



KENDRICK
P L A S T I C S

Global Supplier Standards Manual

Rev. 7.1

Table of Contents

1.0 PURPOSE / SCOPE / VISION / MISSION / VALUES

1.1 Purpose

1.2 Scope

1.3 Vision / Mission / Values of Kendrick Plastics

2.0 GENERAL EXPECTATIONS

2.1 General Terms and Conditions of Purchase

2.2 Supplier Sustainability

2.3 Direct Materials Supplier Expectations

2.3.1 Quoting

2.3.2 Engineering Requirements

2.3.3 Supplier Advanced Quality Planning/Supplier APQP

2.3.4 Supplier PPAP

2.3.5 CQI Special Process Assessments

2.3.6 IMDS

2.3.7 Quality Documentation Retention

2.3.8 Traceability

2.3.9 Capacity Planning

2.3.10 Conflict Minerals Policy

2.4 Indirect Materials and Services Supplier Expectations

2.5 Injection Mold Tooling Supplier Expectations

2.6 Supplier Risk Management Expectations

2.7 Materials and Logistics (Supply Chain) Expectations

2.7.1 Electronic Commerce

2.7.2 Shipping

2.7.2.1 Custom Brokers

2.7.2.2 International Shipment Documentation

2.7.2.3 Valuation of Merchandise

2.7.2.4 Harmonized Tariff Schedules Usage (HTSUS)

2.7.2.5 Country of Origin

2.7.3 Shipping and Replenishment Performance

2.7.3.1 Forecast Expectations

2.7.3.2 Shipping & Delivery

2.7.4 Labeling Requirements

2.7.4.1 Part Shipping Labeling

2.7.4.2 Mixed Load Labeling

2.7.4.3 International Shipment Labeling

2.7.4.4 Sample Shipment Labeling

2.7.4.5 Launch/New Model Shipment Labeling

2.7.4.6 Label Example

2.7.5 Shipping Discrepant Material Reports (DMRs)

2.7.5.1 DMR Requirements

2.7.5.2 DMR Communication

2.7.5.2.1 DMR Communication to the Supplier

2.7.5.2.2 DMR Supplier Response Expectations

2.7.5.2.3 DMR 8D Supplier Response Expectations

2.7.5.2.4 DMR 8D Material Analyst Responsibility

2.7.5.2.5 Corrective Action

2.7.5.3 Chargebacks

2.7.6 Logistics Requirements

2.7.6.1 Logistics Requirements Communication

2.7.6.2 Packing Slip Requirements

2.7.6.3 Bill of Lading Requirements

2.7.6.4 Routing Instructions

2.7.6.5 Premium Freight / Expedites

2.7.7 Cumulative Maintenance

2.7.7.1 Cumulative Maintenance Communication

2.7.8 Balance out and Claims Process

2.7.8.1 Balance Out and Claims Process Communication

2.7.9 Security

2.7.9.1 Security Procedure Requirements

2.7.10 USMCA and Trade Agreements

2.7.10.1 Certification Requirements

2.7.10.2 Training

2.7.11 Packaging

3.0 QUALITY EXPECTATIONS

3.1 Quality Management System Requirements

3.2 Statutory & Regulatory Compliance

3.3 Supplier Development

3.4 Scorecard Performance

3.5 Discrepant Material Reports

3.6 Supplier Warranty

3.7 Supplier Request for Change

1.0 PURPOSE / SCOPE / VISION / MISSION / VALUES

1.1 Purpose

The purpose of the Global Supplier Standards Manual is to communicate Kendrick Plastics' requirements to our suppliers. Kendrick Plastics expects this manual to provide the foundation for our working relationship with our Suppliers.

It is the expectation of Kendrick Plastics, that all suppliers of Direct Materials comply with all the requirements documented in this manual. Organizations supplying goods (such as components, bulk materials, and service parts) that are processed by Kendrick Plastics and subsequently become part of a vehicle are defined as Direct Materials suppliers.

All suppliers of Indirect Materials and Services are expected to comply with all the requirements in section 2.3 Indirect Materials and Services Supplier Expectations. Indirect suppliers are defined as organizations providing goods and services (such as contract labor, sorting and containment services, packaging, marketing materials, software, and travel services) in support of Kendrick Plastics' production business. Services that affect customer specific requirements such as subassembly, sequencing, sorting, rework, and calibration are subject to additional requirements.

