bar-coded. Each box must have its own barcode label reflecting the contents within that box.

The following bar-coded information will be discussed during the APQP process.

- Part Number
- Revision Level
- Quantity per container
- Ship Date
- Purchase Order Number
- Packing Slip Number
- Supplier
- Destination
- Description of Part
- Unit of Measurement (U/M)

NOTE: Field titles and locations must be in the exact format and location as the sample below.

A sample Barcode Label follows:

PART NO 285150 	REV LEVEL E 	TRACKING ID 13568 
QUANTITY 128 	DESCRIPTION Gear, Helical 48T	
	SUPPLIER ABC Gears	U/M EA
PURCH ORDER NO 111041 	DEST Motek - TEAM Industries	SHIP DATE 09/09/99 
	PACKING SLIP NO 68749	



Advanced Shipping Notice should be sent via e-mail to Motek at the time of shipment. The following Advanced Shipping Notice information is required:

- List of part numbers
- Quantity of each part number
- Purchase Order Number(s)
- Number of containers
- Carrier and tracking number

If your business is currently unable to comply with this requirement, please contact your MOTeK buyer.

An emailed copy of a packing slip will serve as an Advanced Shipping Notice.

Shipping

Packing Slip must be furnished with all shipments, and include the following:

- Motek Purchase Order number
- Part number and Revision level
- Quantity in each box and Total Quantity
- Quantities of scrap parts must be recorded on separate Packing Slips or as a separate line on the Packing Slip
- Packing Slip must have a reference number for tracking purposes

Delivery

Suppliers are expected to deliver product on time. Whenever circumstances prevent on time delivery it is the supplier's responsibility to communicate and negotiate an alternate plan in advance of the missed delivery.

On time deliveries are defined as 10 days early and no more than 2 days late.

Effective April 1 2014 the on time delivery will be 7 days early and 1 day late to be considered on time.

Due date on the PO is the date that it is due at Motek.

Trade Compliance

"Direct" material suppliers may be required to provide trade compliance documentation including, but not limited to, NAFTA Country Of Origin (COO) certificates, as well as, Traced Value information (if required) for the product supplied to Motek - TEAM Industries. Supplier will also be responsible for notifying Motek - TEAM Industries of any item's country of origin changes in a timely manner.

If the supplier's information is required, Motek's Trade Compliance Department will e-mail the supplier the form(s) necessary for completion. However, it is the duty of the supplier to ensure the information provided is correct prior to sending this information back to Motek. If unsure of the information requested/provided, please contact your attorney and/or a licensed customs broker.

All international shipments to Motek - TEAM Industries must be accompanied by a Packing Slip, Commercial Invoice, Bill of Lading and other applicable certificates. These documents are to be emailed to the Buyer prior to arrival of the merchandise at the port of entry. The packing slip and commercial Invoice must contain, at minimum, the following:

- Packing slip
- Motek - TEAM Industries purchase order number
- Part number and description



- Quantity per line item
- Total number of boxes in shipment
- Dimensions and weight of shipment
- Final Delivery address
- Invoice
- Motek - TEAM Industries purchase order number
- Part number and description
- Quantity per line item
- Unit price and extended price on each line
- Total value of shipment
- Country of origin
- HTSUS number
- Terms of sale

Supplier / Subcontractor Cost Reduction

Motek promotes the use of Motek’s IDEAS program to encourage supplier-initiated cost reduction and improvement suggestions. IDEAS will help create an environment that promotes open communication and mutual benefit between Motek, its suppliers, and its customers.

