Montaplast of North America, Inc. | 2011 Hoover Blvd, Frankfort KY 40601

# Supplier Quality Manual

Dear Valued Business Partner,

The Montaplast, NA Supplier Quality Manual contains mandatory requirements and other important information about Montaplast quality requirements for all of our direct material suppliers.

Montaplast, NA requires acknowledgement of and adherence to the manual by way of your signature below. Our SQE and/or the Buyer may contact you to request your signature on the cover page.

If you have any questions, comments, or concerns regarding the content of this manual please feel free to send us an email at FFSuppQuality@montaplast.com.

## Table of Content

# 1 Introduction

Montaplast of North America, Inc [Referred to as Montaplast, NA] Supplier Quality Manual [Referred to as the SQM] is the guiding document to ensure that our supply chain understands the expectations and requirements of Montaplast, NA [Referred to as MoNA] and its customers regarding the quality of the products provided. In order to achieve the highest standard, we need a quality oriented, competitive and cooperative supply base. In order to achieve this goal, a strong quality management system is required, in which the supply base plays an integral role.

It is Montaplast philosophy that our goals can only be achieved through a close relationship with its supply base. In order to ensure success, we are dedicated to these aspects:

- Open Communication
- Process Stability
- Zero Defects / Zero Tolerance
- Adherence to Delivery Dates with 100% On Time Delivery
- Performance Evaluations
- Continuous Improvement

The goal is to continuously improve all aspects of the supply chain through collaboration, planning, and implementation of superior strategies in order to achieve sustainable and profitable growth for both Montaplast and its supply base.

# 2 Purpose

The SQM outlines the basic requirements for the quality and environmental management of Montaplast, NA. By fulfilling the quality and environmental requirements, through continuous improvement activities in all aspects of the company and customer satisfaction, and our mutual economic success.

As part of the quality management, the supplier shall carry out advanced quality planning, quality control, quality assurance, and continuous improvement activities that align with Montaplast, NA philosophies. By utilizing all the available tools, we are able to achieve the highest level of product and process quality. To ensure that this is achieved all deliveries and services within the supply chain must fully comply with the agreed and legal requirements.

The SQM also incorporates many aspects of the various OEM customer specific requirements and VDA requirements.

## 3 Scope

This manual applies to all production, non-production, and service suppliers, in North America. The validity of this manual is confirmed with the agreement of the Montaplast, NA framework contract. Compliance with the requirements defined within this manual, as well as to the applicable version of the Montaplast, NA Purchase Order Terms & Conditions is mandatory.

By accepting a purchase order, you are accepting the terms defined with the terms & conditions and agreeing that no other terms apply, whether contained in the supplier's acceptance, quote, proposal, invoice, acknowledgement, or otherwise.

This manual, along with any applicable associated documents shall form part of every inquiry and every order. This shall also apply to all future business relations for the purchase of supply items.

Our aim is to create a favorable business environment for both Montaplast, NA and our suppliers. Together we will strive towards exceptional customer satisfaction in an environment that supports continually improving costs, quality, social responsibility, efficiencies, productivity, and ultimately profits.

Montaplast, NA recognizes its production, non-production, and service supply base as an extension of its business and the need for consistent suppliers on a global basis for sustainable collaboration.

To ensure that the suppliers meet the Montaplast, NA requirements and the OEM customer requirements the following documents apply, in their current edition:

- ISO 9001
- IATF 16949 (including, SI's and FAQ's)
- ISO 14001
- VDA Quality Management in the Automotive Industry Volumes
- AIAG (Automotive Industry Action Group) guidelines in the automotive industry (PPAP, MSA, SPC, APQP, FMEA, Sustainability, CQI-19)
- CCC / CQC (China Certification)
- OEM Customer Specific Requirements (CSR)

**In the event of a difference between the OEM standard requirements and the Montaplast, NA requirements, the higher and stricter requirements remain binding.**

## 4 Supplier Communication to Montaplast, NA

It is required that all suppliers meet or exceed the following:

- Supplier communication to Montaplast, NA will be pro-active and will include notification of all sub-suppliers / sub-contractors issues that could affect Montaplast, NA and/or its customers. All communications are to be done in English.
- Suppliers can communicate to and with Montaplast, NA in another language if this is agreed upon in advance between the Supplier Quality Department and the Montaplast, NA buyer in writing.

- It is Montaplast, NA's expectation and the responsibility of the awarded supplier that all Montaplast, NA's and any applicable customer specific requirements and any changes made to awarded products are cascaded down to their sub-suppliers, including pass thru parts. Failure to meet this expectation could result in one or more of the following:
  - Onsite audit of the awarded supplier and/or sub-supplier for conformance to required quality management system.
  - Rating change to a high risk supplier, to trigger an improvement plan and/or additional monitoring.
- All requests for authorization of any proposed material changes, process changes, or moves of production locations (including internal moves, i.e. from one machine to another that was not a part of the original PPAP submission) must be submitted in writing 60 days in advance to your representative buyer.
- Early notification of any potential supply / capacity issues must be communicated, in writing to your Montaplast, NA representative buyer.
- Contingency planning strategies must be in place for all manufacturing facilities that ship to Montaplast, NA. They must be available for review upon request by either the supplier quality group or purchasing group. Contingency plans are also subject to audit evaluation as part of our conformance to the IATF 16949 quality standard (6.1.2.3 – Contingency Plans), VDA, and any other customer specific requirement.
- Upon completion of a program, suppliers must ensure that all tooling, gauges, or other secondary equipment are clearly identified and properly stored to prevent damage and is readily available to meet any service requirements.
- All tools, molds, dies, fixtures, secondary equipment, and gauges specific to the Montaplast, NA program, either directly paid for by Montaplast, NA or included in the piece price are property of Montaplast, NA and/or our customers. Montaplast, NA reserves the right to document ownership and possessory rights for tools and other property under a bailment agreement, in addition to the bailment terms in the Montaplast, NA Purchase Order Terms & Conditions.
- Suppliers must acknowledge that the achievement of Zero Defects and 100% On Time Delivery are fundamental objectives for quality and delivery performance. Suppliers are required to monitor their performance via the company provided scorecards.
  - Evidence of corrective actions to a poor quality and/or delivery rating, such as action plans or other tools are to be made available upon request.
- Risk Management: To ensure ethical and environmental responsible practices, we require our suppliers to have a comprehensive management system in place for conducting due diligence. This system must extend not only within your own organization, but also to your direct suppliers. This refers to various measures such as contractual agreements, a procurement policy for sustainable suppliers.
- At the start of each new year, Montaplast, NA sends out an acknowledgement letter reminding the supply base of their commitments to provide us with the following:
  - Updated ISO9001 / IATF16949 certification (Which ever certificate applies)
  - Updated ISO14001 certification (Where applicable)
  - Updated ISO45001 certificate (Where applicable

- Signed acknowledgement to test your contingency plans based on IATF 6.1.2.3 and IATF Sanctions and Interpretations #3. Results of test plan shall be available upon request.
- Completed CRMT (Conflict Minerals Report Template) – Link: https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/
- Completed ERMT (Extended Minerals Report Template – Cobalt & Mica) – where applicable. Link: https://www.responsiblemineralsinitiative.org/reporting-templates/emrt/

## 5 Responsibilities

The suppliers of products and/or services must meet all requirements listed in this manual and the corresponding appendices throughout the project and product term. This includes:

- Verifying that you have the most recent version of this manual on file, using the Montaplast Supplier Portal: https://www.montaplast.com/en/purchasing/service
- Ensure you have the most recent customer specific standard and requirements on file, are available, and understood.
- Ensure that these requirements are communicated and understood throughout your supply chain.

## 6 Language

The official language of Montaplast, NA is English. Communication between Montaplast, NA and the supplier takes place in English, unless agreed upon, in writing.

The Supplier Quality Manual is published in English. If translation to a different national language is required, please submit a formal request; in writing to your responsible buyer know. In the event of any deviations, the English version alone is binding.

## *7 General Expectations*

### 7.1 Sustainability Standards

Sustainability is a long-term and strategic factor for Montaplast and our supply chain. Our sustainability standards are based on the following three elements:

- Social Responsibility
- Responsibility for the Environment
- Ethical and Moral Responsibility

The sustainability provisions are based on the following internationally recognized principles:

- United Nations Global Compact (http://www.unglobalcompact.org.)
- ILO International Labor Standards (http://www.ilo.org)

- AIAG Guiding Principles Sustainability (http://www.aiag.org/corporate-responsibility)
- Organisation for Economic Co-Operation and Development (Https://mneguidelines.oecd.org/duediligence)
- World Organization for Animal Health (http://oie.int)

Supplier shall communicate the requirements of this Supplier Quality Manual to their supply chain through one of the following methods:

- Defined in their terms and conditions
- Through their Supplier Code of Conduct / Supplier Sustainability Policy
- Supplier Training
- Supplier Portal / Company Website

All suppliers are expected to be compliant with the environmental directives of our customers and applicable legal requirements including IMDS and where applicable REACH. Suppliers must be compliant with all required reporting activities, including any changes and/or updates.

It is our goal to ensure that all suppliers are aware of the conflict mineral rule under the Dodd-Frank Wall Street Reform and Customer Protection Act. This rule imposes a reporting requirement on certain US manufactures and contract manufacturers that file with the SEC. If conflict minerals are necessary to the functionality or production of the products of the SEC reporting manufacturer, the manufacturer must disclose whether their products contain conflict minerals (Tin, Tantalum, Tungsten, and Gold – AKA 3T&G) from the Democratic Republic of the Congo (DRC) or adjoining countries. All suppliers are required to complete the Conflict Minerals Reporting Template (CMRT) on an annual basis.

The supplier shall comply with any changes and/or updates to conflict mineral rules.

