



Global Supplier Standards Manual

Rev. 2.0

1.0 – GENERAL

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1.2 - Purpose

The purpose of this manual is to provide Kendrick Plastics expectations and information to our suppliers. The goal is to assure the timely introduction of product to the marketplace with minimum problems both product or process related.

This manual sets the expectation that all Kendrick plastics suppliers comply with all of the requirements documented in this manual. This manual also provides the foundation for our working relationship with our suppliers. We will strive for excellence through continuous improvement in the products and services we receive through close working relationships with our suppliers in good faith.

Kendrick Plastics follows approved AIAG (Automotive Industry Action Group) documents with the goal of standardizing requirements and processes within the company. The AIAG publication IATF 16949 is the primary document guiding supplier – subcontractor requirements. All Kendrick Plastics suppliers are encouraged to gain certification to IATF 16949 requirements.

1.3 - Scope

This manual applies globally to all Kendrick Plastics locations that are involved in procurement of products and services for use internally or resale.

This manual was developed to communicate a minimum set of requirements to current and potential suppliers. Requirements are subject to change and can differ based on applicable customer specific requirements.

Updates or changes to this manual will be communicated to all current suppliers. It is the responsibility of the supplier to check at regular intervals at www.kendrickplastics.com to insure the most recent version of this manual is available. Any printed versions of this manual are considered an uncontrolled document for reference only.

1.4 – Supplier Standards Manual Summary

This manual is broken in the following areas:

- Supply Chain Management Expectations
- Global Terms and Conditions
- Social and Environmental Responsibility
- Engineering Requirements
- Electronic Commerce
- Shipping and Replenishment Performance
- Labeling Requirements
- Discrepant Material Reports (DMRs)
- Logistics Requirements
- International Shipping
- Cumulative Maintenance
- Balance Out and Claims Process
- Materials Management Operations Guideline
- Security & Trade Agreements

2.0 – Supply Chain Management Expectations

2.1 - Introduction

The supply chain organization at Kendrick Plastics contributes to manufacturing excellence in quality, cost, and delivery to the customer. In particular, the supply chain function assures the on-time delivery of component material and shipment of finished goods at the lowest cost.

Continuous improvement in our global supply chain systems is, and will continue to be, a competitive advantage for Kendrick Plastics. This is achieved through the execution of comprehensive, common business processes and systems such as:

- TS16949 standards
- AIAG Materials Management Operating Guidelines
- Kendrick Management System (KMS)

The following are critical supply chain elements that must be in place to execute flawlessly:

- Communicate electronically between suppliers and customers
- Implement/Utilize Lean Manufacturing practices
- Analyze demand (830, 862, 866, etc.)
 - Understand and react to schedule variation week to week
 - Reconciliation of CUMs
 - Compare demand to capacity
- Proactive communication through the supply chain when there are potential issues in meeting demand requirements
- Ship according to the transportation routing instructions
- Respond to the Customer specified replenishment method(s) and establish Replenishment processes to assure on-time delivery from the extended supply chain
- Implement quality protocols to achieve 0 PPM (zero defect) shipments
- Respond to “issue communication” tools (DMRs, 8Ds, etc.)
- Development of team members which focuses on: Process knowledge, technical capability, problem solving skills, and leadership ability
- Implement repeatable processes that minimize human intervention, and audit them to ensure conformance using the Supplier Assessment Survey
- Identify and measure key metrics on a monthly basis, with an emphasis on corrective action planning to address metrics that don't meet goals

2.2 – Management Standards

Kendrick Plastics encourages all suppliers become certified to the current version of IATF 16949. Suppliers that have not achieved certification to IATF 16949 must have at a minimum achieved certification to ISO9001 and be able to demonstrate compliance to IATF 16949 (or equivalent as approved by Procurement that promotes continuous improvement and compliance with applicable laws, regulations and contract requirements). Suppliers are required to submit updated copies of all certifications (ISO9001, IATF 16949, and ISO14001) on an annual basis through the PLEX Supplier Portal.

Kendrick Plastics encourages all suppliers become certified to the current version of ISO14001 environmental certification (or equivalent).

2.3 – Supplier Development

Kendrick Plastics will collaborate with our suppliers to establish development plans to ensure compliance and continuous improvement with respect to the requirements established in this manual. The methods for executing the supplier development activities are established by each stakeholder as appropriate.

2.3 – Scorecard Performance

There are 3 Key Process Indicators (KPIs) that Kendrick Plastics measures to review supplier performance:

KPI	Percent	Description
% On-Time Delivery	40	Measures on time delivery of product.
Quality Score	60	Measures quantity of issued SMR/DMR's, clean-point effectiveness, response timing, repeat issues and overall PPM performance, 4D and 8D response

The Kendrick Plastics Supplier Standards manual will instruct you on our expectations for your performance in order that together we may create a supply chain that executes flawlessly each and every time.

Suppliers are expected to check their scorecard in PLEX at least one time per month (<https://kendrickplastic.on.plex.com>).

3.0 – Global Terms and Conditions

3.1 – Access to Global Terms and Conditions

Terms and Conditions may be reviewed by accessing the Plex Supplier Portal or the Kendrick Plastics website.

If a supplier is unable to locate these documents, please contact your Kendrick Plastics Purchasing Contact.

4.0 – Social and Environmental Responsibility

4.1 – General Expectations and Responsibilities

The senior manager for each business and location that procures materials and services is ultimately responsible for implementing appropriate processes and systems to ensure their suppliers comply with common business ethics. Procurement personnel will oversee suppliers to ensure compliance. Personnel from other functional areas (e.g., Quality, Environmental and Safety) will support Procurement as requested to assess supplier compliance.

Kendrick Plastics recognizes the health and safety of our employees, as well as that of our suppliers throughout the world is of utmost importance. Our work processes and policies are designed to minimize risk. We all must routinely review and improve workplace conditions to ensure a safe and healthful workplace and must report unsafe working conditions anywhere in the world to supervisors and management.

We respect the needs and concerns of the communities in which we live and work. This is exemplified in the company's long tradition of caring about the quality of the environment. Our products, services, and manufacturing methods reflect this concern and our belief that what is good for the environment is good for Kendrick Plastics.

In the same respect we are committed to provide a workplace that is free of harassment or any other behavior that diminishes a person's integrity and self-esteem. Neither physical nor mental harassment, nor abuse will be tolerated.

Kendrick Plastics expects its suppliers to conduct their operations in a socially and environmentally responsible manner. The goal is to work collaboratively with suppliers to encourage the following:

- Compliance with applicable laws and regulations.
- Integration of environmental, occupational health and safety, and human rights and labor policies into the decision-making process based on a sound management system.
- Clear, accurate and appropriate reporting to Kendrick Plastics upon request.
- Check with your Kendrick Plastics representative for any customer specific forms that may be required.