Injection Mold tooling requirements affecting both tooling sources and direct material suppliers are addressed separately in section 2.4 Injection Mold Tooling Supplier Expectations.

Kendrick Plastics will strive for excellence through continuous improvement in the products and services we receive through close working relationships with our suppliers. Kendrick Plastics expects all suppliers to provide Zero Defect material and services delivered on-time, and to strive for continuous improvement in quality, delivery, service, innovation, and competitiveness.

1.2 Scope

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

The Global Supplier Standards Manual was developed to present a minimum set of requirements to current and potential suppliers. Requirements can differ based on applicable Customer Specific Requirements.

It is the supplier's responsibility to check at regular intervals for updates to this manual at <https://www.KendricPlastics.com>. All updates and changes will be found in the Suppliers section of the Kendrick Plastics website. Any printed versions of this manual are considered an uncontrolled document for reference only.

1.3 Vision / Mission / Values of Kendrick Plastics

Vision: An enhanced vehicle interior through best in class fit and finish products.

Mission: First choice for design, engineering, and manufacturing of interior trim and decorative components and assemblies.

Values: Customers, Innovation, Trust, Discipline, Health & Safety

2.0 GENERAL EXPECTATIONS

2.1 General Terms and Conditions of Purchase

The Terms and Conditions of Purchase ("Terms") shall govern buyer's purchase orders, delivery releases, and all future transactions with supplier. By accepting receipt of these terms without objection, or by fulfilling our purchase order ("Order") without objection, supplier declares its agreement to their applicability for the purchase of goods and/or services ("Supplies"), including service parts.

Buyer does not acknowledge any additional or different terms proposed by supplier, unless expressly stated in the Order. When accepted, the Order supersedes all prior purchase orders, quotations, proposals, and other communications. The Terms can be found in their entirety at www.KendrickPlastics.com.

2.2 Supplier Sustainability

Kendrick Plastics respects the needs and concerns of the communities in which we live and work. Our products, services, and manufacturing methods reflect this concern and our belief that what is good for the environment is also good for Kendrick Plastics.

Suppliers to Kendrick Plastics shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environmental protection, use of toxic and hazardous materials, and free trade. Suppliers must recognize that the applicable regulations might include those in the country of manufacture, as well as the country of sale. Registration to ISO14001 (Environmental Management System) and OHSAS 18001 / ISO 45001 (Health and Safety Management System) is strongly recommended. Suppliers are required to be able to show documented evidence of compliance to ISO14001 and OHSAS 18001 / ISO 45001 or conformance to local country regulations.

Kendrick Plastics and its suppliers are responsible for health and safety of their employees. Work processes and policies must be designed and implemented to minimize risk. Suppliers must routinely review and improve workplace conditions to ensure a safe and healthful workplace and report unsafe working conditions anywhere in the world to supervisors and management.

Kendrick Plastics values diversity and equal treatment within the workplace and is committed to providing an environment that is free of harassment or any other behavior that diminishes a person's

integrity and self-esteem. Harassment or abuse in any form is not tolerated. We expect the same approach from our supplier base.

2.3 Direct Materials Supplier Expectations

Kendrick Plastics expects to enhance our strategic advantage with our growing customer base by consistently demonstrating a best cost position through a commitment to commercial openness, a competitive cost structure, and a customer-oriented footprint throughout our supply chain. Kendrick Plastics' strength lies in our approach to knowledge-based sourcing, emphasis on continuous improvement and full supplier engagement in the process, development of subject matter Procurement experts through collaboration with supplier's technical teams, and identification of innovative differentiators and unique value that leverages both Kendrick Plastics and supplier capabilities. Understanding Kendrick Plastics' and OEM customer specific requirements and expectations is critical to our collective success.

Direct suppliers must meet the following criteria.