It is the responsibility of the supply base to adhere, report, and maintain records of compliance and to ensure that these requirements are cascaded down to their respective sub-suppliers, as well as, the collection and maintenance of any data.

### 7.2 Conflict Minerals

With the introduction of the “Dodd-Frank Act in 2012 (Conflict Minerals by section 1502), EU Regulation of Conflict Minerals of 2017, and UK Modern Slavery Action of 2017 the required information regarding the conflict minerals, substances of concern and minerals from Conflict-Affect and High Risk Areas through the supply chain shall be reported.

Under legislation which came into effect in 2012, manufactures who file certain reports with the U.S. Securities and Exchange Commission (SEC) must disclose whether products they manufacture or contract to manufacture contain conflict minerals that come from sources that support or fund inhumane treatment in the region of the Democratic Republic of the Congo or an adjoining country. To ensure compliance with SEC regulations, Montaplast, NA requests information on the source of conflict minerals (Via CRMT) from each supplier on an annual basis.

Link: https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/

Where applicable, Montaplast, NA requires its affected suppliers to submit Extended Mineral Reporting (Cobalt and Mica minerals) through the ERMT as part of their responsible sourcing.

Link: https://www.responsiblemineralsinitiative.org/reporting-templates/emrt/

### 7.3 Environmental Management

To ensure that Montaplast and its suppliers are meeting the necessary environmental protection standards for their respective market segment we require our supplier chain to have an established and maintained environmental management system.

This system shall include, all materials and substances used in the production of our parts and/or raw materials. Chemicals and other substances that are dangerous when released into the environment must be identified. Hazardous substances management shall be included in your environmental management system. Even though registration to ISO 14001 and/or ISO 45001 is not a requirement of Montaplast, NA, we require that our suppliers are able to demonstrate compliance to the ISO 14001 environment management system, through an effective environmental management system, which can be verified by a Montaplast, NA representative, if necessary.

The supplier agrees to comply with all applicable laws with respect to product content and warning labels, including the U.S Toxic Substances Control Act and other applicable laws in other jurisdictions.

### 7.4 Health and Safety

As employers, it is our responsibility to ensure that our employees have a workplace that guarantees occupational safety and health protection. It is the expectation that our suppliers strive to build a health and safety system that is built within the framework of both local and national regulations. This system shall support the constant improvements to the world of work.

### 7.5 Labor Management

The supplier shall agree to the following:

- Compliance with all applicable governmental job requirements, including modern slavery laws, within your business and supply chain.
- Ensuring all production or processing of products to be delivered are carried out without exploitative child labor in the sense of ILO Convention No. 182 (http://www.ilo.org)
- Compliant with applicable minimum wage laws
- Employee compliance with working hours in accordance with the applicable laws, industry standards, and/or the relevant ILO conventions. (http://www.ilo.org)
- Implementation of policies that prohibit trafficking, slavery, forced and/or involuntary work.
- Prohibition of any form of discrimination.
- Respect voluntary freedom of association. Workers must be able to communicate openly with management about working conditions without fear of reprisals.

### 7.6 Corruption and Compliance

Montaplast expects its suppliers to conduct their business in a socially and environmentally responsible manner and to adhere to the same principles in their supply chain. The compliance requirements include:

- Implementation of measures against corruption in all its forms, including extortion and bribery.
- Compliant with all applicable laws and regulations
- Integration of environmental, occupational safety, human rights and labor polices
- Evidence for fair competition and anti-trust, conflicts of interest, whistleblowing, and protection against retaliation.
- On request, clear, accurate and appropriate reporting to Montaplast, NA.

If you are a new supplier to Montaplast, NA then you are required to complete the appropriate onboarding documents provided by your responsible buyer.

All of Montaplast, NA suppliers are responsible for cascading these requirements down to their respective sub-suppliers and the collection of data from their supply base.

### 7.7 Product Materials Content Reporting (IMDS / REACH)

Product material content, weight, and recyclability, among other information necessary for IMDS (International Material Data System) / REACH (European Chemicals Agency) submission. Product containing substances of concern that are restricted and/or prohibited must comply with current legal customer requirements. Life cycle assessments data must also be required for specific programs / products.

**All suppliers must provide evidence of product data submission acceptance by Montaplast, NA with every PPAP submission and/or as requested. The part number(s) in the acceptance note must match the part number(s) submitted for PPAP. PPAP approvals or other approvals will not be granted for part number(s) not accompanying this documentation. Montaplast, NA suppliers are responsible for cascading this requirement and collecting data from their sub-suppliers.**

As required, all Montaplast, NA suppliers must re-submit their part(s) for re-approval per IMDS / REACH and any applicable customer requirements.

### 7.8 Product Safety, Product Liability

The manufacturing responsibility for the purchased parts built into Montaplast, NA final product is according to product liability law with the supplier and with its sub-suppliers. The supplier therefore has to do all organizational and technical feasibility to ensure the product safety of its parts and those of its sub-suppliers to minimize the risks of product liability.

Any product that is manufactured or contains a safety related products may require special approval by the customer or by Montaplast, NA internal processes. Documents are required to be retained for the life of the program and in accordance with the document retention requirements defined within this manual.

The supplier will also ensure the following:

- By means of appropriate series-accompanying quality assurance measures in the production control plan the likelihood of the occurrence of faulty products is minimized.
- The development of components ensures the necessary product safety and is secured by FMEA.
- Special consideration is given to product safety in quality planning (APQP).
- The quality capability of the manufacturing processes is ensured by means of appropriate measures as early as possible.
- The timely detection of faulty products in the production process is ensured by means of appropriate measures.
- Provide a PSCR (Product Safety & Conformity Representative) contact for your facility.
- Where applicable and in accordance with VDA and some customer specific requirements an annual product audit and self-audit will be completed. Documents are to be for a minimum of 15 years, post end of service.
    - At end of service, product audit must be completed with the retention of the last parts manufactured. Documents and parts will follow the same 15 year retention period.
    - The annual self-audit and annual product audit are to be made available upon request. **This includes all OEM directed suppliers**.

### 7.9 Supplier Quality Management System Registration and 3rd Party Customer Approval Guidelines

Montaplast, NA is compliant to IATF 16949 QMS Standard and all customer specific requirements as they apply to our automotive production and relevant service parts organization.

- Montaplast, NA requires their suppliers of automotive products and services to develop, implement, and improve a quality management system (QMS) with the ultimate objective of becoming certified to IATF 16949:2016.
- Supplier must utilize a risk based model to define the minimum acceptable level of QMS development and a target QMS development for each sub-supplier.
- A QMS certified to ISO9001 is the minimum acceptable level of development.
- For all 3rd party / sub-contracted service providers that are being utilized for the purpose of calibration and/or laboratory services, such as metrological services and/or physical testing, registration to ISO 17025 is required.

For the production suppliers who are developing their QMS systems, submitting a self-audit to Montaplast, NA responsible SQE and Buyer is required. This will be completed on an annual basis until the supplier is no longer producing automotive products or has acquired ISO9001 QMS certification.

In the event that the supplier's performance is in an escalated state, then an onsite visit/audit may be required. All onsite visits/audits will be conducted in accordance with the physical manufacturing location

of the supplier. Depending on the OEM requirements, the onsite audit will be conducted using either the Montaplast, NA supplier audit form or the VDA 6.3 process audit.

- New suppliers who are already possess a QMS certificate, shall submit their certificate for each manufacturing location.
- Current suppliers shall submit their renewed certificates for each applicable manufacturing location.
- Information on all certificates must match the name and address of record of the manufacturing location and must be verifiable through their registrar's website.

**Applicability Requirements:**

IATF 16949:2016 applies to organizations that manufacturer products that end up in the final vehicle assembly, including:

- Production Materials
- Production or Service Parts
- Assemblies
- All applicable CQI identified systems

Submission of your current / renewed quality management certificate and where applicable your QMS development plans are to be sent to your Montaplast, NA representative SQE & Buyer.

- All Montaplast, NA production suppliers are required to establish documents and implement an effective production, quality, and management system compliant with the above outline requirements, including all customer specific requirements.
- For those suppliers who have been identified as high impact / high risk, Montaplast, NA reserves the right to verify a supplier's manufacturing location or site compliance to the requirements defined within this manual by performing onsite audits.
- 3rd party certification does not relieve the supplier of the full responsibility for the quality of the product(s) supplied.
- Montaplast, NA requires all production suppliers to monitor their sub-supplier's quality management systems in compliance to IATF 16949 Clause 8.4 (Control of Externally Provided Processes, Products, and Services. This also includes IATF Sanctioned Interpretation #8 - 8.4.2.1 Type and Extent of Control Supplemental, with regards to the identification of outsourced processes and conformity of externally produced products, processes, and services to internal and external customer requirements, including pass through, directed buy, and consignment parts.
- Retention of your sub-supplier's 3rd party certification is required and to be available for review and verification upon request.
- In the event that the sub-supplier provides a proprietary material, is not registered and/or onsite verification is very impractical (limited resources and/or location), exceptions must be documented and approved by the responsible, Montaplast, NA buyer and Montaplast, NA SQE.

In conjunction with the IATF standard, Montaplast, NA is required to ensure that our customer specific requirements are properly cascaded down through the supply base. Therefore, Montaplast, NA requires

that all suppliers and their designated representatives have access to the most current customer specific requirements.

- IATF Oversight Website: Customer Specific Requirements – International Automotive Task Force
- Plant Representative: Responsible for identifying and communicating all customer specific requirements to their supply chain, as well as, ensuring their compliance to this requirement.
- Supplier Quality: As part of any on-site audit, the supplier quality representative is responsible for verifying conformance to the appropriate customer specific requirement. In addition, as requested by the supplier, Montaplast, NA supplier quality will provide insight and/or guidance to ensure conformance to the appropriate customer-specific requirement when called upon to do so.