4.2 – Labor Requirements

Suppliers should treat workers with dignity and:

- Prohibit the use of forced, bonded, indentured, or involuntary prison labor.
- Allow workers to leave employment upon reasonable notice and not require workers to hand over government-issued identification; passports or work permits as a condition of employment.
- Employ workers who are at least 16 years old. Youth (between 16 to 18 years) should enjoy all the benefits of a nurturing workplace such as training and development programs. Workers under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.
- Set work hours to comply with local law. Limit a workweek to 60 hours or less, including overtime, except in emergency or unusual situations.
- Comply with applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Employees receive at least the minimum wage required by law or the prevailing industry wages whichever is higher. Workers receive full details regarding deductions for taxes, benefits, etc. Wages are not deducted for disciplinary purposes and are paid in cash, check form or by direct deposit.
- Maintain workplaces free of physical or mental harassment, abuse, or any other behavior that diminishes a person's integrity and self-esteem. This includes harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers.
- Maintain workplaces free of unlawful discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity, and religious beliefs. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.
- Respect voluntary freedom of association, including the right to organize and bargain collectively in a manner that is legally compliant. Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions. Where worker representation and collective bargaining are restricted by law, efforts should be made to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers' rights, needs and views are considered and acted upon appropriately and in good faith.

4.3 – Health and Safety

Suppliers should practice the following:

- Control worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, heat, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/ tag-out). Where hazards cannot be adequately controlled by these means, provide workers at no cost as appropriate the proper personal protective equipment and ensure proper maintenance of the equipment. Workers are not be disciplined for raising safety concerns.

- Maintain appropriate emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- Manage, track and report occupational injuries and illnesses, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.
- Identify, evaluate and control worker exposure to chemical, biological, radiological and physical agents as well as physically demanding tasks. Provide appropriate personal protective equipment, when hazards cannot be otherwise controlled.
- Provide and properly maintain machine safeguards, interlocks and barriers.
- Provide clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the vendor or a labor agent are to be clean, safe, and provide emergency egress, adequate ventilation and reasonable personal space.

4.4 – Environmental

Adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public as well as ensure the following:

- Obtain, keep current and follow required environmental permits (e.g. discharge monitoring) and registrations.
- Implement programs to conserve water and energy and reduce waste.
- Identify and manage the materials posing a hazard if released to the environment are to ensure safe handling, movement, storage, recycling or reuse and disposal.
- Monitor, treat and control air emissions, wastewater and waste as required prior to discharge or disposal.
- Adhere to applicable laws and contract requirements regarding prohibition or restriction of specific substances, materials, and waste.

4.5 – Sustainability

Suppliers should recognize, believe in, and practice the principles of a sustainable business woven into the fabric of how they will conduct themselves. Elements which suppliers will consider include:

- Taking voluntary initiatives to reduce environmental impacts. These include efforts to improve energy efficiency, control greenhouse gas emissions, recycle materials, curtail or phase out use of toxic substances, minimize waste, conduct life-cycle assessments of products, and promote “greening of the supply chain.”
- Supporting safe, healthful workplaces and communities, hiring and promoting employees without discrimination, paying competitive wages and benefits, and being responsible citizens in communities where the parties operate.
- Regarding “conflict minerals”, Kendrick Plastics is committed to the responsible sourcing of and complying with rules and regulations regarding their use. The U.S. Securities and Exchange Commission (SEC) adopted rules detailed by the Dodd-Frank Wall Street

Reform and Consumer Protection Act of 2010 to implement reporting and disclosure requirements related to “conflict minerals”. Reporting methods can include but not limited to:

- <https://www.conflict-minerals.com/>
- <http://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/>

4.6 – Implementation

Basic Principles – Kendrick Plastics will encourage improvement when appropriate. However, termination of a contract will be considered when the supplier fails to comply with the spirit and intent of our Ethics Policy, has significant social and environmental performance issues that cannot be resolved in a timely or cooperative manner or could result in significant repercussions for Kendrick Plastics or our customers.

Supplier Selection Criteria – In addition to cost and quality, social and environmental performance will be used to select and retain suppliers. Acceptance of a Purchase Order means the supplier agrees to abide by the Ethics Policy or equivalent. No Purchase Orders will be awarded to suppliers that refuse to abide by the Ethics Policy or equivalent within a reasonable amount of time; or have significant environmental or social performance issues that cannot be resolved in a timely manner.

Validation of Supplier Performance – Kendrick Plastics personnel may require validation of the supplier’s performance. This may include background checks, site visits, third party audits/data, and internal discussions with personnel from other internal (i.e., environmental, safety, human resources and quality) and external organizations (i.e., industry peers, regulatory agencies, investment analysts, and non-government organizations.)

Each stakeholder will establish criteria for auditing key suppliers, especially those posing the greatest risks to Kendrick Plastics and its customers (i.e., raw material extraction, chemical processing, manufacturing associated with high labor demands, etc.). Audit results should be tracked to ensure corrective actions are implemented and shared across the business.

4.7 – Records and Logs

Suppliers are expected to maintain audit results, records, and performance measures to share with Kendrick Plastics as appropriate.

4.8 – References

Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI), OHSAS 18001 and ILO Guidelines.

5.0 – Engineering Requirements

5.1 – General Expectations and Responsibilities

Engineering support for product feasibility, product design and tooling design / approval may be required for a particular program. Suppliers will be expected to support design reviews and other collaborative efforts to support low cost solutions for tools and products.

5.2 – International Materials Data System (IMDS)

Government and industry regulations, including environment, safety, corporate governance and product performance are being enforced around the world. The IMDS (International Material Data System) is an internet-based database that has been established by the OEMs (original equipment manufacturers) for free-of-charge use by all suppliers of the automotive industry. IMDS tracks chemical ingredients of parts and assemblies across the entire automotive OEM supply chain. The solution helps OEM's comply with the increasing number of national and EU regulations related to material handling and disposal.

IMDS submissions are required for all materials present in the finished product. Therefore all Kendrick Plastics suppliers are required to support IMDS submissions as required for their products.

5.3 – Program Management Requirements

The following summarizes the expectations and compliance with processes:

- Suppliers must comply with all program specific requirements as outlined in the specific program Supplier Statement of Work (SSOW)
- Launch support is required by the supplier to engage in activities at Kendrick Plastics such as:
 - Supplier Kick-off Meetings
 - Design Reviews
 - SDT Meetings
 - Advance Quality Planning (AQP) activity
 - Build Events (technical centers and production plants)
 - Etc.
- Launch support is required by the supplier to engage in activities at the supplier facilities such as:
 - Supplier Build Events
 - Supplier Readiness Reviews
 - Supplier Process Sign-Off Reviews

6.0 – Electronic Commerce

6.1 – Introduction

Electronic Commerce Requirements – Kendrick Plastics and our automotive customers require EDI (Electronic Data Interchange) to be utilized by all suppliers throughout the Supply Chain. This includes the ability to receive releases (830 - weekly, 862 – daily), and send ASN's (856).

All of our initiatives, policies, and transaction sets comply with the guidelines set forth by the Automotive Industry Action Group (AIAG). Our suppliers must have the capability to interface with us in one or more of the following options:

- Traditional EDI package
- Visibility tool (i.e. i-Supply)
- 3rd party provider (i.e. Covisint)
- Plex

Any updates, new releases, system changes, etc. will be communicated to our suppliers by the Kendrick Plastics Supply Chain Management and Purchasing Organizations.