- Pass a Risk Assessment. A risk assessment shall include at least one of the following.
 - FR-148 Supplier Profile
 - Financial Risk Assessment
 - FR-176 Supplier Financial Risk Assessment
 - Third party financial condition review
 - Review of the company's publicly available financial filings
 - WI-078 Supplier Assessment Workbook
 - Suppliers of materials for Ford programs, where Kendrick Plastics is the Tier 1 supplier, are subject to annual financial assessments per Ford Specific Requirement 8.4.1.2.
- Maintain Acceptable Quality and Delivery Performance. The supplier should provide or allow review of supporting data, which may include any of the following.
 - Supplier Quality Rating from Kendrick Plastics
 - Documented Supplier Quality Ratings from the Supplier's Primary Customers
 - Supplier's External PPM and On Time Delivery KPI data
- Maintain Certification or Conformance to a Quality Management System (QMS)
 - Suppliers should have at a minimum achieved certification to ISO 9001:2015.
 - IATF 16949 is the preferred QMS. Suppliers who are not certified and who are eligible to be certified to IATF 16949 should have a plan to do so within one (1) year of approval as a supplier to Kendrick Plastics. If a supplier does not have a plan to become certified to IATF16949 or does not meet their plan, then the supplier should complete the WI-078 Supplier Assessment Workbook on an annual basis. Kendrick Plastics' Purchasing and Supplier Quality personnel should also complete an on-site audit with the supplier whenever practicable. Exceptions can be made for Raw/Bulk Material manufacturers.
 - In instances where a supplier is not certified to a QMS, the supplier should complete the WI-078 Supplier Assessment Workbook on an annual basis. Kendrick Plastics' Purchasing and Supplier Quality personnel should also complete an on-site audit with the supplier whenever practicable.

- For suppliers of material on Stellantis programs where Kendrick Plastics is the Tier 1 supplier Stellantis FCA US Group Customer Specific Requirement 8.4.2.5 will apply to suppliers who are unable or unwilling to certify to IATF 16949 or ISO 9001
 - A. A supplier will be exempt from the requirement if the following applies:
 1. The supplier is a direct supplier to Stellantis and has received exempt status from Stellantis, or;
 2. The supplier is a distributor of parts/material manufactured by a separate company, or;
 3. The part/material is specified, by company name, part number, product trade name, etc., by Stellantis through engineering documents, performance specifications, CAD data, Statement of Work, or any other similar document or communication, or;
 4. The part/material being provided is not a safety or appearance related item and is identified as low risk.
 - B. A supplier who is not identified as exempt is considered non-exempt and is subject to one of the following annual requirements.
 1. Second Party Audit, or;
 - a. The second party must annually audit each non-exempt supplier for whom it has performed the second party service.
 - For suppliers not certified to ISO 9001, the duration of these audits must conform to the full application of the audit day requirements of the Rules, Section 5.2.
 - For ISO 9001 certified suppliers, audit length may vary to suit individual supplier requirements and audit resource availability in accordance with the documented development strategy. Audit reports shall be retained as organization-controlled records (7.5.3.2.1). The following second party qualifications shall apply:
 1. The organization must be certified to IATF 16949:2016 by an IATF-recognized Certification Body.
 2. The IATF 16949 certification of the second party cannot be in “suspended” status.
 2. Supplier Self-Certification
 - a. Supplier Self-Certification may be an effective alternative to second-party audits for QMS development. Suppliers eligible for Self-Certification should meet the following criteria.
 1. A current supplier in good standing.
 2. PPM rate of 100 or less
 3. On Time Delivery of 90% or more.
 - b. Supplier Self-Certification Criteria includes the following:
 1. A preliminary evaluation (audit) of the supplier’s QMS
 2. An analysis of the supplier’s quality performance
 3. An assessment of the incremental risk to the organization’s products
- Complete and sign the FR-148 Supplier Profile Form.
- Read and sign the Kendrick Plastics Supplier Standards Manual.

2.3.1 Quoting

When quoting, suppliers are expected to provide accurate and detailed cost breakdowns for piece price and tooling. Timeliness and accuracy of responses for pursuit of programs, OEM business awards, and engineering change quotes may impact the supplier's eligibility to receive continued business opportunities.

2.3.2 Engineering Requirements

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.