### 7.10 Supplier Access & Audits

After reasonable notice and during normal working hours, unless circumstances dictate otherwise, the supplier shall permit Montaplast, NA and its customer's access to their supplier's facilities to review parts, processes, and documents used in the manufacturing of Montaplast, NA products to ensure that they meet the defined requirements. If needed, Montaplast, NA may use independent or its own auditors, at its discretion. These auditors represent Montaplast, NA and are there to review the processes, parts, and documents to ensure compliance to the necessary quality systems requirements.

Our suppliers are expected to participate with any audit requested. In some cases an onsite audit is not feasible, so the option for a virtual audit can be considered. The type of audit that can be requested will be determined by the status of the supplier.

| Supplier Status | Type of Audit | Reason for Audit |
|---|---|---|
| Potential Supplier | VDA Potential Analysis / QMS Evaluation / Special Audit | Supplier Evaluation / Capability / Capacity |
| New Supplier | VDA Process Audit / QMS Audit / Special Audit | Supplier Evaluation / Capability / Capacity |
| Current Production Supplier | Process Audit<br>Special Audit<br>QMS Audit / Evaluation<br>Self-Assessment / Self-Audit<br>Product Audit | High Impact / High Risk<br>Poor Performance (Yellow/Red Supplier Rating)<br>Customer Specific Requirement<br>Annual Assessment<br>Special Characteristics (I.e. D/TLD) |

In the event of one or more of the following, an onsite audit will be required, (***List is not all-inclusive, at any time Montaplast, NA reserves the right to audit a supplier facility and in some cases, the OEM SQE or other OEM representatives may participate in the audit / evaluation***):

- Potential new supplier
- New supplier
- Supplier with new technology and/or process awarded program and/or OEM customer.
- Supplier who has not shipped to Montaplast, NA in 12 months or more.

- Supplier who is making product from a process that is new to Montaplast.
- Supplier who has or is planning on making changes to the manufacturing process or moves the operation to a different location.
- Supplier who is high impact / high risk will be subject to annual audits in accordance to customer specific requirements, whether OEM or Montaplast, NA.
- Supplier who is a repeat / continuous poor performer and is now at a Yellow or Red rating.

**7.11 Contingency Plan**

Suppliers shall develop a contingency plan for potential catastrophes disrupting product flow to Montaplast, NA in accordance to IATF 6.1.2.3, and its sanctioned interpretations. Suppliers must validate the effectiveness of the contingency plans, through the use of simulations and at minimum on an annual basis. This must be done using a multi-disciplinary team and include members from top management.

In the event of an actual catastrophe, suppliers shall provide Montaplast, NA's authorized representatives access to all of Montaplast, NA or Montaplast, NA customer owned capital equipment. Suppliers shall ensure that they have sufficient property and liability insurance to cover the replacement of all equipment and sub-components used to manufacture products purchased by Montaplast, NA.

The supplier shall maintain adequate safety stock at their own cost for high-risk products.

Supplier must inform Montaplast, NA in case of a disruption generated from:

- Key Equipment
- Purchased material (components / raw material) shortages
- Natural disasters / Acts of God
- Fires
- Service disruptions
- Workforce shortages (including strikes and other labor topics)
- IT System / Cyber attacks
- Infrastructure disruptions

In case of sudden interruption, information must be assured to Montaplast, NA as soon as the information is known to the supplier, and in any case, no more than six hours from the interruption.

In case of expectable events the communication shall be sent in time to ensure Montaplast, NA to execute the appropriate contingency actions.

# *8 New Product Implementations / Pre-Launch Readiness*

## 8.1 Feasibility Agreements

A supplier-signed feasibility agreement shall be provide with each supplier quote. Technical, quality, manufacturing, engineering, purchasing, delivery and business requirements shall be obtained and reviewed by the supplier.

By submitting the quote, the supplier agrees to all requirements and obligations, as well as to be able to implement unrestrictedly the feasibility of the negotiable items.

Montaplast, NA requires the supplier to take a specific consideration of all product requirements, such as:

- Manufacturability (Execution of feasibility analyzes involving production technicians)
- Ability to assemble (Take effective design measure against assembly errors).
- Measurability (Verification together with measurement technicians).
- Availability of materials.
- Target price (Regular determination of the calculated production costs).
- Expected process spread and their importance for the product functions, etc.

## 8.2 APQP (Advanced Product Quality Planning)

APQP is initiated at the design concept of a program and runs through product launch for each new component. All Suppliers, regardless of component criticality, shall use a disciplined APQP process during the launch of new products for Montaplast, NA.

During the development cycle of any project, the design of the manufacturing processes must be planned to ensure zero defects and meet the capacity requirements provided my Montaplast, NA.

All suppliers shall provide APQP status reports for all new products in development as defined by your Montaplast, NA supplier representative.

All suppliers are required to establish a direct EDI or an alternative web EDI portal.

## 8.3 FMEA (Failure Mode Effect Analysis)

Montaplast, NA requires suppliers to provide a systematic and comprehensive analysis of the product risks and possible malfunctions over the service life of the awarded products. Product / Design / Process FMEA's must be implemented to ensure that potential problems are identified as early as possible and appropriate measures are taken to avoid such problems.

Commitment is given by each supplier to make a FMEA for each new contracted item and before the start of serial production, in accordance with the "AIAG / VDA Failure Mode and Effects Analysis – FMEA Handbook". The implemented FMEA is to be maintained for the life of the program, plus the life of service and shall be reviewed on an annual basis to ensure that the document remains update.

A process FMEA must always be implemented and provided with the PPAP submission. Even, if the supplier is not design responsible. However, if the supplier has full and/or partial design responsibility a design FMEA must also be prepared and implemented. The FMEA must consider all interfaces with the components, transport, assembly, and environment.

Characteristics such as process and machine capability analysis and special characteristics must be respected in both the control plan and FMEA.

As a starting point for process FMEA's, the following are required:

- Definition of the special / safety product features, where applicable.
- Definition and additional of pass through characteristics
- Definition of critical processes
- Detailed analysis of manufacturability based on individual part drawings
- Definition of technologies, layout process scheduling, clamping situations, processing references areas, etc.

### 8.4 Special Characteristics (SC)

The supplier must clearly identify critical processes and technologies in its production. Suitable measures to achieve the required process capability as well as appropriate safety precautions must be taken, including but not limited to detailed planning, process analysis, identification and definition of special characteristics of the process and important process parameters, process approval for series production, process monitoring and control immediate measures for deviations. These requirements must also be transferred to the respective subcontractor, provided that these critical processes and technologies are part of the sub-contractors processes.

Where applicable, product audits and self-audits must be completed on an annual basis. Documents are to be made available upon request and must be retained for a minimum of 15 years, post end of service.

The regulation of the manufacturing processes must include the ongoing monitoring of the product characteristics and the parameters affecting the process. For this, methods of statistical process control (SPC), where possible and expedient are to be applied. The process parameters and product characteristics involved in the control must be documented in production control plans. Montaplast, NA requires evidence of continued stability and process ability in serial production regarding special characteristics.

### 8.5 Control Plan

The production control plan shall be drawn up in accordance with IATF 16949, Section 8 and Annex A. The control plan shall include the complete process, from the receipt of goods (receiving / incoming) to the shipment of goods (shipping / outgoing). The production control plan must also include any applicable customer specific requirements, such as product audits and annual requalification testing.

The findings from product or process FMEA. As well as experiences from similar projects / processes with potential for improvements, are included in the production control plan as part of “lessons learned”.

The control plan and all documents to which the production control plan relates must be updated independently and made available to Montaplast, NA for the first sample inspection at the agreed PPAP submission level. Measurements and function tests carried out for process approval or during ongoing production, as well as, for final inspection shall be specified in the production control plan. For all tests and measuring devices specified in the production control, with proof of measurement capability, repeatability, and reproducibility. These documents must be sent to Montaplast, NA as part of the sampling and production control plan.

Changes to the production control plan must be indicated and require the examination by your Montaplast, NA supplier quality representative.

### 8.6 Prototypes and Pre-Production Parts

Prototype and pre-production parts are to be tested are to be documented throughout the entire production process, from the manufacture of the parts to the assembly, especially with regards to the materials, dimensions, functions, optic, etc. The scope of the documentation is coordinated between Montaplast, NA and the supplier. The supplier must comply with the milestone / test builds as defined my Montaplast, NA program launch team.

All drawing characteristics, and/or extent of modifications for at least one part must be verified.

Documentation of product compliance results shall be submitted with supplier of pre-production parts for engineering validation.

Minimal documents required:

- Dimensional conformance report
- Material conformance report (Technical Data Sheet / CoA’s)
- Part history
- Material Data Sheets / IMDS
- Prototype / Pre-Series control plan
- Approved packaging for production purposes

Prototype parts identified for milestone / test builds are to be permanently marked so that the assignment to the proper milestone / test builds are ensured. Use of Montaplast, NA Pre-Production Part / Sample label are also to be used to identify any sample / test parts. If any additional documentation is required, it will be communicated by the Montaplast, NA program launch team and responsible supplier representative.

### 8.7 Pre-Launch Production Trial Runs / Performance Tests

All suppliers are required to perform a production trial run / performance test (Run @ Rate) prior to PPAP submission.

The responsible supplier representative will coordinate with their respective suppliers and program launch team to ensure that the proper paperwork and process is followed. As required the responsible supplier representative will be present during the performance test / production trial run to ensure integrity of the data collected.

Prior to production release, a full capacity verification needs to be successfully performed (i.e. 300 parts or three hours or two days production), suppliers must be able to produce at 10 of the quoted volumes using production ready tools, equipment, and within the actual manufacturing processes at the designated manufacturing location.

If the responsible supplier representative is not present during the scheduled performance test / production trial run, then it is the responsibility of the supplier to ensure that the completed form is returned to the responsible supplier representative for final approval.