All suppliers must develop a contingency plan for their primary EDI system. This allows us to keep both product and information flowing if the primary system fails for any reason. To inquire about the specific details of using EDI with Kendrick Plastics, please contact your Kendrick Plastics Materials Analyst.

6.2 – Advanced Shipping Notice (ASN)

An ASN is the electronic transfer of shipment data from a supplier to a customer. The customer plant utilizes the information contained within the ASN in three ways:

- Determine and confirm goods in transit.
- Verification against the shipment as product is received.
- If the supplier is ERS (evaluated receipt settlement) approved, the ASN serves as an electronic invoice that will generate payment to the supplier. (Not applicable South America)

Accuracy is imperative to maintain the integrity of information related to inventory records, MRP/supplier schedules, and invoice payments. ASN timeliness is critical to information accuracy and functionality. Failure to send ASN's may result in non-compliance on your Supplier Scorecard, the issuance of a DMR (discrepant material report), and the potential for a charge-back.

The ASN must be created upon finalization of the shipment and be received by Kendrick Plastics within one hour from the time the shipment leaves the supplier's shipping location, or prior to its arrival at the Kendrick Plastics plant, whichever is earliest.

All shifts in a facility must be capable of sending the 856 ASN to meet these requirements. Confirmation of ASN receipt is available to suppliers (contact Kendrick Plastics for availability). In order for the ASN to be successfully transmitted to the Kendrick Plastic plant, the ASN must contain all of the SPECIFIED INFORMATION listed below. ASN's received without a BOL number will fail our rules and not be received, and a DMR will be issued for failure to send an ASN.

Please contact Kendrick IT or buyer for additional questions regarding ASN requirements.

Example of 856 EDI:

ISA*00* *00* *01*999999999 *01*117380933 *200715*1441*U*00300*000000001*0*T*<~ (Interchange Control Header)
 GS*SH*999999999*117380933*20200715*1441*1*X*004010~ (Functional Group Header)
 ST*856*0001~ (Transaction Set Header)
 BSN*00*40237*20200715*1441~ (Begin Segment for Ship Notice)
 DTM*011*20200715*1442~ (Date/Time Reference – Ship Date)
 DTM*017*20200715*1442~ (Date/Time Reference)
 HL*1**S~ (Hierarchical Level #1)
 MEA*PD*G*1*LB~ (Measurement – Physical Dimensions)
 TD1*CTN25*1~ (Carrier Details – Packaging Code)
 TD5*B*02*AULS*M~ (Carrier Details – Origin/Delivery Carrier)
 TD3*TL**07152020~ (Carrier Details – Equipment Type)
 REF*BM*40237~ (Reference – Bill of Lading)
 REF*PK*40237~ (Reference – Packing List)
 N1*ST**01*117380933~ (Name – Ship To - DUNS)
 N1*SF**01*999999999~ (Name – Ship From - DUNS)
 HL*2*1*I~ (Hierarchical Level #2)
 LIN**BP*3921131-SM1176~ (Item Identification – Buyer’s Part Number)
 SN1**5*EA*5~ (Item Detail – # units shipped)
 PRF*K5069423T~ (Purchase Order Reference – Purchase Order Number)
 CLD*1*5*CTN25~ (Container Load Details – # Loads, # Units Shipped, Packaging Code)
 REF*LS*S004991~ (Reference Identification – Bar-coded serial number)
 CTT*2*5~ (Transaction Totals – # Line Items, Hash Total)
 SE*21*0001~ (Transaction Set Trailer - # Line Items, Hash Total)
 GE*1*1~ (Functional Group Trailer - # Transaction Sets, Group Control Number)
 IEA*1*000000001~ (Interchange Control Trailer - # Functional Groups, Interchange Control Number)

Note: Additional requirements may be communicated to the supply base, dependent on the OEM customer’s specific requirements.

7.0 – Shipping and Replenishment Performance

7.1 – Introduction

The standard for Kendrick Plastics suppliers is 100% on time arrival of all parts required by the Kendrick Plastics manufacturing site. This means shipping the correct quantity of the correct product to the correct location according to the designated replenishment method.

It is mandatory that the supplier contact the Kendrick Plastics plant immediately upon recognition of an issue if the release schedule cannot be met. The supplier shall have a process in place to ensure that any potential problems that could impact the Kendrick Plastics operations are communicated as soon as they are identified. Differences shall be resolved with appropriate customer contact prior to shipment time.

It is our expectation that the supplier procures/produces to the high point of the forecast for authorized raw/fab, respectively. Notify your Kendrick Plastics Materials Manager if you receive 2 or more subsequent releases which show a decreasing authorization.

Suppliers are expected to receive forecasts and releases electronically, and to process them without manual entry.

In the event a supplier does not receive a weekly release from Kendrick Plastics, they must verify with the plant materials scheduler or manager that no release was sent, escalating the call if necessary for verification. If after multiple attempts (must include BOTH email AND phone call) the supplier is not able to contact Kendrick Plastics to verify release status, the supplier is authorized to use the most recent release to ship to Kendrick Plastics, following established guidelines for shipping to cum required by given dates.

7.2 – Forecast Expectations

The forecast will grant fab & raw authorizations per the commercial terms between Kendrick Plastics Purchasing and the supplier. Kendrick Plastics will grant the supplier a raw and fab authorization in accordance to the authorization being provided by our customer. For example, Kendrick Plastics may grant 28 days raw and 14 days fab, for a total of 28 days (i.e. you're authorized to convert 14 days of the raw, not carry an additional 28 days raw). This will be provided to the suppliers in their releases. Certain commodities may be granted different standards per their release. Deviations from the standard must be authorized by Kendrick Plastics and will be communicated in the purchase order as well as the release.

Each Kendrick Plastics plant may or may not require the supplier to ship according to the forecast release, and will contact the supplier to set this protocol up if it's the desired method of delivery. In other words, the forecast release may also serve as the delivery signal.

The authorization on a release is Kendrick Plastics' financial commitment for released material.

Authorization for a cum amount and the lead-time required for a shipment are not synonymous. Lead-time is defined as the amount of time between recognition of an order and receipt of the order (can include manufacturing time as well as transportation time). This doesn't translate

directly into the amount of weeks Kendrick Plastics will provide financial commitment in a cum authorization.

7.3 – Shipping & Delivery

Authorization to ship specific product will be communicated to the supplier through Kendrick Plastics plant designated replenishment method (MRP, KanBan, min/max, sequence). Within 90 days from SOP Kendrick Plastics will notify the supplier of the designated replenishment method. During launch or pre-production, we will use MRP or spot-buys.

Note: Replenishment method may vary from plant to plant. Please reference chapter 12, Replenishment Methodology, for further details on Kendrick Plastics standard replenishment tools.

A “Delivery signal” will show either a ship date or a delivery date. A delivery date defines when the goods are to be ultimately received by Kendrick Plastics. A ship date indicates the date which the supplier should ship the goods. In this context the delivery date does NOT mean delivery to carrier. The supplier is expected to understand transit time and have product ready for shipment in order to meet the delivery date on the schedule, inclusive of transit time. Contact the Kendrick Plastics plant if you have any questions as to which date is being transmitted.