2.3.3 Supplier Advanced Quality Planning/Supplier APQP

All parts require APQP tracking unless otherwise notified in writing by the assigned Kendrick Plastics Quality Engineer. Suppliers shall use the latest edition of AIAG APQP manual to ensure quality planning is implemented in accordance with automotive industry standards.

2.3.4 Supplier PPAP

Kendrick Plastics suppliers are to prepare and submit Production Part Approval Packages (PPAP) for new parts, corrections to previous submissions, engineering changes, and/or other planned changes to design, process, layout, or facility. PPAP documentation including the part submission warrant (PSW) must reference Kendrick Plastics' part number and design record. This requirement applies to all supplied components including standard catalog parts and customer-directed components. Submission and subsequent customer approval is required prior to first saleable production shipment. Suppliers shall use the AIAG PPAP manual, unless otherwise specified by Customer Specific Requirements

Supplier submission of on-time and complete PPAP packages is critical to demonstrating that components meet customer requirements prior to start of production. Suppliers are expected to anticipate risk caused by late tasks and changes by developing mitigation strategies.

Unless otherwise agreed to in writing, Kendrick Plastics' suppliers shall complete annual validation to demonstrate continued adherence to proper engineering levels and performance to design intent. At a minimum, annual revalidation shall include a flammability test results, full set of dimensional reports, capability studies, material certificates and lab reports with detailed values (unless otherwise specified in the control plan). Only data less than one year old are acceptable for annual revalidation purposes. Suppliers are required to submit annual validation when requested by Kendrick Plastics and annual documentation should be readily available according to the retention policy described in Section 2.2.5. If requested by Kendrick Plastics, the annual validation packages need to be submitted within 10 working days of the request.

Initial PPAP, resubmission for carry-over parts, and annual requalification shall be provided at no cost to Kendrick Plastics.

2.3.5 CQI Special Process Assessments

Kendrick Plastics suppliers are to prepare and submit any applicable CQI Special Process Assessments annually. Suppliers shall also ensure that their suppliers and tiered suppliers ensure conformance to this requirement.

- CQI-9 Heat Treat
- CQI-11 Plating
- CQI-12 Coating
- CQI-15 Welding
- CQI-17 Electronic Assembly Manufacturing-Soldering
- CQI-23 Molding
- CQI-27 Casting
- CQI-29 Brazing

2.3.6 IMDS

The IMDS (International Material Data System) is the automobile industry's material data system. The data collected by the entire Automotive Supply Chain enables the participating companies to comply to worldwide ELV directives, REACH SVHC, RRR, and similar regulations. A list of participating companies can be found [here](#).

Suppliers must complete IMDS submissions for parts used in automotive applications. Kendrick Plastics' IMDS number is 209659.

IMDS submissions must include all materials present in the finished product. All basic substances must be reported.

The basic substances used in materials, which are listed as D or D/P in the GADSL or in OEM specifications, must be reported as soon as the concentration exceeds the defined threshold. Material datasheet must be created in line with IMDS and OEM rules and guideline.

Information for new IMDS users can be found [here](#).

2.3.7 Quality Documentation Retention

Kendrick Plastics' suppliers shall maintain quality records such that they remain retrievable and legible upon request by Kendrick Plastics. Kendrick Plastics requires record retention duration for minimum "life of program" plus an additional period in line with statutory, regulatory and customer requirements. Records related to nonconforming product for trend analysis and problem identification shall also be maintained. This requirement also applies to any supplier's sub-supplier. Additional record retention requirements can be referenced per AIAG or ISO 9001 and/or IATF16949 (latest editions).

2.3.8 Traceability

The supplier shall be responsible for controlling/tracking the actual configuration of material or parts to the approved engineering documents in addition to any changes to ensure that the end product meets specified functional and physical requirements as contracted. Additionally, the supplier shall have a robust system in place to provide (upon request) lot or part traceability back to the raw material stock for all material shipped to Kendrick Plastics. This requirement shall also apply to any supplier's sub-supplier.

2.3.9 Capacity Planning

Projected production volumes and industry growth in various regions drives continued expectation for detailed capacity planning, addressing both equipment and resources. Each supplier is expected to take proactive measures to ensure Kendrick Plastics and our customers are protected from quality and supply chain issues due to poor capacity management. At a minimum, suppliers are required to review capacity studies with their Kendrick Plastics Commodity Manager on an annual basis.