Suppliers are required to ensure that their sub-suppliers have completed and submitted a production trial run / performance test as part of their documentation for their PPAP submissions to the supplier. All documents are to be retained for the life of the program, plus 15 years and shall be available upon request, as needed.

### 8.8 Launch Support

At any time during the launch of a product, a supplier may need on-site support. At which time, the Montaplast, NA responsible supplier representative will provide such support. The Montaplast, NA selected support shall be knowledgeable, capable and empowered to make all appropriate decisions. At times, this coverage may include off shift support, if such is the case, then it is expected that the supplier shall accommodate those needs accordingly.

### 8.9 Tooling Identification & Manufacture

All tooling, fixtures, gauges, assembly aids, and/or equipment (defined as tooling or secondary's) that have been authorized by the issuance of a Montaplast, NA purchase order or that are identified as dedicated tools and/or secondary equipment by the OEM customer must be identified and documented in accordance with the OEM customer's requirements.

All capital equipment shall have a bailment agreement, documenting the condition of the equipment, storage and handling of the equipment. This will also include any assigned asset tags and geo-location information. The agreement is to be signed by both the supplier and the Montaplast, NA responsible supplier representative.

All Montaplast, NA and customer owned tooling, gauges, and secondary equipment must have asset tags. Pictures of the asset tags attached to the appropriate piece of capital equipment are required.

These documents are to be provided upon request and are to be included in the supplier's PPAP package on the appropriate Tooling Identification Sheet (TIS). Note: Montaplast, NA may request that this documentation to be completed on the appropriate OEM financial documentation. Each picture must include the Geo Location information and it must be included in the tooling documentation.

No request for tooling payment will be accepted without the appropriate identification and documentation. For specific requirements, refer to the Montaplast, NA terms and conditions.

### 8.10 Gauges & Inspection Equipment

Gauge concepts, including fixture concepts and tolerance designs must be agreed upon by the Montaplast, NA program launch team, technical purchasing, and responsible supplier representative at the start of each project.

Reference points must be taken from the test equipment specification and the coordinates must be taken from the part drawing / CAD data, if available.

### 8.11 Ability of Inspection & Testing Systems

The supplier ensures that the capability, functionality, and suitability of every test & measurement system used per the control plan is demonstrable. The methods of the automotive industry, as defined in the latest AIAG MSA manual, VDA 5, and relevant customer standards are to be applied by the supplier.

The following are the minimum requirements to be applied to the measuring systems:

- Ability Characteristics, $C_g$ & $C_{gK}$ are to be 1.33 or greater
- Variable data – AIAG R&R variable MSA-4 data for three people, measuring 10 parts, three times each.
- Attribute data – AIAG MSA ATT kappa, minimum three people, 50 parts, three times each.

Reproducibility & repeatability (GR&R) of 11% or greater than the tolerance must be accompanied with an action plan and Montaplast, NA approval to proceed.

### 8.12 Machine and Process Capability

The examination and assessment of the machine and process capacity is carried out based on "Failure Mode and Effects Analysis – FMEA Handbook" from AIAG & VDA as amended.

The supplier must carry out and record detailed analysis of the manufacturing plants used for all significant characteristics. If the supplier does not reach a machine capability value $C_{mK} \geq 1.67$ they are responsible for proving either a suitable optimization to reach the minimum capability value of 1.67 or appropriate tests to ensure that defective delivery is excluded.

During the series production Statistical Process Control (SPC) is mandatory for significant and critical characteristics as defined by Montaplast, NA and the supplier's internal requirements to prove and

document a process capability value throughout the product life cycle. The minimum process capabilities required for all functional, significant, critical, legal / regulatory and safety related characteristics are:

- Preliminary Process Capability $P_{pK}$ – 2.00
- Long Term Process Capability $C_{pK}$ – 1.67

In the event of a difference between the customer specific requirements and the Montaplast, NA requirements, the higher or stricter requirements are binding.
If this value is not reached, special containment action will be required, e.g., 100% control of this characteristic. Containment actions of NOK results must continue until such time that the process $C_{pK}$ demonstrates acceptable process capability.

The supplier is responsible for the determination and proper establishment of the significant characteristics, as well as, for the determination of the appropriate test methods and corresponding optimization of the manufacturing facilities.

Process capability shall be conducted with both variable and attribute data, where applicable. Minimum requirements for variable statistical indices (SPC) to be calculated using at least 100 individual samples.

Evidence of process capability must be retained at the suppliers manufacturing location. Documentation of process capability shall be made available to Montaplast, NA representatives upon request.

**8.13 Tooling Management**

Suppliers shall have an established and proven system to ensure effective and efficient management of all tool and production systems as described by the purchase order and appropriate supplemental documents.

The supplier shall establish a preventative / predictive maintenance procedures on all tooling, production systems, and secondary equipment in order to ensure the required operational readiness. Evidence of procedure execution shall be made available upon request.

All tooling, production systems, and secondary's shall be permanently marked so that the ownership of each item is visually apparent (whether OEM, Montaplast, NA, or supplier). Evidence of identification and other requested tooling data must be provided with the product PPAP.

The supplier is responsible for the functionality of the tools, production systems, and secondary's while they are in use for the delivery of the contracted product. The maintenance and repair shall include all costs for maintaining the operational readiness and the elimination of all defects and damage, as well as, all changes and deteriorations as a result of the use at the suppliers own expense. This shall include the service life of the tools, production systems, and secondary's.

Preventative / predictive maintenance schedules and tool history records shall be documented and available for review.

The supplier is responsible for informing Montaplast, NA before modifying or disposing of any tooling required to manufacture the contracted Montaplast, NA products.

The supplier is responsible for the proper storage and handling of all tooling, production systems, and secondary equipment when not in use, as documented and agreed upon by the bailment agreement.

### 8.14 Packaging and Transportation

The supplier shall ensure the packaging conforms to Montaplast, NA and applicable customer requirements and is approved by Montaplast, NA. Approved documents are to be submitted with final production PPAP.

All packaging must meet basic standards for goods protection and carriage. The packaging shall withstand the mechanical, climatic, biotic, and chemical stresses to which they are exposed during transport, storage, and cargo handling. All packaging must also conform to the appropriate health, safety, environmental and other legal requirements. In the event that the packaging does not meet the prescribed requirements an SMRR may be issued as a method of triggering a corrective action response and cost recovery.

**NOTE:** Any container that has been crushed during transit which has caused damage to the internal product, an SMRR will be issued for cost recovery, root cause analysis and corrective actions.

Montaplast, NA and it suppliers shall agree upon the product identification and packaging plan during APQP, including the following requirements:

All packaging units shall be labeled and the label shall include:

- Montaplast, NA part number with engineering level and part name.
- Quantity of components within the box or packaging unit.
- Supplier name with appropriate Montaplast, NA supplier code
- Lot traceability number and date. This number shall be directly linked to the delivery note supplied. Identification shall permit traceability back to the specific supplier manufacturing and inspection records.
- All component packaging must comply with all legal and/or customer specified safety information unless specified in writing by Montaplast, NA
- Expiry data, if applicable
- A bar code label applied to each packaging unit. Montaplast, NA may specify their own bar-coding formats. Suppliers shall meet the barcode requirements of Montaplast, NA.

Suppliers providing product to multiple operating units, on a global scale, shall work with Montaplast, NA to ensure that the packaging is sufficiently robust to withstand shipment by sea and arrive on time without damage. Each shipment shall arrive damage free. Each container, box, rack, or pallet of material shipped to Montaplast, NA shall be identified per Montaplast, NA specific requirements and shall be agreed upon during APQP. The supplier shall also be responsible for ensuring that each shipment is able to withstand the stacking and storage without sustaining significant damage to the container and/or parts.

The supplier must contact Montaplast, NA to obtain the latest packaging approval form. Packaging approval must be completed and submitted for approval by the appropriate Montaplast, NA personnel. The supplier shall include the signed packaging approval form with their initial PPAP submission to Montaplast, NA. The supplier shall maintain a signed form for their records and shall be available for review upon request, if needed.

In order to ensure that the supplier's products are transported in a manner that prevents damage or deterioration, supplier is responsible for maintaining written instructions detailing proper packaging, storage, and shipping of its products that conforms to Montaplast, NA requirements.

The supplier shall meet the requirements of Montaplast, NA with regard to the use, control and supply of returnable packaging.

Montaplast, NA expects their suppliers to conduct periodic documented audits on packaged material. Evidence of these audits shall be retained with other lot inspection documentation.

Where the supplier is responsible for the shipment of components to Montaplast, NA they shall consign with a proven and certified company which has enough experience in the handling and shipping and knowledge of all applicable legal, statutory, and regulatory obligations with regards to the handling of import / export tariff and duty requirements to ensure prompt and safe delivery to Montaplast, NA.

In case of special transport requirements (e.g. chemicals, electrical components, resins, etc.) the supplier shall ensure that the required inter-storage and transport conditions complies with the transportation requirements for their contracted product(s).

For materials with a limited shelf life, the expiry date shall be visible on each container label and on each delivery note for each of the affected materials.

The proper execution of the contract items shall be certified with the appropriate certificate of analysis or certificate of conformance for each new lot. Certificates are to be enclosed with the delivery documents for each delivery from a production lot.

It is our expectation that all of our suppliers understand the importance of providing the right material, at the right time, all the time. Where needed, Montaplast, NA will support its supplier's efforts in the development and implementation of documents, processes and systems necessary to achieve this goal.

Early delivery, late delivery, short quantity, over quantity constitutes a delivery failure and will be treated as such with regard to the supplier performance metric. If the supplier is unable to meet the delivery requirements, it is the supplier's responsibility to notify Montaplast, NA as soon as possible to make satisfactory arrangements to recover the schedule. Repeat failures to meet delivery requirements will reflect negatively on the supplier's performance metrics and may result in the issuance of a SMRR and a requested 8D for a permanent corrective action. Any cost associated with the supplier not meeting Montaplast, NA delivery requirements will be charged to the supplier.