The supplier is required to:

- Take ownership for all parts manufactured for Kendrick Plastics.
- Control its processes to assure that the physical shipments correspond with the Kendrick Plastics demand.
- Have the ability to meet either week to week net schedule increases or cum increases over the period authorized under the raw and fab authorization, based upon the Supplier contractual agreement or general OEM requirements. If this is not defined in the Supplier contractual agreement, then any higher OEM requirements will pass through. This does not apply once the supplier has been notified of a balance out.
- Contact Kendrick Plastics plant Materials Representative(s) if supplier is unable to meet the replenishment schedule, and supply the following information:
 - Date the parts will be available.
 - Suppliers plan to get back on schedule.
 - Name of the necessary resources to resolve any delivery issues.
- If an established window time is missed or release schedule cannot be met, contact your Kendrick Plastics plant representative for agreement on necessity of expedites.
- Obtain approval from Kendrick Plastics for the mode & carrier chosen. Every effort must be expended to reach agreement on the expedited freight responsibility at the time of shipment. If the supplier is responsible, the freight must be shipped "PREPAID" and the supplier may choose their logistics company. The supplier is also responsible for tracking the in-bound freight to Kendrick Plastics and advising the Kendrick Plastics plant Material Representatives as to shipment status.

A supplier will be held responsible for downtime and other associated costs (i.e. Premium freight or charter costs) due to their inability to meet delivery requirements, in accordance with the purchasing terms and conditions.

8.0 – Labeling Requirements

8.1 – Labeling Introduction

The adherence to these labeling requirements, as well as the packaging requirements also stated within the Kendrick Plastics Supplier Standards manual, is mandatory and will be continuously monitored. Non-compliance to these instructions will be brought to your attention through the issuance of a DMR (Discrepant Material Report) by our receiving plant.

Suppliers must ensure that all materials shipped to Kendrick Plastics are correctly labeled and that the labels are properly attached. When labeling, verify that there are two labels per container on adjacent corners. The label must be placed in the upper left-hand corner of the major side. Whenever possible the label printing should be a bold black type with at least 25mm high letters. No more than one part number is to be packaged in a container or shipped on a pallet. Supplier owned packaging with "Return to" labels must be located in a clearly visible area that does not interfere with the production identification labels.

Label protection against moisture, weathering, abrasion, etc., may be required in harsh environments and is encouraged wherever practical. Care must be taken to assure that labels meet reflectivity and contrast requirements and can be scanned with contact & non- contact devices.

It is the supplier's responsibility to remove labels on returnable containers, clean out any trash or unwanted debris & affix a new label prior to shipment, unless prior arrangements have been made with the Kendrick Plastics receiving plant.

8.2 – Part Shipping Labeling

All labels affixed to a container must contain the following information:

- a. Kendrick Plastics Part Number
- b. Quantity
- c. Kendrick Plastics Supplier ID Number / DUNS code
- d. Label Serial Number
- e. Part Description
- f. MFG Date (manufacturing date)
- g. Part Revision Level
- h. Lot Number
- i. International Build Statement (i.e. Made in Mexico)
- j. Manufacturing Address (Actual address of supplier's final assembly plant -name should match Kendrick Plastics scorecard plant location description to the fullest extent possible)

All containers must have the final Kendrick Plastics destination information affixed either as a master label on the skid or within their standard label format affixed to each container. Data required includes Kendrick Plastics site name, Address, city, state and postal code. An example of an acceptable label is at the end of this section. If a deviation to this standard is required (which includes but is not limited to label format, data, label size), it is the suppliers responsibility to obtain approval from Kendrick Plastics prior to shipment.

8.3 – Mixed Load Labeling

When release quantities require cartons of mixed material on one pallet, a special "Mixed Load" label must be used in addition to being labeled per Kendrick Plastics Labeling Specifications. All containers must be loaded to cubic capacity to maintain load density, package integrity, and obtain optimum transport utilization.

The following criteria must be observed when shipping mixed loads to a Kendrick Plastics plant:

- Cartons must be uniform in size to maintain load stability.
- Each pallet must have material / product for only one Kendrick Plastics plant.
- Avoid shipping less than a full layer whenever possible.

Kendrick Plastics Supplier Scheduling should be contacted to establish load quantities into their releases.

For unit load packaging that is shrink wrapped, the master label and mix load labels must be applied to the outside. When individual containers are palletized and made into a unit load for mechanical handling, the master label shall be attached to two adjacent sides of the unit load.

8.4 – International Shipment Labeling

Shipments to or from countries (e.g., Mexico, US, Canada, EU) may require special labeling, other than the Odette standard. Kendrick Plastics should be contacted to assist in obtaining the proper labels required if needed.

8.5 – Sample Shipment Labeling

When shipping sample parts or packaging test shipments for submission review or new revision level, a "Sample Parts" label must be utilized and must contain the name of the site Packaging Engineer and / or the person expecting to receive the container.

Requirements for shipping labels are based on the Odette / AIAG bar-coded format. Reference the AIAG Parts Identification and Tracking Application (B-4) document and the AIAG Trading Partner Labels manual (B-10) for labeling specifications.

8.6 – Launch/New Model Shipment Labeling

When shipping parts for launch or new model production, the supplier is to contact Kendrick Plastics for any additional labeling requirement. Materials for new model or launch production should be separated from current production materials unless permission from Kendrick Plastics is granted.


8.7 – Label Example

The standard label size shall be 4” x 6” minimum. The 1D barcodes must be Code 39 or Code 128 format. All text must be clearly readable when printed. Try to make the human readable characters as large as possible. Fields may not overlap. Make note of reserved areas of the label. Suppliers may not print anything in these areas without permission from Kendrick plastics.

NOTE: DO NOT PRINT PREFIX DATA CHARACTERS IN BARCODES – THESE HAVE BEEN REMOVED FOR KENDRICK PLASTICS STANDARD.

It is the responsibility of the supplier to supply sample labels and obtain label format approval from Kendrick Plastics. DMR’s could be issued in the event of non-conforming labels being used without prior approval. Contact Kendrick Plastics procurement contact for details.

Example of a Standard Container Label:

FROM: WIDGET MFG INC. SUZHOU 100 CHINA 215156 PO NO: 1234123234 MADE IN CHINA		TO: KENDRICK PLASTICS 5050 KENDRICK ST. SE GRAND RAPIDS, MI 49512		RESERVED AREA DO NOT PRINT HERE FUTURE 2D BARCODE HERE	
PART NO: 837900024 		REV LEVEL: 004A		PLANT/DOCK: 18	
QUANTITY: 100000 PCS 		LOT NO: 181-159M 			
SERIAL NO: M6018235 		DESCRIPTION: SWITCH ASM, BLUE			
RESERVED AREA DO NOT PRINT HERE		MFG DUNS: 3465678999 MFG DATE: 04/21/20 EXP DATE: 12/31/22			

Example of a Standard Master Load Label:

FROM: WIDGET MFG INC. SUZHOU 100 CHINA 215156 PO NO: 1234123234 MADE IN CHINA		TO: KENDRICK PLASTICS 5050 KENDRICK ST. SE GRAND RAPIDS, MI 49512		RESERVED AREA DO NOT PRINT HERE FUTURE 2D BARCODE HERE	
PART NO: 837900024 			REV LEVEL: 004A		PLANT/DOCK: 18
QUANTITY: 500000 PCS 					
SERIAL NO: 98345321 			DESCRIPTION: SWITCH ASM, BLUE		
RESERVED AREA - DO NOT PRINT HERE			MFG DUNS: 3465678999 PRT DATE: 04/21/20		
MASTER LOAD					