2.3.10 Conflict Minerals Policy

To the extent tin, tungsten, tantalum, and gold ("3TG") are contained in our products, it is Kendrick Plastics' goal to use DRC conflict free minerals, while continuing to support responsible in region mineral sourcing from the Democratic Republic of the Congo and adjoining countries. As defined in Rule 13p-1 of the Securities Exchange Act of 1934 (the "Rule"), "DRC conflict free" means that a product does not contain conflict minerals necessary to the functionality or production of that product that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country. When directed by our Customer's Specific Requirements, we will require our suppliers to conduct due diligence to understand the source of the conflict minerals and other requested raw materials used in Kendrick Plastics products, source responsibly, and not knowingly provide products containing minerals that contribute to conflict as described in the Rule. Suppliers must conduct mineral due diligence in alignment with the Organization for Economic Co-operation and Development ("OECD") Guidance. Suppliers are required to use smelters and refiners that have been validated as conformant to an independent 3rd party responsible mineral sourcing validation program. Suppliers are expected to provide parts containing raw materials from sources that have been audited against an independent, 3rd party standard. Additionally, Kendrick Plastics expects suppliers to extend responsible sourcing and due diligence to include Conflict-Affected and High-Risk Areas ("CAHRAS"), cascade OECD Guidance mineral due diligence requirements to sub-tier suppliers, and report any identified risk in the supply chain to the designated responsible party at Kendrick Plastics.

2.4 Indirect Materials and Services Supplier Expectations

This section details expectations for those organizations providing goods and services, which will not become a part of a vehicle, in of support Kendrick Plastics' production business.

Kendrick Plastics Indirect Procurement seeks to work with suppliers who demonstrate excellence and innovation in the products and/or services they provide, by increasing efficiencies, reducing waste, improving communication, and adding overall value to the supply chain.

Indirect suppliers must meet the following criteria.

- Pass a Risk Assessment. A risk assessment shall include at least one of the following.
 - FR-148 Supplier Profile
 - Financial Risk Assessment
 - FR-176 Supplier Financial Risk Assessment
 - Third party financial condition review
 - Review of the company's publicly available financial filings
 - WI-078 Supplier Assessment Workbook
- Demonstrate a proficiency in ability to provide the product or service being requested. This may be demonstrated as follows.
 - On site visit at Supplier's manufacturing facility by Kendrick Plastics
 - Examples of similar product/service presented for review by Supplier at Kendrick Plastics
 - References from other Customers who have received similar products/services
 - Industry reputation for providing products/services requested
 - Obtain and maintain the industry required/standard certifications for the product or service being provided (e.g., Quality Management System, lab certifications, OEM equipment calibration/service/software certifications, etc.).
- Obtain and maintain the industry required/standard certifications for the product or service being provided (e.g., Quality Management System, Environmental Management System, lab certifications, OEM equipment calibration/service/software certifications, etc.).
- Maintain Acceptable Quality and Delivery Performance
 - Performance may be measured against the expectations set forth by the Statement of Work, RFQ Package, Supplier Quote, etc.
 - If applicable, the supplier should provide or allow review of supporting data, which may include any of the following.
 - Supplier Quality Rating from Kendrick Plastics
 - Documented Supplier Quality Ratings from the Supplier's Primary Customers
 - Supplier's External PPM and On Time Delivery KPI data
- Complete and sign the FR-148 Supplier Profile Form
- Read and sign the Kendrick Plastics Supplier Standards Manual

2.5 Injection Mold Tooling Supplier Expectations

All Tooling Suppliers, both Domestic and Offshore, that provide injection molds directly to Kendrick Plastics must adhere to the current version of the Kendrick Plastics Tooling Standard.

Part Suppliers to Kendrick Plastics that manage the procurement and building of their own tools must also meet the current version of the Kendrick Plastics Tooling Standard.

Tooling Standards can be obtained from your Kendrick Plastics Procurement contact or the Kendrick Plastics Tooling Manager.

All suppliers are subject to tool audits by Kendrick Plastics and its Customers.