Supplier Performance Evaluation and Reporting

Motek - TEAM Industries will monitor and measure supplier performance. Key areas of measurement will be reported monthly on Supplier Performance Reports sent to Supplier

- Quality (PPM) and
- Delivery (% on-time)
- Cost Savings Suggestions (Ideas Program)

Supplier performance metrics will be used to determine:

- Candidates for additional business
- Needs for improvements or corrective actions

Delivery Pct On Time	Delivery Class	Components, Hardware, Commodities	Machining	Outside Operations, Cosmetic	All Other Outside Operations	Iron Castings	Forgings	Aluminum Sand Castings	Aluminum Perm. Mold Castings	Aluminum Die Castings	Bar Stock, Dura Bar	Quality Class
100%	A	0 - 49	0-99	0-99	0 - 49	0-499	0-299	0-799	0-1199	0-1799	0-99	A
≥97 - <100%	B	50 - 99	100-249	100-249	50 - 99	500-1499	300-499	800-2499	1200-2999	1800-4499	100-249	B
≥88 - <97%	C	100 - 299	250-599	250-599	100 - 299	1500-4999	500-1499	2500-7499	3000-12499	4500-14999	250-599	C
<88%	D	300 +	600+	600+	300 +	5000+	1500+	7500+	12500+	15000+	600+	D



Suppliers are expected to be monitoring their own performance. When factors that may negatively affect performance in either delivery or quality, are in play, the supplier should be proactive in mitigating risk and in communicating with Motek.

When supplier performance falls below expectations Motek may select a supplier for performance improvement activities such as a SCAR supplier corrective action. This corrective action may be to address a temporary or special cause problem or to address an overall system weakness.

Failure to demonstrate that actions have been taken and improvements achieved will result in placing a supplier on new business hold.

MOTEK Contact Information

Motek - TEAM Industries
625 Second Avenue S.E.
Cambridge, MN 55008
(763) 689-1333
Fax (763) 689-3126

Business Hours: 7:30 a.m.– 4:30 p.m.
Receiving Hours: 6:00 a.m.– 12:00 midnight
Central time zone
Web site: www.motekeng.com
Email for suppliers:
moteksuppliers@team-ind.com

Supplier Shipping Instructions

Shipments are to be made in accordance with the regular method of conveyance indicated below. Exceptions must be authorized.

Motek Purchase Order number and POC (point of contact, attention, etc) must be listed in the reference section of the shipping information.

Deviation from routing indicated below without authorization will result in excess freight charges debited to your company.

NOTE: Motek allows shipments to be received 10 days early and 2 days late for monthly PPM tracking. Product must be received at Motek - TEAM Industries by date stated on the Purchase Order.

Method of Shipment	Route Via	Account Number
Parcel Ground Shipment (under 200 total lbs)	Primary Carrier: UPS Ground	556436
Int'l Parcel Air Shipment (under 150 lbs)	Primary Carrier: UPS Worldwide	556436
Less than truckload (shipments up to 15,000 lbs)	Primary Carrier: C.H. Robinson	Call 1 day prior
Truckload (shipments of more than 15,000 lbs)	Primary Carrier: C.H. Robinson	Call 1 day prior
Ocean (LCL & CL)	Primary Carrier: C.H. Robinson Phone: 800-891-0004	
TEAM Transportation (Shipping from Twin City Area)	TEAM Transportation	763-689-6839

C.H. Robinson's (CHR) Routing Guide for TEAM Industries

C.H. Robinson Contact Information

- Dedicated Motek - TEAM Industries operation phone #: 800-891-0004 (will roll to cell phone after normal business hours)
- Normal business hours: 7:AM – 5:00PM CST Monday-Friday
- CHR Contacts
 - Account Manager: Aaron Blumke (aaron.blumke@chrobinson.com)
 - Truckload/Consolidated Contact
 - Account Rep: KaLyn Weber (kayln.weber@chrobinson.com)
 - LTL Contact
 - Emergency Contact: Brent Weber (brent.weber@chrobinson.com)