Example of a Standard Mixed Load Label:

FROM: WIDGET MFG INC. SUZHOU 100 CHINA 215156		TO: KENDRICK PLASTICS 5050 KENDRICK ST. SE GRAND RAPIDS, MI 49512		RESERVED AREA DO NOT PRINT HERE FUTURE 2D BARCODE HERE																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="font-size: 0.8em;">PART NO</th> <th style="font-size: 0.8em;">REV</th> <th style="font-size: 0.8em;">PO</th> <th style="font-size: 0.8em;">COO</th> <th style="font-size: 0.8em;">QTY</th> </tr> </thead> <tbody> <tr> <td>87234076</td> <td>00A</td> <td>9872341</td> <td>CN</td> <td>12000</td> </tr> <tr> <td>34590289</td> <td>213B</td> <td>1293075</td> <td>US</td> <td>503</td> </tr> <tr> <td>12393455</td> <td>12H</td> <td>9898712</td> <td>MX</td> <td>600</td> </tr> <tr> <td>89712343</td> <td>06B</td> <td>345IOU3</td> <td>US</td> <td>400</td> </tr> </tbody> </table>		PART NO	REV			PO	COO	QTY	87234076	00A	9872341	CN	12000	34590289	213B	1293075	US	503	12393455	12H	9898712	MX	600	89712343	06B	345IOU3	US	400
PART NO	REV	PO	COO	QTY																								
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89712343	06B	345IOU3	US	400																								
SERIAL NO: 43612433 *43612433*			PLANT/DOCK: 18		MFG DUNS: 3465678999 PRT DATE: 04/21/20																							
MIXED LOAD																												

9.0 – Discrepant Material Reports (DMRs)

9.1 – DMR Introduction

This procedure defines the process which Kendrick Plastics uses to communicate issues and monitor supplier performance with regards to accuracy of part shipments and accompanying documentation.

9.2 – DMR Requirements

There are 2 DMR metrics which Kendrick Plastics measures:

1. Delivery performance (Bold categories shown in the table below).
2. Information accuracy performance (Remaining non-bold categories shown in the table below).

A DMR may be issued when a shipment is received with one or more issues in the following levels:

- Header level
- Line Item level

<u>DMR Metric</u>	<u>Level</u>	<u>Category</u>	<u>Definition</u>
Information	Header	Incomplete/Inaccurate Commercial Invoice	International shipment where the commercial invoice is missing info.
Delivery	Header	Late Shipment against Defined Delivery Window	Entire shipment arrives after scheduled window time and was not the fault of carrier delay
Information	Header	Missing Commercial Invoice	International shipment that was missing a commercial invoice
Information	Header	No ASN	Supplier doesn't send an ASN for the entire shipment, or it arrives later than the shipment. Should be used for suppliers that are ASN capable or been told to be capable and have not complied.
Information	Header	Purchase Order Discrepancy	Wrong PO# shown on the packing slip or ASN.
Information	Header	Wrong Ship-to Address	Shipment that was sent to another Kendrick Plastics location first or paperwork lists incorrect address DMR is issued by Kendrick Plastics facility which ultimately receives (NOT by the facility who received it by mistake).
Information	Header	Incorrect Freight / Routing Instruction	Shipment was delivered by the wrong carrier or through incorrect consolidation point.

Delivery	Line	ASN Qty Different than Packing Slip	Quantity on the ASN doesn't equal the printed quantity on the packing slip. Not used for over or under shipments where a new item is shipped that didn't have an ASN.
Delivery	Line	Box Qty Different than Label	Quantity in the box doesn't equal the printed quantity on the label. Not used for over or under shipments where a new item is shipped that didn't have an ASN.
Information	Line	Incomplete/Inaccurate Packing Slip	Parts were shipped but not listed on the packing slip/ASN, or there was missing/inaccurate data on the Packing slip/ASN.
Information	Line	Incorrect Part Number on Label	Part number on the label doesn't match part number in the box
Information	Line	Label Non-Conformance	Label is not printed to Kendrick Plastics standard e.g. missing barcode, missing part # or quantity info
Delivery	Line	Late Shipment Against Defined Delivery Window	Item arrives after scheduled window time and was not the fault of carrier delay (could be applicable to one part that was thrown on the second day's truck. Plant should not issue an under shipment DMR when the first truck arrived w/o this part).
Information	Line	Non-conformance to Packaging Specification	Parts arrived in expendable when should have been in returnables. Parts arrived in incorrect sized containers or unapproved alternate packing/dunnage.
Delivery	Line	Over shipment	Supplier shipped more pieces than required in the release; min/max; kan-ban. Assumes the ASN showed this increased quantity and matches the shipment.
Information	Line	Packing Slip Quantity Different than Label	Packing slip shows 40 pieces, box / label show different quantity.
Information	Line	Purchase Order Discrepancy	Wrong PO# shown on the packing slip or ASN; wrong freight terms used for shipment
Delivery	Line	Under shipment	Supplier shipped less pieces than required in the release; min/max; kan-ban. Assumes the ASN showed this decreased quantity and matches the shipment.

9.3 – DMR Communication

DMR Communication to the Supplier

1. Receiving or Supplier Scheduler identify information quality / shipment errors as close to the time of the receipt as possible and create a DMR issue within Kendrick Plastics internal PLEX system
2. The Supplier Scheduler reviews the shipment documentation and evidence of the error and determines whether the DMR is valid. When the Supplier Scheduler approves the issue, an e-mail notification is automatically sent to the affected supplier and any additional people the Supplier Scheduler has entered into the issue.

DMR Supplier Response Expectations

1. Upon receipt of a DMR, the supplier is required to complete a 4D within 24hrs, and if required an 8D (See below for 8D instructions).
2. If the supplier believes that the DMR is inaccurate or unsubstantiated, the supplier may dispute the issue, which then prompts the Supplier Scheduler to either agree with the dispute, reject the dispute and return the DMR to the supplier, or override the dispute in order to allow the 4D to progress through the system.
3. The supplier is expected to assign an internal champion to address all DMR related issues and to provide timely and accurate responses to the issues that have been identified via the DMR.
4. The supplier's DMR champion must track the suppliers DMR performance, drive corrective action for all DMR's and communicate improvement plans to the appropriate supplier personnel (e.g., Account Manager, Customer Service Manager, Materials Manager, etc.).

DMR 8D Supplier Response Expectations

1. Provide the requesting Supplier Scheduler an initial 8-D complete through the first 4 steps within one business day. This should include identification of all potential causes of the problem, how the problem was communicated to the scheduler, and immediate containment actions.
2. Provide the completed 8-D to Kendrick Plastics within 5 business days of the DMR. Repetitive errors or chronic problems with information accuracy may result in a MQR meeting, and if not resolved could escalate to a hold on new business for the supplier.

