Montaplast of North America, Inc.

Supplier Quality Manual

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1.0 Purpose

The purpose of this manual is to communicate the requirements and expectations of Montaplast to its supply partners. It is our intent to develop long term business relationships with partners who are able to add value and consistently meet quality and delivery requirements at a competitive price. This manual is intended to assist suppliers in their understanding of those requirements. Please direct any questions or concerns regarding these requirements and expectations to your purchasing agent.

2.0 Scope

The contents of this manual apply to all Montaplast suppliers of material and services intended for use in production. The manual covers the aspects of the business relationship related to quality and delivery including processes involved in making supplier ranking and sourcing decisions.

3.0 Quality System Requirements

Montaplast encourages its suppliers to develop and continually improve their quality system with a focus on defect prevention, reduction of variation, continuous improvement, and corporate responsibility to the community and the environment.

Montaplast gives preference to suppliers who maintain certification to ISO TS16949. Also, ISO 9001-2008 is acceptable, but is not preferred. If a supplier is not currently certified then a plan to obtain certification must be submitted to their Purchasing Agent and the status updated regularly.

At this time, Montaplast will consider retaining or adding a supplier to the "Approved Supplier List" if they are able to achieve a passing score on a Supplier Quality System Audit. See the section 5.0 for details.

4.0 Approved Supplier List

Montaplast evaluates and selects suppliers based their ability to add value and consistently meet quality and delivery requirements at a competitive price. A supplier must be on the Approved Supplier List in order to be considered for new business. Grounds for removal from the Approved Supplier List include but are not limited to; inability to achieve a passing score from a Supplier Assessment Audit, failure to meet quality and delivery requirements, failure to take appropriate measures to correct a reported deficiency, failure to respond appropriately to requests for support, inability to provide products and services at a competitive price, or failure to maintain acceptable performance levels. Supplier performance metrics are maintained and utilized for this purpose. New suppliers may be considered for inclusion on the Approved Supplier List after they successfully demonstrate their capabilities during a Supplier Assessment Audit.

5.0 Supplier Assessment Audit

The Supplier Assessment Audit is a tool that we use to evaluate a supplier's ability to meet our quality and delivery requirements, evaluate a supplier's quality system, and identify opportunities for continuous improvement activity.

Our suppliers are expected to cooperate with and participate in a Supplier Assessment Audit when requested. Efforts will be made to provide adequate time to make the appropriate arrangements prior to an audit.

The following is a list of events which would likely result in an audit: (Please note that this list is not exhaustive).

- A Supplier which is new to Montaplast
- A Supplier which is new to a specific technology, program, and/or OEM customer
- A Supplier which begins shipping to Montaplast after more than a year of inactivity
- A Supplier which is making parts from a process that is new to Montaplast
- A Supplier which makes a change to the manufacturing process or moves an operation to a different facility*
- A Supplier which is struggling to satisfy our quality and/or delivery requirements

* Suppliers are prohibited from moving an operation or making a change to the manufacturing process without prior notification and approval by the Purchasing Agent and the Quality Contact, see Section 9.0 for details.

Audit results and a Supplier Assessment Report will always be made available to the supplier within a reasonable amount of time after the audit.

6.0 Advanced Product Quality Planning (APQP)

It is Montaplast's expectation that all of our partners fully understand and utilize APQP activities to facilitate the communication of product quality expectations and to ensure that capable systems and processes are in place to produce world class quality and thus assure start-ups and transitions which are free from interruption. Montaplast's expectation is that suppliers manage the APQP process in order to meet timing targets provided by Montaplast at the time of kick-off. The timing for APQP activity is driven by our customer, therefore we are not in a position to negotiate the timing of related APQP activities. We will communicate the appropriate schedules to our supplier as early in the process as practical. Where necessary, Montaplast will support its suppliers' efforts in the development and implementation of the documents, processes, and systems necessary for the successful implementation of APQP activities. It is the supplier's responsibility to request this support well enough in advance to achieve a successful launch.

Montaplast may conduct a Launch Readiness Review at the supplier's facility. This will include a review of the process and associated documentation and systems. Suppliers may be required to run Production Trials (Run at Rate)

in order to determine the capability of their process to meet required production rates and quality levels. Should supplier trials prove unsuccessful, we will jointly take corrective actions to protect Montaplasts' APQP timing. It is the responsibility of the supplier to notify Montaplast of any development or circumstance which may prevent them from meeting the required production rate and quality levels as soon as they are known.

7.0 PPAP Submission

It is Montaplasts' expectation that all of our partners fully understand how to prepare and submit a PPAP following the guidelines presented in the AIAG reference manual. Where necessary, Montaplast will support its suppliers' efforts in the development and implementation of the documents, processes, and systems necessary to create an acceptable PPAP. It is the supplier's responsibility to request this support well enough in advance to achieve a successful launch.