Shipping Instructions

- Email orders to CHR (teamind.chrobinson.com) or fax them to 320-202-1798.
- Full truck load shipments require a minimum of 24-48 hours advance notice before pick up.
- Shipment request MUST contain the following information:
 1. Pick up dated and requested delivery date
 2. Pick up location, address, phone #, fax #, and shipping hours
 3. Motek - TEAM Industries PO#, SKU #, piece count per SKU #, and shipper pick up #
 4. Motek - TEAM Industries delivery destination(s)
 5. Accurate gross weight, case count/pallet count
 6. Trailer type and equipment, safety requirements
 7. If the load is "HOT" or needs expediting, it must be indicated.
- CHRW will reply to ALL on distribution within 30 minutes of receiving the shipment request email. If no response from CHRW is received within 45 minutes, please call 800-891-0004 to confirm no email glitches.

- If the carrier does not arrive at the estimated time, call CHRW immediately.
- Any changes to shipments spec after you have requested a pickup MUST be updated with CHRW immediately.

Customs Brokerage

- Weekend border crossings: So weekend staffing can be planned, C.H. Robinson must be notified of a weekend shipment by 4:00 p.m. Friday afternoon to ensure shipment transit is not delayed.

“Hot” or Expedited Shipments

- Expedited – Transit time requires team driver service, guaranteed delivery, short notice, or no other options are available and loads need to ship ASAP. Team service and/or guaranteed delivery rates apply.
- “Hot” – Standard shipping time applies and there is enough lead time to secure common carrier but a market rate may apply if CHRW needs to go outside normal carrier base to ensure coverage.
- Same Day Load – Depending upon the circumstances it could be either hot or expedited based on what the receiver is requesting for the product.
- Transit Time – normal loads are 500 miles per day commencing the day after loading.
- Charges – MOTEK will only pay for normal modes of transportation unless approved by the receiving TEAM facility. Any hot or expediting loads will either need to be prepaid by the shipper or authorized by MOTEK – TEAM Industries.

Packing List Requirements

- All shipments must be accompanied by a packing list. It must include:
 - Product description
 - Motek - TEAM Industries Purchase Order #
 - Motek - TEAM Industries SKU # and # units per SKU
 - # of skids, cartons, and total # of units
 - Gross weight of the shipment

Bill of Lading Requirements

- Please create a “master” Bill of Lading for your shipment (one master bill for each destination). The attached Bill of Lading form or one containing all the same information MUST be used for each shipment.
- Bills of Lading must include the following information:
 - Product description
 - Motek - TEAM Industries Purchase Order #
 - Motek - TEAM Industries SKU # and # units per SKU
 - # of skids, cartons, and total # of units
 - Gross weight of the shipment

- Each Bill of Lading must also include the following to ensure your company is not billed for freight charges:

Bill To 3rd Party Prepaid
 CHRRTL
 14800 Charlson Road
 Eden Prairie, MN 55347

- Please fax a copy of the bill of lading to CHRW at 320-202-1798 after shipment has been picked up. The Bill of Lading should have the carrier’s pro-number.

Transit Packaging Instructions

- Pallets

Shipments must be made on standard 48" x 40" four way entry wood pallets. Pallets must be arranged in uniform interlocking positions. They must be securely shrink-wrapped or banded and may not exceed 54" in height measured from the floor. Individual cartons may not exceed 45 pounds in weight. Motek - TEAM Industries WILL NOT be responsible for the exchange or return of pallets. Any additional fees incurred will be levied against the shipper. Overseas shipments picked up at the piers do not need to be on skids.

- **Cartons**

Cartons must be stacked so that our standard markings are visible on the exposed sides of each carton. Those markings are as follows:

- Product Description
- Motek - TEAM Industries PO # and SKU #
- Bar Codes
- Quantity per Carton

- **Packing Slip**

The packing slip must be in total agreement with the purchase order and must be presented to the driver when the freight is picked up.

- **Misc.**

The supplier must adhere to all published federal, state and local regulations regarding the packing and shipping of hazardous material.

Failure to Comply

All freight must be shipped in accordance with the above instructions unless otherwise authorized by Customer. Any additional handling charges incurred for non-compliance may be levied against the vendor.