DMR 8D Material Analyst Responsibility

1. If the Material Analyst approves the dispute, the DMR is removed from the supplier's record and considered closed. The related DMR quantity does not count in the DMR score calculation.
2. If supplier's response (either dispute or 4D) is not obtained within one business day of issuance, Kendrick Plastics may consider the DMR acknowledged and close the DMR as accepted. The quantity will count against the supplier's rating for that month.
3. If there is disagreement regarding a DMR between the Material Analyst and Supplier; the Material Analyst will elevate it to their Supply Chain personnel for mediation.

Corrective Action

1. Unless a dispute is accepted, the Material Analyst expects the supplier to perform corrective action. The Material Analyst reviews and tracks the corrective action submitted by the supplier for each DMR issued. The Material Analyst determines if the corrective action is effective and will close the DMR. Once a DMR is closed, it cannot be disputed, cancelled, or reversed.
2. If corrective action is not effective, the Material Analyst issues a new DMR and/or an MQR in accordance with the Management Quality Review Procedure.

9.4 – DMR Ratings and Scorecard Review

Kendrick Plastics Supplier Scorecard weighting is as follows:

1. Materials – 40%
 - a. Late shipments (minus 10% per event)
 - b. Premium freight shipments (minus 10% per event)
 - c. Labeling errors/shipping errors, (documentation, quantity, etc.) (minus 20% per event)
2. Quality- 60%
 - a. Late DMR response (minus 10% per event)
 - b. Broken clean point (minus 10% per event)
 - c. Repeat issues (minus 15% per event)
 - d. Monthly PPM > 0 PPM (minus 10%)
 - i. $PPM = (\text{total defects}/\text{total receipts} \times 1,000,000)$
 - e. Late 4D response (minus 10% per event)
 - f. Late 8D response (minus 10% per event)

Once a DMR is approved, the metric is moved from Kendrick Plastics internal PLEX system to the Supplier Scorecard Portal.

Suppliers will be subject to debit of \$250 US dollars for every closed DMR issued. A DMR Debit Memo is issued to process the charges. The original is sent to Accounts Receivable and copies are forwarded to the site Controller. The Debit Memo may be processed within five days of its receipt.

The current supplier goal is to have a minimum score of 80% for all metrics.

10.0 – Social and Environmental Responsibility

10.1 – Logistics Requirements Introduction

Kendrick Plastics (in conjunction with the supplier as needed) will determine carrier selection and routing instructions to effectively manage inbound freight through the careful consideration of these factors:

- Supplier location
- Product volume
- Packaging
- Transportation costs
- Lead time

Kendrick Plastics expects our suppliers to share in the ownership of the shipping process to ensure products are received in a timely and cost effective manner - essentially, at the right time, in the right container, at the right shipping price, to the right location. Below you will find supplier responsibilities necessary to fulfill our transportation requirements.

10.2 – Logistics Requirements Communication

All shipments must be accompanied by appropriate documentation. Documentation may include, but not limited to, packing slip, bill of lading, FTA certificates, commercial invoices, CMR (EU and Asia) and hazardous materials information.

Carrier information must be included in the Advance Ship Notice (ASN) transmission to allow for traceability and to ensure supplier compliance to Kendrick Plastics routing instructions.

When electronic generation of the ASN does not exist, the supplier is required to provide an emailed copy of the shipping documents and enter them into the Supplier Portal.

(Excluding EU) The supplier is responsible for contacting the appropriate carrier, freight forwarder and Kendrick Plastics materials personnel to ensure timely pick-up and delivery. It is the supplier's responsibility to set shipping window times in conjunction with Kendrick Plastics plant materials personnel and the carrier to ensure delivery at the Kendrick Plastics facility by the delivery date shown on the release.

(EU) Dates in the material releases are understood to be from 08:00 in the morning of the pick-up date to ensure lead times.

Any failure to meet the agreed upon shipping windows that result in carrier detention charges may result in a debit to the supplier to compensate for excess carrier detention charges.

(Excluding EU) Information to be provided should include, but may not be limited to, product availability, expected delivery time, special instructions, container dimensions, and weights. If shipping less-than-truckload quantities to one ship-to location, each skid must include a label indicating the plant name and address.

10.3 – Packaging Slip Requirement

Mandatory: Packaging slip must be attached (glue or tape) to the packaging (pallet shipment). The packing slip must be in a pouch/sleeve that protects it but also allows it to be removed by receiving plant.

Failure to comply with this requirement will result in a DMR for the shipment per the DMR procedure.

Items required in a specific location include:

- Packing Slip #
- Sold To info
- Supplier Production Plant
- Ship to
- BOL #
- Customer part #
- Description
- Supplier part #
- Quantity shipped
- PO #
- Footer which includes page number and repeats the packing slip # Packing Slip Bill of Lading Information Requirements

10.4 – Bill of Lading Requirements

The following information instructs a Kendrick Plastics Supplier on how to properly complete a bill of lading (BOL) form for shipments that are sent to Kendrick Plastics. Non-compliance to these requirements that result in excess freight charges to Kendrick Plastics will be debited back to the Supplier. A separate bill of lading must be created for each ship-to location, even when shipping on the same carrier. Each BOL must contain a unique BOL #.

The BOL must include:

- Supplier Name, Street address, city, state, and zip.
- Ultimate Consignee shown as: Kendrick Plastics (legal entity name), Plant name.
- Destination including Street address, city, state, and zip, and c/o where applicable
- Number of Packages and/or Handling Units - If packages are consolidated on a skid, provide both package count and skid count on the bill of lading.
- Description of shipment - Enter the description of each line item. Please note the type of package (carton, tote, barrel, etc.) and the quantity per package. Each line item must include the correct National Motor Freight Classification (NMFC) Item # and Class. This information is critical to ensure correct rating to avoid excessive charges.
- Weight - Enter the total gross weight, in pounds, for each line item. Include the weights of pallets, skids or any secondary container.
- Freight Terms – Indicate 'FCA Origin, Freight Collect' terms if Kendrick Plastics is responsible to pay for the shipment. All freight shipped to Kendrick Plastics facilities must be shipped freight collect unless the Purchase Order states otherwise or shipment is a Supplier paid expedite or routing deviation.

10.5 – Routing Instructions

Where Kendrick Plastics is responsible for paying freight charges, a routing instruction will be provided to the supplier. The routing instruction will include at least one primary carrier and an expedited carrier and is issued by each Kendrick Plastics receiving location.

It is the supplier's responsibility to ensure compliance and availability. Contact your appropriate plant materials personnel if you have not received a Supplier Specific Routing Instruction. A copy of the routing instruction must be signed and returned to the Kendrick Plastics plant materials contact.

Plant approval must be obtained from the receiving plant materials personnel for any routing instruction deviation. Any deviation from these routing instructions without plant approval may result in a supplier debit to compensate for excess freight charges and/or administrative fees.

10.6 – Premium Freight/Expedites

Any premium freight which results from a supplier event will be managed and paid for by the supplier. Kendrick Plastics will not take responsibility for the set-up, management, tracking or payment of a supplier-caused premium freight event. The supplier will communicate to the plant all expedite information and provide milestone updates to keep the plant informed on the arrival of the expedited components. Kendrick Plastics reserves the right to take-over the management of the premium freight event if the supplier fails to communicate and effectively manage the event themselves. In these cases, the supplier may be charged for Kendrick Plastics time.