### 8.15 Sub-Supplier Management

Suppliers of Montaplast, NA shall have capabilities to manage their respective suppliers, including APQP disciplines and periodic auditing. Montaplast, NA when it deems necessary, will audit the critical processes of the sub-suppliers to assure that proper controls are in place throughout the entire supply chain.

**OEM Directed Suppliers**: It is the expectation of the OEM that any of their directed suppliers are to be managed in the same manner as a direct component supplier. Therefore, the directed supplier is required to follow the same guidance and are required to be responsive to any request made by Montaplast, NA or its designated representative.

Suppliers shall maintain a supplier management system, including tracking the quality and delivery performance of their supplier's issues through documented corrective actions and verification activities.

Suppliers to Montaplast, NA shall require their sub-suppliers to conform to the requirements described in this manual. Suppliers of Montaplast, NA shall ensure critical processes are adequately audited and managed. Suppliers shall ensure that all applicable legal, statutory, regulatory, and customer specific requirements are rolled down through their supply chain.

In the event that a supplier provides a pass through part and/or directed (OEM required supplier) the supplier is not released from their responsibility for perfect execution of the respective contract object. In this case, the responsibility for quality also lies entirely with the supplier, who must ensure quality requirements through appropriate measures.

### 8.16 Production Part Approval Process (PPAP)

All production suppliers are required to obtain PPAP approval from Montaplast, NA per the AIAG PPAP Manual and VDA 2 PPA Manual, according to the latest revision level. Timing for approval will be based on the requirements defined during program award and tracked through APQP milestones. The appropriate customer specific requirements are to be applied accordingly and are the responsibility of the supplier to ensure that they are documented and implemented as applicable.

Suppliers shall ensure that all requirements are met before submission to Montaplast, NA including full approval status for all sub-suppliers. Sub-supplier PPAP's, including those directed by Montaplast, NA and approvals for any change requests.

For each VDA-PPA procedure, an agreement must be achieved between the supplier and Montaplast, NA. The objective is an agreement on the scope, content, and schedule for the PPA procedure (VDA 2 – Appendix 2)

Suppliers shall only submit PPAP / PPA package for production released drawings, and a copy of this drawing shall be included in the submission package.

PPAP release is not a deviation approval for hidden defects or deviations that were not shown or determined during the initial sampling. Later complaints, as well as, the withdrawal of the release are possible. If a release with conditions is issued the deviations must be corrected and a new sampling

submitted. Special measures (such as limited approval for a specific lot size) are documented in writing with the conditional release. If a rejection of the initial samples is due to deviations that were not communicated in advance, Montaplast, NA reserves the right to charge for the costs of resampling and debiting the supplier.

In general, initial samples or "other samples" are free of charge for sampling at Montaplast, NA. Initial samples are taken from production ready processes and must be delivered to Montaplast, NA in production packaging with the Montaplast, NA pre-production label. Samples shall be identified as to their status (e.g., engineering, deviation, initial, master, PPAP, etc.).

When preparing a PPAP, the supplier shall assure the following, as applicable to the submission:

- Each initial sampling for Montaplast, NA shall first require process approval by the supplier which is already scheduled in the project planning phase and conducted by employees of the supplier who have the requisite skills and qualifications.
- Compliance with the agreed deadlines for initial sampling:
  - Fulfillment of the specifications at Montaplast, NA, as well as, the provision of the required documentation at the agreed submission level.
- Special layout set-ups for dimensions must be approved by the customer before PPAP submission.
- Dimensional results of the part layout of all drawing dimensions for six (6) parts each cavity. Tools with three (3) or more cavities, three (3) parts from each cavity will be used instead of five (5) for the part layouts. The sample belonging to the batch, must be identified as an initial sample.
- Sample parts for production validation (PV) have been secured and PV testing is proceeding to the agreed schedule.
- IMDS data is submitted to Montaplast, NA and approved prior to initial sample submission, with acceptance of IMDS included in the PPAP, and documented on the PSW / PPA cover sheet.
- A preliminary Run @ Rate / performance test has to be performed and the production rate is acceptable to meet the launch curve at the necessary quality level.
- The supplier has reviewed the production capacity for all sub-suppliers, including sub-tiered suppliers to ensure that the production rates are sufficient to meet the launch curve and necessary quality levels.
- The gage plan has been completed and signed off by Montaplast, NA giving approval to use the gage in production.
- Launch containment plans have been agreed upon between Montaplast, NA and the supplier. The plan shall include the following:
  - Review frequency of data, along with responsible process owners who have the authority and responsibility to contain and react accordingly.
  - PDCA / action plan for non-conformances.
  - Exit strategy, must include timing with appropriate approval hierarchy.
- Pre-grain samples (where applicable) have been submitted to Montaplast, NA for review and authorization to grain tool.
- Grained samples (where applicable) have been submitted to Montaplast, NA.
- Process numbers much match between process flow diagram, process FMEA, and control plan.

- The PPAP sample parts have been produced to the latest engineering change level and have been shipped to Montaplast, NA for PPAP approval with all applicable data.
- Clear labeling of any sample parts / shipments with the pre-production label.
- All material test results are complete, acceptable, and referenced in the PPAP submission. Where applicable, material data sheets, technical data sheets, and current certificate of analysis or certificate of conformance are required documents for PPAP submission.
- All components' parts and materials have received full PPAP approval from sub-suppliers and are referenced within the PPAP submission to Montaplast, NA.
- All components required for production release, whether for component matching, cubing, and special build events, milestone build events, must be supplier free of charge.
- Every single part, required for cubing / special / milestone build events must be measured and analyzed in accordance with the agreed measurement plan.

For changes to parts and processes, the standard of VDA 2, Trigger Matrix shall apply. Regardless of customer or component part and the supplier is obligated to:

- Comply with production processes without modification
- Promptly inform Montaplast, NA of any changes in line with the VDA trigger matrix
- If a change becomes necessary, submit a request to Montaplast, NA in writing and within the Montaplast, NA specified format. Consent must be obtained prior to performing the change.
- Clarify the scope of sampling ahead of time.
- Only perform the change or only start with the change once proper consultation, approval, and consent from Montaplast, NA has been provided.

PPAP Samples / Master Samples are to be sent to Montaplast, NA with the appropriate test reports and other requested documents. The supplier shall identify sample parts using the Montaplast, NA pre-production labels. The supplier shall also notify the responsible supplier quality representative of their arrival so that they can be properly contained until they are needed.

For all initial samples the following information must be documented and attached to the part:

- Material Lot / Batch numbers
- Date of Manufacture
- If the tool is a family tool or is multiple cavities, the cavity must be identified to the corresponding part
- Montaplast, NA part number and SP number
- If this is an appearance part, see below.

For appearance related items, PPAP / PPA samples shall include:

- Signed off master sample, with associated color / gloss data.
- Copy of customer approved AAR – Must also be included in PPAP / PPA submission.
- When applicable, any engineering or material approvals provided by the customer.

At any time, during the life of the program new samples and PPAP approval is required in the event of one or more of the following:

- New product / materials.
- Changes to current product / materials, including design changes.
- Changes in sub-supplier (where applicable).
- Changes in production conditions / process changes / location changes (including from one machine to another that was not previously approved).
- Changes in specifications / customer specific requirements
- A prolonged discontinuation of production (longer than one year)
- Any other reason or requirement from any of Montaplast, NA customers.

Unless otherwise specified by Montaplast, NA all PPAP's / PPA's are to be submitted at the fullest / most complete package. For VDA 2 PPA, the elements for complete PPAP will be determined during the APQP phase and will defined by customer specific requirements.

Once a project has reached pre-production launch phase where the vehicles have become saleable, a minimum of an interim / technical / yellow level PPAP must be approved. Documents and timing for submission for interim level PPAP will be defined during APQP. If there is no PPAP approval, a risk assessment must be carried out and a deviation approval is required.

Any shipment of products without first obtaining either a signed, approved part submission warrant (AIAG) / approval sheet (VDA 2 – PPA) or an approved deviation shall classify the shipment as defective product and shall be rejected and returned to the supplier at the supplier's expense.

### 8.17 Usage of Recycled Materials

In general, only virgin material shall be used for the manufacture of parts delivered to Montaplast, NA. The use of POST-INDUSTRIAL grades, regrind, and re-granulated that is available for purchase externally is NOT permitted in any case.

Should the use of re-ground material be agreed upon between the supplier and Montaplast, NA then the supplier must ensure that only waste that is produced from the processing of that specific component is used (i.e. unmixed sprues, punching wastes, purged material…etc).

The use of regrind with virgin material must be approved and validated by Montaplast, NA Product Development Team. The material flow of the regrind, must be documented in the production PPAP documents. The allowed share of the % of regrind in proportion to the virgin material used must be noted in the drawing and declared in the IMDS (I.e. maximum 5%).

### 8.18 Customs, Foreign Trade Regulations, and Exports

Per Montaplast, NA Terms and Conditions the supplier agrees to the following:

- Provide all information and certificates necessary to permit Montaplast, NA and/or its customers to receive benefits or credits associated with the purchased product(s). Benefits or credits resulting from the contracted purchased product(s) include trade

credits, export credits or the refund of duties, taxes, or fees and are the sole property of Montaplast, NA.