A level three PPAP along with 300 sample parts must be submitted for approval for each part number. In some cases a part family submission may be considered, contact Montaplast for details. Parts cannot be accepted at our dock if they do not have PPAP approval. Pre-PPAP approval samples must be sent with a PPAP SAMPLE tag in order for the parts to be received and delivered to Montaplast Quality Contact for review and approval. The PPAP SAMPLE tag is included in the FORMS section of this manual.

At times our customers have specific requirements which must be passed along to our suppliers. This is particularly true of the PPAP process. It is

advisable to discuss the details of the PPAP package contents and due date(s) with the Montaplast Quality Contact before you begin preparation.

Suppliers are expected to manage a similar approval process with their sub-suppliers. Oftentimes, we will request copies of the approval documentation issued to your sub-suppliers.

8.0 Temporary Deviation

Montaplast will not accept non-conforming materials without a formal approved Temporary Deviation. If it is necessary for a supplier to request a temporary deviation for a non-conforming issue, then it is the supplier's responsibility to inform Montaplast in writing as soon as possible. All temporary deviations will have an end date or total quantity. The process to gain approval for a temporary deviation may carry administrative charges which will be passed to the supplier.

If you believe it may be necessary to ship non-approved or nonconforming parts, then make formal contact with your Purchasing Agent and Quality Contact as early as possible.

Be aware that the granting of a temporary deviation does NOT mean that the parts can not be subsequently rejected for additional non-conformities. The temporary Deviation Form can be found on this Montaplast website. The Deviation Form should be detailed by the supplier and forwarded to the Montaplast buyer.

9.0 Process Change Request

At times it is necessary or desirable to change a process at some point in time after the initial PPAP has been approved. Following is a list of specific changes which would be defined as a Process Change and, as such, would require Montaplast's approval before taking action to make the change. The list is NOT exhaustive. It is necessary to check with your Purchasing agent and Quality Contact before making *any* change.

- Change in the manufacturing process and or tooling
- Additional capacity to tooling currently approved for mass production
- Manufacturing location changes
- Sub-supplier changes
- Changes to planned inspection activity as per the Control Plan

Any changes that are made prior to the initial PPAP approval must be incorporated into the original PPAP and the PPAP must be re-submitted along with an explanation of the changes.

Regardless of whether a proposed process change has been initiated by Montaplast or by the supplier, it is the supplier's responsibility to complete a Process Change Request form and to obtain the necessary signatures indicating approval before making any changes. The Process Change Request form can be found in the FORMS section of this Website.

The supplier will be held fully responsible for any financial loss including but not limited to loss of productive time at the Montaplast operation, sort and rework costs, labor and component costs of affected product, OEM downtime charges, OEM campaigns, and OEM warranty chargebacks that occur in

conjunction with making any changes without prior written approval from Montaplast.

It will be necessary to make advance arrangements with Montaplast regarding safety stock and changeover timing. Be aware that changes of this nature may have to be managed with our customer as well. Make contact with Montaplast's Purchasing Agent and Quality Contact to make appropriate arrangements prior to taking steps to change any process.

10.0 Engineering Change Request (ECR)

At times it is necessary or desirable to make a permanent change to a part or drawing at some point in time after the initial PPAP has been approved. If these changes are recommended by the supplier, then it is the supplier's responsibility to complete the Engineering Change Request form and to obtain the necessary signatures indicating approval before making any changes to their parts or processes.

The supplier will be held fully responsible for any financial loss including but not limited to loss of productive time at the Montaplast operation, sort and rework costs, labor and component costs of affected product OEM downtime charges, OEM campaigns, and OEM warranty chargebacks that occur in conjunction with making any of these changes without prior written approval from Montaplast.

It will be necessary to make advanced arrangements with Montaplast regarding safety stock and changeover timing. Be aware that changes of this nature will have to be managed with our customer as well. Make contact with

your Purchasing Agent and Quality Contact to make appropriate arrangements prior to taking steps to make any changes. All approved engineering changes must go through the PPAP process and be re-submitted to Montaplast. The Engineering Change Request form can be found in the FORMS section of this website.

11.0 Problem Resolution

In the event that nonconforming material or services are discovered, Montaplast will issue a Supplier Material Rejection Report (SMRR). At Montaplast, we firmly adhere to the principal of not accepting non-conforming material, not making non-conforming material, and not shipping non-conforming material. Our definition of non-conforming material includes:

- material which does not meet the specifications indicated in the drawing or design.
- material which is not fit for use as indicated by the defective conditions it creates in the mating parts.
- material which is not fit for processing as indicated by excessive or extraordinary line stoppage and general inefficiency of our production process.