C.H. Robinson Int'l

General Handling Procedure for all Import Freight

Ocean Freight

- Purchase order is placed with overseas vendors by U.S. importer C.H. Robinson (CHR) has the capability if required to trace each shipment by purchase order (SKU level).
- Vendor Notifies CHR overseas office of shipment ready date. CHR overseas initiates carrier booking based on this initial information.
- CHR overseas agent advises CHR Minneapolis; who in turn generates a Booking Advice, which is faxed to importer. The Booking Advice contains general shipment details as well as anticipated sailing schedules. The Booking Advice is at a minimum sent 2-3 days prior to vessel sailing therefore it is not an absolute confirmation that the freight is on board. This does however allow final customer to confirm whether or not they want this shipment to move via ocean or some other mode of transportation. Another option of notification is a spreadsheet with similar details instead of fax.
- If any questions arise with the vendor or CHR overseas office, they get confirmation from CHR Minneapolis and importer at this time
- CHR Minneapolis dictates any needed changes with overseas. If no changes are needed then shipment proceeds as booked.
- Once vessel has sailed, CHR overseas confirms movement of freight, generally 2-3 days after vessel sails port of origin. We receive an internal Arrival Notice which we in return generate an import freight Pre-Alert containing piece count, weight, cbm and container number(s). This is your confirmation freight has departed origin, and vessel information and transit times are re-confirmed. Again, this information can be communicated on a per shipment basis or emailed spreadsheet.

- If CHR is handling the customs clearance copies of the import freight pre-alert are given to the brokerage department at this time. At this time the brokerage department will be verifying that all documents (i.e. invoice, packing list, house bill of lading, etc.) needed for clearance are received and in order.
- CHR operations continually monitor inbound movement of freight and arrival of the intended vessel; updates are generated to the importer on an exception basis.
- Arrival of freight into the U.S. ocean port is critical for two reasons: First, there is the potential for delay during transition from the pier to the rail, so we constantly monitor this. Second, once we have obtained I.T. information we can file with U.S. customs up to 4 days in advance of arrival at final destination. For cargo terminating at port entry can be filed up to 48 hours prior to arrival. This generally allows us to have freight cleared prior to arrival at final destination. #Note: if shipment is quota, requiring a Visa, these shipments can only be filed once the freight is confirmed at final destination.
- Once shipment arrives at final destination (either port or rail ramp in case of full containers, and terminal in case of LCL shipments) CHR checks to verify clearance and then dispatches shipment as per instructions and previous agreement set up with importer.

Air Freight

- Air freight procedures are similar to above ocean procedures; however because airfreight transit times are much faster no Booking Advice is generated, only an Import Freight Pre-Alert (this is sent 1-2 days prior to departure). Pre-Alert information from overseas usually includes a full set of documents. Based on final destination, CHR will route freight directly to the first major international airport, which logistically make the most sense. CHR will generally terminate the flight at this point so we can take immediate control of freight. Since we have full set of documents and all other particulars for clearing freight from the airline we can make an immediate filing with customs (assuming no Visa requirements) as soon as freight arrives first U.S. port of destination (airport). Clearance can be made once airplane is confirmed landed, not in advance.

Appendix A – Management of Change

The following table details and clarifies what changes will require that the supplier notifies the customer.