- Complying with all applicable U.S. Export International Trade Laws and Anti-Dumping Laws, including the Tariff Act of 1930, the U.S. Department of Commerce's Export Administration Regulations, the U.S. Department of State's International Traffic in Arms Regulations, and all economic and trade sanctions administered by the U.S Department of Treasury's Office of Foreign Assets Control.
- Compliance to any customs or trade related obligations, origin marking or labeling laws and local content origin laws.
- Supplier agrees to obtain and manage any export licenses and/or authorizations necessary for the export of goods and that it is their sole responsibility unless otherwise stated in the contract or a signed writing from Montaplast, NA in which the supplier agrees to provide the information necessary to enable the Montaplast, NA responsible representative to obtain the appropriate and applicable licenses and/or authorizations.
- For controlled goods and technologies, as well as, copies of any applicable authorizations and exemptions/exceptions the supplier agrees to provide Export Control Classification Numbers (ECCNs) to Montaplast, NA.
- Prompt notification, in writing, of any materials or components used by the supplier are purchased from a country other than the country of final destination.
- Prompt notification, in writing, of any sourcing of goods, services, or technologies from countries of concern (including N. Korea, Iran, Cuba, Syria, Sudan, the Crimea region, and/or the Xinjiang region.
- Provision of any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin laws.
- Provision of any appropriate governmental agency documentation necessary to determine admissibility and the effect of entry of the goods into the county of final destination.
- Acknowledgement that any information provided by the supplier to Montaplast, NA regarding the import and/or export of the purchased products is true and that all sales covered by the contract will be made at not less than fair value under the anti-dumping laws of the countries of final destination.
- Compliance with all applicable laws of any governing agency supporting anti-terrorist initiative, including the Customs-Trade Partnership against Terrorism (CTPAT), Authorized Economic Operator (AEO), and Partners in Protection (PIP) initiatives.

Upon request, the supplier shall certify, in writing, compliance with the terms of this section.

**8.19 Launch Containment (Safe-Launch)**

In order to properly identify potential problems in new processes, a safe launch process has to be planned and implemented.

The supplier must implement a quality wall and establish containment stations. The safe launch process shall be an offline, separate, and independent from the normal manufacturing processes and at the end of the process.

The supplier shall designate a process owner and the collection of data shall be available for review upon request, along with any actionable item(s).

During safe launch monitoring and testing are performed at an increased rate. The following documents will serve as evidence and shall be available upon request:

- Safe Launch Plan & Procedure
- Safe launch data collection and review, with action plan in the event of non-conformance.
- Exit Plan / Strategy

The safe launch phase usually ends 90 days or an agreed number of parts. At the end of the 90 day safe launch phase, or after the specific number of parts are error-free then the fulfillment of all agreed criteria qualify the product for withdrawal from safe launch.

However, in the event that errors occur within the 90 days or a specific number of parts than the following events must occur:

- In the event of a non-conformance or escape, the counter (day or piece) will reset back to zero.
- 8D / Root Cause Analysis is to be completed, with verifiable corrective actions

In the event of repeat occurrences, then Montaplast, NA reserves the right to place a representative onsite to support closure and exit strategy.

### 8.20 Customer Specific Requirements

Montaplast, NA defines its specific requirements through this global document and its specific appendices. In addition, Montaplast, NA requires compliance to end user OEM customer specific requirements.

The supplier acknowledges that the automotive industry contains a network of tiered suppliers and agrees to use its best efforts to assist Montaplast, NA as part of the tiered supply network, to meet the requirements of its customers, including customer terms.

OEM customer specific requirements can be found on the IATF global oversight website (Link: https://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/). For those customers who are not listed on the IATF global oversite web page, please go directly to the specific customer website.

### 8.21 Handling and ESD Protection

For product that requires ESD protection and handling, suppliers are expected to implement an ESD control system in accordance to ANSI S20.20. If there is an equivalent standard that can be used, then the supplier and Montaplast, NA must agree and it is to be documented in writing, as per the signed agreements. Suppliers are required to follow all packaging, handling, and ESD requirements for

components as specified by manufactures, as well as, in process handling requirements to achieve the required level of quality.

# 9 Series Production

## 9.1 Production Approval and Test Equipment

Production releases are made by the responsible and qualified person(s) based on the production inspection plan. For this purpose, all points listed in the inspection plan are checked and confirmed in terms of their correspondence to the specifications.

Production approval takes place by identifying and storing a representative approval sample and documents signed by the responsible person(s).

The signed releases remain at the workplace for the duration of their validity.

The supplier must ensure:

- The availability of the release documents at the workplace.
- The availability of the approved sample and its appropriate labeling at the workplace as a reference during mass production.

The mass production of products without a valid production release is not permitted without any exception.

## 9.2 Product and Process Control

The regulation of the manufacturing processes must include the ongoing monitoring of the product characteristics and the parameters affecting the process. Where applicable, the application of statistical process controls (SPC), are to be applied. Control points shall be determined and agreed upon between the supplier and Montaplast, NA during the RFQ and pre-production launch phases. Verification of controls shall be completed and where applicable a 30pc or 125pc (Per specific customer specific requirements) capability study for each control point shall be submitted for review and approval.

At a minimum, Montaplast, NA requires evidence of continued stability and process ability with regards to any safety features and/or special product features. These characteristics shall be noted with the applicable drawing marker, per the OEM / Customer Specific Requirements. These markers shall be carried through all applicable quality documents, including operator work instructions.

Compliance documentation to safety or legal requirements shall be supplied as required. The certificate of analysis must contain the actual results of physical testing and/or measurements specified within the contract agreements.

Suppliers shall identify, document, and maintain a list of process controls, including inspection, measuring, test, and error-proofing devices. That includes the primary process control and the approved back-up or alternate method(s).

At a minimum error proofing devices shall be tested to failure or simulated failure at the start of each shift, otherwise in accordance to the control plan.

### 9.3 Temporary Process Changes Protocols

In case of temporary changes to process controls, the supplier shall utilize their internal deviation process to document the process that manages the use of alternate control methods. The organization shall include in this process, based on risk analysis, severity, potential impact caused by the change and internal approvals, by all effected departments.

Montaplast, NA must be notified and supporting evidence that the proposed change will not have a negative impact on the part at a minimum of 30 days prior to this change being implemented. Written authorization must be obtained from Montaplast, NA prior to implementing the change. Authorization must be in place prior to shipping product that was processed using the alternate process.

Standardized work instructions shall be available for each alternate process control method. The organization shall review the operation of alternate process controls on a hails basis, at a minimum, to verify implementation of standard work with the goal to return to the standard process as defined by the control plan as soon as possible. The organization shall implement traceability of all products procedure while any alternate process control devices or processes are being used (e.g., verification and retention of first piece / last piece from every shift).

### 9.4 Color Standards & Color Matching

Suppliers of colored parts, components, or raw materials shall only uses Montaplast, NA and/or customer approved color masters to develop color formulations and/or to ensure compliance to approved color position. The supplier is responsible to verify if the color master is still current and/or applicable. If a new color master is needed, depending on the customer, please notify your responsible supplier quality representative to help facilitate the procurement of current color masters.

Approved color master batch formulations are to be used for all production requirements. Deviations to color positions outside of the established tolerances is strictly prohibited. If this condition does occur, without Montaplast, NA being notified and deviation requested, then SMRR shall be written and all applicable charges applied.

Whenever possible, the supplier shall have a set of color masters, which shall be stored in a manner that maintains color integrity – according to raw material type. In some cases, storage may require refrigeration or other methods to control exposure to environmental impact.

The color measuring devices and color target values specified during the color matching process must be coordinated and approved by Montaplast, NA. Any changes to the measuring device and/or target values must be approved by Montaplast, NA.

Visual and analytical evaluation of color and gloss shall be made in compliance with customer requirements and/or in accordance with the approved & signed AAR part.

All approved and signed AAR parts are to be retained and protected for the life of the program, until the end of service, plus five years. The approved AAR sample is to be made available upon request, along with the signed / approved AAR documents. Signed / approved AAR paperwork is to be included in the initial PPAP submission to Montaplast, NA. New color data to be provided at the time of annual validation / requalification.

### 9.5 Maintenance

The supplier shall ensure that the necessary operational readiness and the ability of the equipment and installation is captured within a preventative / predictive maintenance program. Where applicable, a critical parts list shall be is used. Confirmation of timing and part availability shall also be tracked. Critical part acquisition shall be included in the applicable contingency plan.

In the case of any unforeseen failures that will cause a potential impact to production requirements, Montaplast, NA shall be notified and a plan of action shall be provided to ensure continuance of the supply.

### 9.6 Traceability

To ensure traceability throughout the supply chain, the supplier shall establish the following:

- Establish an effective batch/lot definition and traceability procedure in a way that allows for the delivered product to be traced back to the raw material.
- Ensure that the system for tracing all parts and/or supply items meets the following requirements.
    - Supplier shall ensure that their lot traceability system maintains its integrity throughout the entire extended supply chain, including supplier order number, supplier batch/lot number, shift, production line, inspection documents, raw material and purchased components / products.
    - The batch/lot numbers and date codes must be stated on each packaging unit.
    - The batch/lot numbers and date codes must be delivered in the order they were produced; I.e., FIFO (First In, First Out) principles or other methods of controlling inventory.
    - The shipper number will be linked to the batch/lot traceability procedure in such a way that the delivered product can be traced back to the raw material.

Montaplast, NA reserves the right to submit complaints for parts it receives that are not suitably labeled for traceability at the supplier's expense.

### 9.7 Annual Validation / Requalification PPAP

In order to demonstrate a steady level of quality, the supplier is required to carry out requalification testing, part validation, and other items, as defined by our customer specific requirements. Montaplast,

NA requires that its suppliers submit an annual validation / requalification PPAP every calendar year, after SOP / Initial PPAP.

All supplier PPAP's shall including the following requirements (where applicable):

- Level 4 PSW – The follow must be documented:
  - Current production drawing revision level
  - Current part number / revision level
  - IMDS
  - Part weight
  - Cavitation & Production Process
- Dimensional layout, as required (6pc if single cavity, 3pcs per cavity, if multi-cavity tool.)
- Capability study for all applicable SPC points.
- Current material certificate of analysis or certificate of compliance.
- Updated control plan, FMEA, and flow diagram.
- Relevant material tests, including any specific / safety related testing.
- Relevant functional tests
  - **Note: Any safety relating testing must be identified on the control plan and FMEA as an annual test, with the applicable marking.**
  - **Note: All dimensional data, test results, material certificates must be within one calendar year from the time of the previous PPAP submission.**

In the event that the request for annual validation / requalification is not acknowledged, requires multiple requests, and subsequently making the PPAP past due, then an SMRR shall be written.