Non-conformances in supplied product that are found by our customer are dealt with more severely.

11.1 Feedback

Suppliers are expected to provide feedback, and to report their findings in an appropriate manner. In most cases, a corrective action report will be required. The supplier's ability to contain nonconforming product, to be cooperative, and to

make a thorough report of the root cause and effective countermeasures in response to an SMRR issue will be positively reflected in the supplier performance metrics.

11.2 Containment

Within 24 hours of notification of defective parts, suppliers must:

- Implement containment
- Report containment methods and methods to identify certified material
- Inform Montaplast of the plan to replace suspect material
- Identify short term corrective actions
- Send initial Corrective Action Response (8D).

Containment activity must be capable of successfully screening all nonconforming material. It is Montaplast's expectation that all of our partners fully understand the criticality of preventing nonconforming product from being shipped to Montaplast. If the supplier is unwilling or unable to implement or maintain effective containment, Montaplast reserves the right to sort and/ or rework suspect material at the expense of the supplier.

If containment is breached, all certified product must be re-certified. If repeated failures in containment occur or when deemed otherwise necessary, Montaplast will implement third party containment activity at the supplier's expense. The necessity of third party containment will reflect negatively on supplier performance metrics. Repeated containment failures may lead to being placed on business hold. Montaplast will support its suppliers' efforts in the development and implementation of the documents, processes, and systems necessary to create and implement successful containment activity. It is the

supplier's responsibility to request this support well enough in advance to prevent containment failure.

If you wish to have non-conforming material returned, you must provide a Return Material Authorization (RMA) within 48 hours of notification. The supplier is responsible for making shipping arrangements and for the shipping costs. In most cases this is best handled by making sure we have an accurate 'ship to' address and a UPS or FedEx account number on file. Please note that the supplier's failure to provide an RMA will not relieve them of their responsibility regarding the issue. If an RMA is not provided in a suitable amount of time, then Montaplast will return the material at the supplier's expense.

11.3 Corrective Action

Within 10 business days of the SMRR issue date, suppliers must submit a corrective action report. It is Montaplast's expectation that all of our partners fully understand how to use modern problem solving tools, and prepare and submit an acceptable corrective action report following the guidelines presented in the AIAG reference manual. All corrective action reports must be submitted in English. When necessary, Montaplast will support its suppliers' efforts in the development and implementation of the documents, processes, and systems necessary to create an acceptable corrective action report. It is the supplier's responsibility to request this support well enough in advance to meet the timing indicated on the SMRR.

The supplier is welcome to use any reasonable format provided the report includes: identification of key team members, detailed problem description, containment activity, validation of containment effectiveness, root cause of issue,

escape or non-detection of issue, quality system failure, permanent corrective actions, validation of corrective action, and action to prevent recurrence. Suppliers are welcome to utilize the Montaplast 8D form which satisfactorily addresses all of the required elements. Form can be found on the Montaplast website.

Extensions may be requested. Extensions are more likely to be granted if a problem is relatively difficult or complex and the supplier has demonstrated significant progress and documented clear plans to complete the report. Extensions cannot be granted when they are requested after the due date has passed.

Montaplast will review the final SMRR response and corrective action report in a timely manner. If any deficiencies are found, then the supplier will be notified immediately and asked to revise and resubmit the corrective action. It is the supplier's responsibility to negotiate for additional time needed to comply with those requests. Timely closure of SMRR issues will reflect positively on the supplier's performance metrics.

12.0 Supplier Development

12.1 Supplier Performance Metrics

Montaplast is actively engaged in the collection of data relating to the performance of our suppliers in terms of their ability to add value and consistently meet quality and delivery requirements at a competitive price. The primary purpose of this activity is to assist with supplier selection process. In addition we may publish the results of this assessment periodically in an effort to provide

feedback to individual suppliers and to provide a benchmark for our suppliers as a group. Be aware that your performance score may be made public. However, pricing, specific quality issues, and improvement activities will be kept private.

12.2 Supplier Presentation

Suppliers who are involved in specific issues which have a major impact on our ability to provide defect free product to our customers, as well as, suppliers who have very poor or consistently poor performance metrics, may be required to come to Montaplast to present their recovery plan to our management. Suppliers will be notified of required meetings in advance in writing. Delegates from the supplier's plant management and quality management will be asked to make a presentation detailing their current status and management's plan to recover from the current issues.