Change	Requirement	Clarification or examples
Process changes	Change in test/inspection method, equipment, or new technique (no effect on acceptance criteria)	Motek and its suppliers should have evidence that the new method or equipment provides results equivalent to the previous method or equipment
	Change in equipment.	Examples are new equipment, alternate or additional equipment, replacement, or change in size.
Manufacturing location changes	Production from tooling and equipment transferred to a different plant site or from an additional plant site.	Production process tooling and/or equipment transferred between buildings or facilities in one or more sites.
	Tooling or equipment moved to a different location within the same plant (unless designed to be mobile).	Based on lean manufacturing initiatives, some equipment is designed for mobility, i.e. on wheels with quick disconnects. Equipment of this type generally does not require disassembly, or special preparation prior to movement, nor activities such as re-leveling or realignment, subsequent to a move.
Material composition changes	Use of other construction or material than was used in the previously approved part or product.	For example, other construction as documented on a deviation (permit) or included as a note on the design record and not covered by an engineering change.
	Additionally, for bulk materials: New source of raw material from new or existing supplier. Change in product appearance attributes.	These changes would normally be expected to have an effect on the performance of the product.
Tooling changes or modifications (excluding normal maintenance)	Production from new or modified tools (except perishable tools of the same grade and type), dies, molds, patterns, etc., including additional or replacement tooling.	This requirement only applies to tools, which due to their unique form or function can be expected to influence the integrity of the final product. It is not meant to describe standard tools (new or repaired of same make and type), such as standard measuring devices, drivers (manual or power), etc.
	Production following upgrade or rearrangement of existing tooling or equipment.	Upgrade means the reconstruction and/or modification of a tool or machine or to increase the capacity, performance, or change its existing function. This is not meant to be confused with normal maintenance, repair or replacement of parts, etc., for which no change in performance is to be expected and post repair verification methods have been established. Rearrangement is defined as activity that changes the sequence of product/process flow from that documented in the process flow diagram (including the addition of a new process). Minor adjustments of production equipment may be required to meet safety requirements such as, installation of

Change	Requirement	Clarification or examples
		protective covers, elimination of potential ESD risks, etc. These changes can be made without customer approval unless the process flow is changed as a result of this adjustment.
	Product produced after the tooling has been inactive for volume production for twelve months or more.	For product that has been produced after tooling has been inactive for twelve months or more: Notification is required when the part has had no active purchase order and the existing tooling has been inactive for volume production for twelve months or more. The only exception is when the part has low volume, e.g. service or specialty vehicles. However, a customer may specify certain PPAP requirements for service parts.
Sub-supplier changes	Change of subcontractor for parts, non-equivalent materials, or services (e.g.: heat-treating, plating).	Suppliers are responsible for approval of subcontracted material and services.
	Product and process changes related to components of the production product manufactured internally or manufactured by subcontractors. Additionally, Motek and its suppliers shall concur with any requests by a subcontractor before submission to the customer.	Any change that affects customer requirements for fit, form, function, performance, and/or durability requires notification to the customer. NOTE: The fit, form function, performance, and/or durability requirements should be part of customer specifications as agreed on during contract review.
Warehousing changes	Storage or labeling of product for materials related to Motek.	Any changes that relate to agreed safety stocks between supplier and Motek. Changes to labeling and identification of Motek production materials. Preservation of product changes.
Packaging changes	Change to packaging, box quantities, and carton dimensions.	Changes that occur due to box size quantities, type of packaging and other materials being used to store and ship materials.
Delivery method changes	Shipment changes from supplier to Motek	Any changes for in-bound freight to Motek that is outside the previous arrangements must be approved prior to shipment to Motek.

Supplier's Acknowledgement of Receipt

MOTEK's Supplier Manual is being provided to you as the basic requirements for doing business with Motek - TEAM Industries Inc.

Please complete the acknowledgement of receipt block on this page, and return. Please note that we are asking you to acknowledge receipt of the Motek Supplier Manual as well as your company's willingness to comply with the manual's requirements.

Complete this acknowledgement and return within 30 days receipt.

ACKNOWLEDGEMENT OF RECEIPT
MOTEK Supplier Quality Assurance Manual
Acknowledgement of Receipt and Date of Compliance

Received By: _____ Date: _____

Print Name: _____ Company _____

Please return a copy of the completed form to:
The Attention of: MOTEK –TEAM Industries Purchasing Dept.
FAX (763) 689-3126
richrooney@team-ind.com