In the event of special circumstances, a written agreement can be made between the supplier and Montaplast, NA to determine the scope and frequency of requalification testing. Approval is on a case-by-case basis. Montaplast, NA reserves the right to request specific documentation in order to properly review and approve the proposed change.

### 9.8 Change Management

Montaplast, NA requires that all changes to the production processes and/or product be notified by the supplier to the appropriate Montaplast, NA representative for applicable requirements and PPAP submission requirements prior to implementation. The supplier must obtain Montaplast, NA approval and changes must be controlled through the APQP and PPAP processes. Montaplast, NA determines submission requirements. Unless otherwise agreed the supplier must proceed in accordance to the following table:

| Submission / Notification Trigger | Montaplast, NA SQE | Montaplast, NA Buyer | Montaplast, NA Customer Service |
|---|---|---|---|
| New Parts | D | | |
| Production Modification, including material modifications (approved by Product Development) | D | A | |
| Production Relocation (Internal and/or External) | D | A | A |
| Production process modification (including modification to the logistical value chain) | D | | A |
| Test process modification | A | | |
| Part number revision change | D | A | A |
| Part design changes | D | | |
| Production stoppage for more than 12 months | D | | |
| Use of new, modified, or replacement tools (not applicable for metal cutting tools | D | A | |
| Change of sub-supplier | D | A | |
| Change of sub-supplier location | D | A | |
| Modification to sub-supplier parts (purchased parts) | D | | |
| Failed requalification test | D | | |

**D = Execution of PPAP process by the supplier**

**A = Obligation of disclosure in written form by the supplier to Montaplast, NA and the responsible supplier representative. Implementation and scope of PPAP is decided by the responsible Montaplast, NA supplier quality engineer.**

All product / process / location changes require **Advanced Written Approval** from the responsible Montaplast, NA representative. For any location changes, approval must be acquired at a minimum of 60 days in advance of any move. Montaplast, NA reserves the right to be onsite for any move and if the location change is to a different physical location, then the appropriate Montaplast, NA representative shall make the determination if an onsite visit is necessary. For any location change, whether internal or external a new PPAP will be required. The responsible Montaplast, NA representative will make the determination as to the appropriate level of the PPAP submission.

- Montaplast, NA Purchasing, Program Management, and Supplier Quality approvals are required before the supplier can implement any location changes.
- In the event that customer approvals are required, then their requirements must be fulfilled prior to any official move.
- If there is a tool move planned, then the following timing plan must be included:
  - Production bank builds
  - Production validation runs / first-off at new location.
  - Any tooling modifications that may be required.
  - Potential impact to any production and/or service requirements.
  - Any shared tools shall be identified and called out.

The supplier must keep a part history form for each component and finished goods part (where applicable). The part history must contain the following:

- Start date of the change
- Detailed information regarding the change
- New revision level of the part
- New Parent / Child part number
- Drawing revision date / revision level
- First delivery order to ensure traceability

These requirements are mandatory for the entire supply chain. All tier suppliers shall include this in their change management program and shall be controlled in the same manner. All incoming product shall be clearly identified with a special label, as agreed upon between Montaplast, NA and when applicable the customer.

### 9.9 Audits

**Manufacturing Process Audits**: In order to determine the effectiveness and efficiency using the customer specific required approaches for process audits, the supplier is responsible for conducting process audits on a yearly basis. Each manufacturing process must be audited at least once per a three-year calendar period.

**Layered Process Audits**: In order to ensure consistent application and execution of standards, the supplier must establish and maintain a Layered Process Audit (LPA) system. LPA's shall be performed by the appropriate levels of both hourly and salaried individuals and shall be implemented for all operational areas (i.e., manufacturing, logistics, maintenance, etc.) All shifts are to be audited.

**Product Audit:** The supplier shall audit products using OEM customer specific required approaches at appropriate stages of production and delivery to verify conformity to the specified requirements.

Where applicable, based on VDA and customer specific requirements the supplier shall perform a comprehensive product audit on an annual basis. This applies to all suppliers, including OEM directed suppliers. Documents are to be made available upon request and shall be retained for a minimum of 15 years, post end of service.

Where not defined by the customer, the organization shall define the risk based approach to be used. Any quality issues that may result in non-conforming products shipped to Montaplast, NA or reaching Montaplast, NA customers must be contained and corrected at the supplier's location. The supplier, where appropriate shall establish a secondary, off line, containment process. This off line process shall be separate from the manufacturing process and shall be independently checked and at the end of the manufacturing process.

**Special Audits:** The supplier shall participate in any audits that are outside of the normal QMS (quality system) audit or process (VDA 6.3) audits. This includes any customer specific audits, but not limited to CQI (specific process system assessments) or other unique audits.

**Self-Audit / Self-Assessment**: Where applicable, based on VDA and customer specific requirements the supplier shall perform a comprehensive product audit on an annual basis. This applies to all suppliers, including OEM directed suppliers. Documents are to be made available upon request and shall be retained for a minimum of 15 years, post end of service.

### 9.10 Complaint Management

When suspect / non-conforming product, delivery issues, and/or service issues have been identified, it is the supplier's responsibility to contain product, replace suspect / non-conforming product and implement actions to implement permanent corrective measures to correct and prevent further occurrences.

The supplier is required to take measures to meet the zero-defect objectives of Montaplast, NA.

General concern management expectations are as follows:

- Montaplast, NA quality, logistics, and / or purchasing may require a supplier to implement independent containment activities if the severity of the performance issues deem it appropriate.
- Supplier must respond to the non-conforming material notification (SMRR). Containment activities, root cause analysis and corrective action activities will be completed and provided to the responsible supplier quality engineer against the following timeline:
    - Initial Response / Containment Activities (1-3D): Within 24 Hrs of Notification.
        - Must include the following:
            a. Identification of certified stock.
            b. Total account of all suspect material, whether in transit, at customer, at supplier's location, or any other off site location.
            c. Number of product sorted.
            d. Number of product found non-conforming.
            e. Sort/certified product identification (marking).
            f. Clean point to Montaplast, NA.
            g. Containment / safe launch plans.
    - Root Cause Analysis (4-6D): Within 10 days of notification.
        - Must include the following:
            a. 5 Why for any functional / systemic failures

b. Interim corrective actions
c. Verification of interim corrective actions
d. Plans for implementation of permanent corrective actions

- Verifiable Corrective Actions / Completed Analysis (7-8D): Within 30 days of notification
  - Must include the following:
    a. Implemented permanent corrective actions
    b. Where applicable, horizontal deployment to all similar processes
    c. Evidence related to data contained within the 8D report
    d. Updated FMEA, control plan, and lessons learned

In the event that there has been either no response from the supplier or the 24hr initial response has not been provided, the suspected parts will be sorted by Montaplast, NA and the supplier will be charged with all applicable sorting costs.

- The supplier is allowed to utilize their own 8D / Root Cause Analysis document. All problem-solving tools used and the effectiveness of the corrective actions must be reported. The completed 8D must include (is not limited to) the following:
  - Completed 5 Why
  - Supporting documents / Evidence for Closure
    - Quality Alert / Containment Activities, which includes sorting results
    - Updated process / standardized work documents (Implementation of corrective actions)
    - Training documents
    - Mandatory updated quality documents (Control Plan / FMEA / Lessons Learned)

  If additional documentation is required, the responsible supplier quality engineer will make the formal request, via email. The supplier is required to provide this information upon request.

- All communication regarding the non-conformation is to be included in the SMRR supplier file.
- An administrative fee and all associated costs will be charged to the supplier.
  - $500.00 for Initial SMRR.
  - $1000.00 for any repeat or additional SMRR's related to the original SMRR.
  - All other fees will be based on the cost impact associated with that specific SP.
- Administration fee will be charged at cost. All costs associated with shipping, handling, processing, reworking, inspecting, and replacing defective material, including the cost of warranty and of value-added operations prior to discovery of the defect shall be charged to and paid by the supplier.
- Response to the SMRR must be submitted in the required timing electronically, via email to the responsible supplier quality engineer.
- All non-conforming product (including service) corrective actions will be reflected in the supplier FMEA, control plan, and lessons learned documents.

- All SMRR's are reported on the supplier's scorecard and does affect the supplier's overall performance rating.
- All applicable number of defects reported to calculate supplier PPM in the monthly scorecard.
- The suppliers' organization shall have a documented problem-solving process which shall include initial containment as well documented by the use of a containment log or similar tracking matrix.
- In the event that the reported non-conforming issue results in 3rd party containment, the supplier is responsible for all associated costs for containing, sorting, and managing these activities.

**Cost Recovery**

In the event of a quality spill that caused added / incremental costs to control and contain the spill of non-conforming product. The cost associated may include, but are not limited to the following:

- Labor & administrative costs associated with sorting and/or reworking suspect material.
- Premium freight costs.
- Montaplast, NA assembly line downtime.
- Any charges levied against Montaplast, NA by the OEM including line downtime charges.
- Staff time and travel expenses.
- 3rd party containment costs.
- Costs associated with the disposition of non-conforming material.
- Extraordinary testing and/or inspection expense.
- Labor & administrative costs – processing the SMRR
- Cost to utilize overtime at Montaplast, NA to meet our shipping schedule.

All specific costs will be recorded and itemized. Suppliers have 10 days to dispute the charges. Disputes are to be presented formally to your responsible purchasing buyer. Dispute must include details regarding the reason for the dispute, evidence to support the dispute. If there is no response from the supplier with 10 days of receipt of the SMRR then Montaplast will consider this as an 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.