When expediting freight at Kendrick Plastics expense, authorization must be obtained from the appropriate Kendrick Plastics receiving plant materials personnel. Unauthorized expedited freight may result in debit to the supplier to compensate for excess freight charges and/or administrative fees.

Upon authorization of an expedite shipment, the supplier should be prepared with the following information to share with the arranging party:

1. Protect time (the time by which the shipment must arrive)
2. Ready time (the time by which the shipment will be ready for pickup)
3. Shipment terms (collect if at Kendrick Plastics' expense)
4. Origin
 - a. Address
 - b. Contact
 - c. Operating hours of shipping facility
5. Shipment details
 - a. Weight
 - b. Dimensions
 - c. Stack ability
6. Destination details
 - a. Address
 - b. Contact

11.0 – International Shipping

11.1 – International Shipping Introduction

The purpose of this section is to provide suppliers of Kendrick Plastics with better understanding of their responsibilities as exporters and suppliers. This section contains information regarding:

- Shipment requirements for exports to Kendrick Plastics
- Warehouse & inventory requirements for international shipments
- Documentation requirements

Each supplier to Kendrick Plastics is responsible for complying with all customs laws and regulations as it relates to their activity with Kendrick Plastics. This includes, but is not limited to, the items outlined in this manual.

11.2 – Incoterms

Kendrick Plastics typically uses one of three incoterms for international shipments. Your purchase order will state the agreed upon term.

1. FCA (free carrier), where the named place is the shipping location or export port.

The supplier will be responsible for:

- Loading material onto transport vehicle
- Providing all necessary paperwork such as export licenses, commercial invoice documentation, authorizations, and export clearance from the country of shipment origination
- Confirming that the quantity of the goods are in conformance with the submitted documentation
- Provide appropriate packaging and markings

2. DAP (delivered at place), where the named place is the location of our broker or warehouse at the border. The supplier will be responsible for all items listed in #1 above, as well as freight to deliver the goods to the named place.

3. DDP (delivered duty paid), where the named place is the Kendrick Plastics receiving location. The supplier will be responsible for all items listed in #1 & 2 above, plus all costs/duties/fees payable for import until it reaches the destination.

11.3 – Customs Brokers

Kendrick Plastics has designated customs brokers to clear shipments on our behalf. Suppliers must send documentation to our designated broker as per the routing instructions issued by Kendrick Plastics.

11.4 – International Shipment Documentation

Suppliers are responsible for providing complete and accurate documentation for each international shipment. Documents include, but are not limited to, the Bill of Lading, Packing List, Commercial, and a Certificate of Origin (FTA or other as requested) where applicable. Incomplete or inaccurate documents may delay the timely delivery of product; failure to supply complete and accurate documentation will result in a supplier DMR and a debit for the cost

incurred of a delayed shipment. Shipments that are FCA or DAP must still have all paperwork as listed above.

11.5 – Valuation of Merchandise

Suppliers are responsible for stating the correct value of the product being shipped per the terms and conditions of your contract with Kendrick Plastics. This typically is the price payable according to the current purchase order price in effect at time of shipment. Failure to do so may result in a DMR and subsequent DMR debit charge.

11.6 – Country of Origin Marking

Every article of foreign origin (or its container) shall be marked in accordance with the regulations of the destination country.

11.7 – International Shipment Checklist

- Complete Bill of Lading (This must be the same BOL # as on the ASN)
- Complete Packing List
- Complete Certificate of Origin or FTA certificate (if not previously provided to Kendrick Plastics)
- Complete Commercial or Pro-Forma Invoice per guidelines listed above.

11.8 – Commercial Invoice

A commercial invoice shall accompany each export to a Kendrick Plastics facility. Invoice and all attachments must be in English. When the items below are excluded from the invoice, the customs clearance of the shipment could be delayed. Often a shipment is flagged for examination by customs due to the absence of values, description, and country of origin.

Contents of invoices and general requirements:

- Port of entry to which the merchandise is destined
- Complete name and address of consignee
- Complete name and address of shipper, including tax ID#. Include contact name & phone number Complete name and address of the customs broker
- Ship date
- A detailed description of the merchandise, including the Kendrick Plastics part number. It is very important that the Kendrick Plastics part number is listed so that the proper HS Classification and NAFTA eligibility can be determined. Do not modify the Kendrick Plastics part number (e.g. add a suffix or prefix). If shipment involves equipment, the invoice must also include the serial # and make & model #.
- Quantities, weight and unit of measure of the merchandise shipped (e.g. liters, gallons, kilograms etc)
- The purchase price in the currency of purchase
- Value of each item in the currency in which the transactions is made
- Type of currency
- All charges upon the merchandise itemized by name/category and amount.
- Country of origin (not necessarily country of shipment origination)
- Tariff / HS classification number
- INCO terms
- Invoice #

- Declaration of truth

Special Notes:

- Equipment has to be invoiced separately from Raw Material.
- Equipment has to be separated on different skids from Raw Material inside the cargo.
- Invoices must be sent at the time of shipment dispatch with an estimated time of arrival, specifying Trailer Number, Quantity of bundles or skid, and Time of estimated arrival

12.0 – Cumulative Maintenance

12.1 – Cumulative Maintenance Introduction

The generation, verification, tracking and reconciliation of cums is the standard requirement for Automotive Tier 1 suppliers, including Kendrick Plastics. Cums are a way to identify the amount of product that is required to ship to your customer. Kendrick Plastics expects the supplier to reconcile cums upon receipt of each EDI release. Identifying and initiating the resolution process of cum discrepancies is the responsibility of the supplier. The definition and procedure is defined below.

12.2 – Cumulative Maintenance Communication

Kendrick Plastics will provide the supplier with the following:

1. A starting cum of 0 upon issuance of a new purchase order
2. Last cum received quantity will be noted on each EDI release. Each shipment received will be accumulated to provide the last receipt cum received. This will include the last quantity received, date received into Kendrick Plastics inventory, and the supplier packing slip number received by the Kendrick Plastics manufacturing facility. The last receipt cum received could potentially change under the following conditions:
 - a. Subsequent receipt of shipment into Kendrick Plastics inventory
 - b. Issuance of Supplier Material Return (SMR) or a Discrepant Material Return (DMR). Issuance of an SMR or DMR may result in either an increase or decrease of Kendrick Plastics cum received.
 - c. Cum reset (may be done annually). Supplier will be notified prior to this occurring.
3. An electronic or manual release indicating net quantity due and total cum required per due date.
4. Prior cum required quantity - this field will represent the previous quantity due.
5. Physical copy of SMR or DMR to support cum resolution.

Kendrick Plastics expects the supplier to:

1. Track and accumulate all production part shipments. This will become the suppliers cum shipped quantity.
2. Update suppliers cum shipped quantity when the supplier is issued a SMR or DMR.
3. Identify past due quantities - using the most current release the formula is the
4. Kendrick Plastics last cum received quantity minus the prior cum required quantity.
5. Identify Kendrick Plastics cum required - using the most current release
6. Last cum received plus the net quantity due (If an alternate replenishment method is designated by Kendrick Plastics, the cum required will serve as forecast data rather than replenishment requirements).
7. Net quantity required is calculated using the most current release's cum required minus the suppliers cum shipped quantity.
8. Resolve any cum discrepancies with the appropriate Kendrick Plastics materials personnel immediately.