12.3 Special Audit Visit

It is Montaplast's expectation that our suppliers will provide access to the tools and facilities which are used in the production of goods and services we purchase. Suppliers who have had specific issues, as well as, suppliers who have very poor or consistently poor performance metrics, may be visited by representatives of Montaplast. Other reasons we may schedule a visit include a Supplier Assessment Audit or a Launch Readiness Review. In any case, we will provide adequate notice for necessary arrangements to be made. We require the supplier's cooperation and participation with these visits. Any specific expectations which arise from the activity of the visit will be recorded and distributed in a timely manner.

12.4 Business Hold

Suppliers may be placed on Montaplast's business hold list if the supplier demonstrates that they are not capable of adding value and consistently meeting quality and delivery requirements at a competitive price, or have become financially unstable. The supplier will be notified in writing by the Purchasing agent upon being placed on Business Hold.

Suppliers who wish to be removed from Business Hold must demonstrate that they have corrected the issues which resulted in their current status and must provide a compelling case in a written presentation to Montaplast demonstrating their commitment to maintain their status as an approved supplier. A supplier which has satisfied these requirements may be returned to the Approved Supplier List at the discretion of the Vice President of Purchasing.

12.5 Cost Recovery

It is Montaplast's expectation that our suppliers willingly share the costs of poor quality associated with non-conforming product that is supplied to Montaplast. These costs may include, but are not limited to:

- Labor and administrative costs associated with sorting and/or reworking suspect material
- Premium freight costs
- Montaplast assembly line downtime costs
- Any charge levied against Montaplast by the OEM including Line Down charges
- Staff time and travel expense
- Third party containment costs
- Costs associated with the disposition of nonconforming material
- Extraordinary Testing and/or Inspection expense
- Labor and administrative costs
- Costs to utilize overtime at Montaplast to meet our shipping schedule.

All specific costs will be recorded and itemized. Suppliers will then have 10 days to dispute the charges. Disputes should be presented formally to your Purchasing Contact and include specific reasons for the denial of the specific charges not agreed to along with supporting evidence. If there is no response from the supplier within 10 business days, Montaplast will consider this lack of response as acceptance of the charges. Accepted charges will be taken against the appropriate Credit Memo issued by the supplier, or debited from the supplier's payment for goods received.

12.6 Montaplast Expectations

It is Montaplast's expectation that suppliers seek and obtain the necessary training in order to effectively complete and report the following tasks:

- APQP
- PPAP
- Corrective Actions

13.0 Delivery Requirements

It is Montaplast's expectation that all of our partners fully understand the importance of providing the right material at the right time at all times. Where necessary, Montaplast will support its suppliers' efforts in the development and implementation of the documents, processes, and systems necessary to achieve this goal. It is the supplier's responsibility to request this support well enough in advance to be successful.

Please note that early delivery or excess quantity constitutes a delivery failure and will be treated as such with regard to the supplier's performance metrics. If a supplier will be unable to meet the delivery requirements, it is the supplier's responsibility to notify Montaplast as soon as possible, and to make satisfactory arrangements to recover the schedule. Repeated failures to meet delivery requirements will reflect negatively on the supplier's performance metrics and may result in an issuance of an SMRR and a request for an 8D report including a permanent corrective action. Any costs associated with the supplier not meeting Montaplast's delivery requirements will be charged to the supplier.

14.0 Packaging Requirements

14.1 Packaging

It is Montaplast's expectation that product shipped to our facility be packaged and prepared for shipment in a consistent and acceptable manner. The approved packaging design, materials, and procedure are to be outlined in a packaging approval document which has been agreed to and signed by a

management level representative from the supplier and by the Purchasing Agent at Montaplast. Product which is shipped to Montaplast in packaging that does not conform to the packaging approval document will be considered as nonconforming product. As such the supplier will be held responsible for any costs of poor quality associated with non-conforming product as outlined in section 12.5, Cost Recovery. Furthermore an SMRR will be issued as a means to ensure permanent corrective action. The Packaging form can be found on this Montaplast website.

14.2 Labeling

It is Montaplast's expectation that each container of product that is shipped to our facility is properly and accurately identified by a label which includes the correct Montaplast part number, quantity, date shipped, and applicable lot number information. In addition all labels must meet or exceed current automotive standards. Any container which is not properly and accurately labeled will be considered to be non-conforming product. As such the supplier will be held responsible for any costs of poor quality associated with non-conforming product as outlined in section 12.5, Cost Recovery. Furthermore an SMRR will be issued as a means to ensure permanent corrective action.

15.0 Forms
(To be added at a later date. Please request forms from Montaplast Purchasing or SQE departments in the interim timeframe.

15.1 PPAP Sample Tag

15.2 Temporary Deviation Request

15.3 Process Change Request

15.4 Engineering Change Request

15.5 Corrective Action Report (8D)

15.6 Packaging Approval

15.7 Run at Rate