### 9.11 Deviations

It is Montaplast, NA's policy not to accept any product that does not meet the requirements of the applicable drawing and specification. Requests for concessions on non-conforming product shall be submitted to Montaplast, NA for review and to obtain written approval prior to shipment. Any such request shall be accompanied by a thorough explanation of the root cause for the non-conformance, the actions taken to eliminate these root causes and to prevent recurrence, and the date of quality assured product availability, confirmation of its traceability and the manner of identification.

**NOTE: In situations involving product / components designated as safety critical, no deviations / concessions shall be permitted on features that affect the functionality and/or reliability of the product without the appropriate validation and customer approvals.**

### 9.12 Supplier Containment / Controlled Shipping

When non-conforming product has made its way into Montaplast, NA the SMRR is issued to the supplier responsible. However, at times is may be necessary to implement and require controlled shipping from the supplier and onsite 3rd party containment to segregate, contain, and identify conforming from non-conforming products. When these types of situations arise, controlled shipping status will be implemented.

There are several other reasons for implementing a controlled shipping. It is the responsibility of the supplier and Montaplast, NA to determine all aspects of this process and define the exit criteria.

- Control of engineering changes / product changes / prototypes.
- Production validation / verification.
- Production launch, controlled shipping will be a part of any safe launch plans.
- Potential high impact customer issues.
- Safety related issues / requirements.

**Controlled Shipping –Level I (CS-I)**

- Requires suppliers to implement extraordinary inspection of product to contain a specific failure or non-conformance.
- Montaplast, NA will request controlled shipping from the supplier. Montaplast, NA also reserves the right to request 3rd party containment / sorting to provide support during the CS-I activities.
- CS-I requires suppliers to implement extraordinary inspection of production to contain a non-conforming product spill, major discrepancies which may have been identified during:
  - Process audit
  - Product audit
  - Engineering changes
  - Product validation / verification
  - Internal safe launch / secondary containment activities
- Containment actions must verify that the requirements are met and approved by Montaplast, NA.
- Duration and parameters for CS-I will be defined by Montaplast, NA.
- Incoming product identification, break-point / clean-point identification will be defined by Montaplast, NA and agreed upon with the supplier.
- Inspection methods must be approved by Montaplast, NA and all containment actions / activities are to be documented and retained in accordance to our Data and Documentation requirements.
- Suppliers are required to do the following:

- Establish a containment process. It must include plans, for both in-line inspection, off-line inspection, and at Montaplast, NA. Process must include an escalation process and exit criteria.
- Where applicable, purge the pipeline and/or verify if any suspect material is in transit or at an off-site location / warehouse.
- Establish a break-point / clean-point with proper tracking and data collection from all sorting activities. Including, product in onsite storage, off-site storage / warehouse, and/or transit.
- Have a clear understanding of the requirements.
- All certified product (product confirmed to be conforming) is clearly identified as agreed between Montaplast, NA and the supplier.
- Report all findings as defined by Montaplast, NA responsible supplier quality engineer.
- Fast response methodology is required. All activities, including root cause analysis, corrective measures, implemented corrective measures, validation of corrective measures, actions, and results. Criteria must be agreed upon between Montaplast, NA and the supplier. Once all elements of the exit criteria have been met the Montaplast, NA responsible supplier quality engineer will notify the supplier that they have successfully fulfilled the requirements and are able to exit the controlled shipping conditions.

**NOTE:** All additional or incremental costs for the above activities will be paid for by the supplier.

**Controlled Shipping – Level II (CS-II)**

- Implemented as a result of a supplier not being able to contain the failure within their own facility.
- CS-I inspection will stay in place until exit criteria has been satisfied.
- Requires suppliers to provide an independent 3rd party to sort and inspect product from normal production prior to the release for shipment to Montaplast, NA at the suppliers cost.
- Supplier shall issue a PO to the 3rd party inspection source within 24hr of notification.
- If requested by the customer, the supplier must submit corrective action plans to its IATF / ISO registrar for review and/or assessment, with authorization to submit the review / assessment findings to the customer.
- All requirements of CS-I apply to CS-II
- Requires all inspection is done in a controlled, off-line area, away from point of production, prior to shipment and by an independent 3rd party inspection source.
- Requires all actions taken have been verified to meet Montaplast, NA requirements.
- Requires all inspection methods and criteria's have been approved by Montaplast, NA.
- Requires all containment actions are properly documented in accordance to Montaplast, NA requirements.

- If there is evidence of long-term stability, Montaplast, NA can replace CS-II with CS-I while reserving the right to re-implement CS-II if the situation requires it.
- Failure to meet the exit criteria may result in New Business Hold status.

**NOTE:** All additional or incremental costs for the above activities will be paid for by the supplier.

### 9.13 Supplier Performance Metrics & Evaluation

In an effort to ensure that our supply base is aware of their performance with regards to quality and delivery we engage in the collection of data through our various systems. The collection of this data is then quantified, reviewed, and subsequently published to the supplier.

The tracking of delivery and quality data, generate a score, which drives the supplier rating.

**Quality Rating**
**Quality Target: Zero PPM**

| PPM Thresholds | Supplier Rating / Classification | Recommended Action |
|---|---|---|
| 0-90 | Green (A) | Not Required / Not Applicable |
| 91-500 | Yellow (B) | Improvement Plan |
| 501 or Above | Red (C) | Improvement Plan w/ Regular Quality Meetings |

**Quality Criteria: Supplier performance is measured in a rolling 12-month calendar cycle.**

**Delivery Rating**
**Delivery Target: 100% On-Time Delivery, complete and accurate order fulfillment**

| Delivery Thresholds (%) | Supplier Rating / Classification | Recommend Actions |
|---|---|---|
| 100 – 97 | Green (A) | Not Applicable |
| 96 – 85 | Yellow (B) | 8D and/or Improvement Plan |
| 84 or Less | Red (C) | Improvement Plan & Regular Quality Meetings |

**Delivery Criteria: On time delivery and expedite causes.**

In the event that a supplier should fall in to the Yellow (B) rated status, than a B-Supplier Letter will be issued. This will notify the team of the change in their rating and will trigger a request for an improvement plan, along with the associated 8D and corrective actions. This is to be completed within 30 days of the notification and will follow the same requirements as stated in section 9.10 – Containment Management.

In the event that the suppliers score should fall even further and into Red (C) rated category, than an additional letter will be issued to the supplier notifying the team of the change and the scheduling of weekly meetings to review the improvement plan, through to permanent corrective actions. An onsite supplier visit will also be scheduled to review and potentially audit the system and/or process. This is to

be completed within 30 days of the notification and will follow the same requirements as stated in section 9.10 – Containment Management.

For any supplier that is at a "C" rating, it is the decision of the responsible buyer, the responsible SQE, and SQ Manager to determine if the supplier is to be categorized as "No Bid / New Business Hold". If the decision is made, then it will be communicated to the supplier in writing.

If an improvement (action) plan has been requested at time of notification, then the supplier has seven (5) business days to provide the initial plan. A completed improvement plan is due within 30 days from the initial request. All actions noted on the plan must be verifiable.

**NOTE:** Any additional or incremental costs for the above activities will be paid for by the supplier.

### 9.14 Service Parts and Warranty

**Service Parts**

All suppliers are responsible for the supply of original equipment service parts to Montaplast, NA for the duration specified by the Montaplast, NA customer. Service parts are to be manufactured from production tooling.

Regular preventive and predictive maintenance activities are required in order to maintain production capability. Service parts have the same requirements as production parts, unless otherwise directed by Montaplast, NA.

Service parts are required to meet the same quality standard and expectation as when they were in production. Due to their limited frequency and small production quantities, the defect PPM rejections will naturally carry more weight. Therefore, it is critical that you maintain the same quality standard and expectations as you did during normal production.

**Warranty**

The analysis of parts returned from the field must be reviewed to determine failure. If the failure is determined to be a supplier related issue, then the supplier must coordinate the inspection and any necessary testing. If the inspection and test confirms supplier's responsibility, then the supplier is responsible for all associated costs from the OEM and Montaplast, NA.

## *10 General Information*

### 10.1 Continuous Improvement

Suppliers shall develop a continuous improvement program, approved by senior management, which establishes improvement goals, planned implementation dates, and responsible personnel. As part of a supplier's commitment to its customers, Montaplast, NA expects that the supplier will implement coordinated improvement activities.

### 10.2 Lessons Learned

The feedback from previous and ongoing projects (i.e.; field failures, project management, product safety, product validation, etc.) is to be used by the supplier as lessons learned for other development projects and current production processes, as well, within their own supply chain. Evidence of use and implementation of improvements from lessons learned will be made available upon request.

### 10.3 Business Improvement Plan

Suppliers are expected to implement a business improvement plan that is measurement based continuous improvement methodology, to prioritize and focus company resources on improving the most important aspects of the business in key areas such as, safety, quality, cost, delivery, and people. This should involve all employees in driving continuous improvement activities through all work areas, including production and administration. Teams and individuals should be empowered to improve the performance metrics through the use of continuous improvement process steps.

**In the event that you have any questions, comments or concerns regarding the content of this document, please contact us at FFSuppQuality@montaplast.com. We will be happy to assist you.**

**In addition, if you are in need of any templates from the following list, please reach out to us at FFSuppQuaiity@montaplast.com and one of us will provide them to you.**

**NOTE: List is not all-inclusive.**

- **Packaging Approval Form**
- **8D / Corrective Action Template**
- **Self-Audit / Self-Assessment Form**
- **Product Audit Form**
- **Capability Study Template**
- **Capacity Study Template**
- **MSA Study Template**
- **Pre-Production / Sample Label**

**We at Montaplast, NA appreciate your support as we continue to strengthen our relationship with you.**