13.0 – Balance Out and Claims Process

13.1 – Balance Out and Claims Process Introduction

Kendrick Plastics believes that obsolete material claims can be avoided by minimizing lead times, strictly adhering to production schedules, and properly managing inventory received by our suppliers. Most obsolete material claims occur at the balance out of a product. Balance out is defined as end of model year as well as current model engineering changes. Our goal at balance out is to have zero obsolescence.

13.2 – Balance Out and Claims Process Communication

One of the tasks in our balance out process requires the Kendrick Plastics materials plant representative to notify, in writing, the supplier of the components that will be balanced out. Kendrick Plastics notification of balance out as well as defined balance out filing parameters will take place outside of the established authorization window. Claims received after the established deadline may not be honored.

After receiving balance out notification, any supplier planning to produce a contractual minimum run order which exceeds raw/fab authorization must first receive written approval from the Kendrick Plastics supplier scheduler or balance out coordinator. If obsolescence occurs due to the discontinuation of a part, the following procedure must be followed to file a claim:

1. Determine the highest RAW and FAB material authorizations issued by Kendrick Plastics. To determine the highest RAW/FAB authorizations, a cumulative release history must be reviewed. The high point is the highest cum release for the period prior to B/O notification. The 15% rule is no longer a requirement once a B/O notification has been issued. In addition, suppliers should refer to the "High Release" and/or their Purchase Order for RAW/FAB authorizations.
2. Fill out an "Obsolescence Claim Form" and attach the supplier management or schedule/release documents, purchase order, and any minimum run authorizations to support the claim.
3. All obsolete material must be segregated and stored, pending audit and final disposition by Kendrick Plastics and/or the OEM.
4. Suppliers are encouraged to submit their claims to Kendrick Plastics regardless of value, however supplier claims less than \$250 USD may not be paid, as it is dependent upon the total claim submitted to the OEM. Claims totaling less than \$500 aggregate will not be submitted to the OEM, nor paid to the supplier.

14.0 – Kendrick Supplier Assessment

14.1 – Kendrick Supplier Assessment Introduction

The Kendrick Supplier Assessment is a document that evaluates suppliers within the Kendrick Plastics supply chain to establish a common definition of materials practices to facilitate effective communication between supply chain partners.

The deployment of this by Kendrick Plastics, is to produce one common material planning and logistics evaluation that can be used by the supplier and customer throughout the product life cycle, including the early development phases.

The Kendrick Supplier Assessment is being deployed with our suppliers as a self-assessment tool; although Kendrick Plastics reserves the right to audit the assessment scores by conducting an onsite review of supplier facilities.

Suppliers can obtain a copy of the Kendrick Supplier Assessment from their respective Supplier Scheduler or Procurement Manager.

14.2 – Scorecard Performance

If requested, a Kendrick Supplier Assessment should be completed for each supplier shipping location to Kendrick Plastics to serve as a guideline in developing their materials management business processes.

It only has to be submitted once per location, but on an **annual** basis Kendrick Plastics expects the supplier to review their status and notify the scorecard manager if the score has changed.

15.0 – Security

15.1 – Security Introduction

Kendrick Plastics is committed to ensuring the security of its supply chain. Security measures are set in place with the primary goal of preserving the safety of our employees, protecting the physical property from loss or damage, safeguarding the integrity of our intellectual property, and preventing interruptions in the manufacturing process.

We expect the same approach to be taken by the supplier with whom we conduct business: to make a commitment toward the common goal of creating a more secure and efficient supply chain.

15.1 – Security Procedure Requirements

Suppliers should develop and implement a comprehensive security plan throughout their operations and supply chain, following the recommendations outlined by U.S. Customs & Border Protection as part of the Customs-Trade Partnership Against Terrorism (C-TPAT).

All suppliers that ship across an international border to a Kendrick Plastics plant in North America will update and complete the Kendrick Supplier Assessment that pertains to security. This assessment must be completed for Kendrick Plastics to complete a security risk assessment for our supply base. Failure to complete the assessment may result in a site visit.

If an assessment shows a security risk to Kendrick Plastics, a site visit may be conducted at the supplier's cost.

16.0 – USMCA and Trade Agreements

16.1 – USMCA and Trade Agreements Introduction

All suppliers of Kendrick Plastics have responsibilities relative to United States-Mexico-Canada Agreement (USMCA) and other trade agreements. This is true whether or not a supplier ships product cross border. Our goal is to ensure that suppliers are aligned with the procedures of Kendrick Plastics as we as a supply chain strive to adhere to Customs regulations.

As put forth in our global terms and conditions, each supplier to Kendrick Plastics, is responsible for complying with all Customs laws and regulations as they relate to their activity with Kendrick Plastics. This includes, but is not limited to, the items outlined in this chapter of the Supplier Standards Manual.

16.2 – Certification Requirements

Trade agreement or other related documents may be solicited by Kendrick Plastics' service provider. These documents include, but are not limited to, the following: United States-Mexico-Canada Agreement (USMCA) Certificate of Origin, Manufacturer's Affidavit, Traced Value Affidavit, American Automobile Labeling Act (AALA) certificates, Korea/US (KORUS) certificates of origin, US/Australia Certificates of Origin, as well as various MX based agreements.

A supplier must provide their response to the solicitations by the deadline provided in the request as instructed in the solicitation notice. All responses must be complete, accurate, and signed by an authorized representative, including both the Kendrick Plastics part number and the supplier's part number as shown on purchase orders. Suppliers should note that signing the various documents carries the legal obligation to advise Kendrick Plastics of any changes that would affect the accuracy or validity of the information. This notification must be in the form of an amended document.

If parts on a certificate are produced at more than one manufacturing location, the supplier must furnish either an Additional Plant/Shipping Location (APSL) form, or provide additional certificates utilizing the additional manufacturing locations.

Any part that is not certifiable under the trade agreement requested must be returned indicating 'not eligible' or 'non-originating' and the country of origin must be provided in the corresponding field on the document.

Please note that the traced value is required on all FTA responses regardless of eligibility status.

Suppliers may receive multiple requests for various parts throughout the year, and are asked to provide certificates only for the parts requested on each individual solicitation.

If Kendrick Plastics incurs duties/fees during importation and/or the supplier does not respond to a solicitation by the deadline given, the supplier will be debited. The debit is either a standard \$500.00 per month or the sum of all fees & duties paid because of not having a certificate on file, whichever is greater. In addition to direct financial penalties, suppliers that fail to comply risk losing their eligibility for a supplier award via a supplier scorecard rating deduction and/or the ability to quote on new business.

16.3 – Training

USMCA training is strongly recommended for all suppliers. AIAG.org provides training for this new agreement that replaces NAFTA in 2020. Please contact AIAG for details.

REVISION HISTORY:

Revision Number	Revision Details
1.0	Kendrick Plastics Initial Document Release
2.0	8.7 - Removal of prefix definitions on label standards.