2.6 Supplier Risk Management Expectations

Kendrick Plastics views a supplier's ongoing financial health as an important consideration for business award. Kendrick Plastics' Risk Management team utilizes a combination of tools to evaluate risk. These include, but are not limited to, the following:

- Kendrick Plastics Form FR-148 Supplier Profile
- Kendrick Plastics Form FR-176 Supplier Financial Risk Assessment
- Third party financial condition review
- Review of the supplier's publicly available financial filings
- Kendrick Plastics Form WI-078 Supplier Assessment Workbook
- On site visit at Supplier's manufacturing facility by Kendrick Plastics
- References from other Customers who have received similar products/services
- Documented Supplier Quality Ratings from the Supplier's Primary Customers
- Supplier's External PPM and On Time Delivery KPI data

Additionally, suppliers are required to establish written contingency plans to support production in the event of emergency such as utility interruptions, labor shortages, key equipment failures, or supply chain risks.

2.7 Materials and Logistics (Supply Chain) Expectations

The Materials and Logistics (Supply Chain) organization at Kendrick Plastics assures the on-time delivery of component materials 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 advantage is created through the engineering and design of Lean Replenishment and Logistic Business processes, which are enabled through effective application of Lean Technologies. To fully leverage the potential of these innovative systems and processes, the knowledge and capabilities of our extended enterprise must be flexible and capable of meeting our replenishment requirements.

Total Supply Chain Management is achieved through the execution of comprehensive, common business processes and systems such as:

- IATF 16949 / ISO 9001 standards
- AIAG Materials Management Operating Guidelines

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
 - Understand and react to schedule variation week to week
 - Reconcile cumulative customer receipts to shipments
 - 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
- Respond to “issue communication” tools (DMR)
- 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 assure conformance (AIAG MMOG/LE is preferred, or equivalent)
- Identify and measure key metrics, on a monthly basis, with an emphasis on corrective action planning to address metrics that don’t meet goals

2.7.1 Electronic Commerce

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 and send Advanced Shipping Notices.

Advanced Shipping Notice (ASN) is the electronic transfer of shipment data from a supplier to customer (Kendrick Plastics).

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.

2.7.2 Shipping

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.

2.7.2.1 Custom Brokers

Kendrick Plastics has designated Customs Brokers to clear shipments on our behalf. Suppliers must use the designated broker according to the trade incoterm according to routing instructions set forth by Kendrick Plastics' corporate offices.

2.7.2.2 International Shipment Documentation

Suppliers are responsible for providing complete and accurate documentation for all international shipments. Documents must be sent with each cross-border shipment. Documents include, but are not limited to, the Bill of Lading, Packing List, Commercial or Pro-Forma Invoice, and a Certificate of Origin (USMCA Form or other as requested) where applicable. Incomplete or inaccurate documents may delay the timely delivery of product to a Kendrick Plastics' facility; therefore, failure to supply complete and accurate documentation will result in a supplier DMR (Discrepant Material Report) and a debit for the cost incurred in a delayed shipment

2.7.2.3 Valuation of Merchandise

Suppliers are responsible for stating the proper value of the product being shipped per the terms and conditions of your contract with KENDRICK PLASTICS. Failure to do so may result in a DMR and subsequent DMR debit charge.

2.7.2.4 Harmonized Tariff Schedules Usage (HTSUS)

All suppliers are required to show the proper tariff classification on the commercial or pro forma invoice. Specific details of the invoice to be agreed with the Kendrick Plastics receiving plant's financial department or corporate office.

2.7.2.5 Country of Origin

Definition: The country where an item was manufactured, produced, grown or where substantial transformation occurs. Specific rules of origin are used to prove that items qualify for reduced duties or duty-free treatment under trade agreements.

- Every article of foreign origin (or its container) shall be marked in accordance with the regulations of the importing country.
- Prior to the shipment all suppliers shall send a manufacturers affidavit showing country of origin to the destination country's Customs and Logistics team or designated representative.

2.7.3 Shipping and Replenishment Performance

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 Kendrick Plastics contact prior to shipment time.

Suppliers are expected to receive forecasts and weekly releases electronically, and to process them without manual entry. Reference the Kendrick Plastics Electronic Commerce document for further details on electronic transmissions.

2.7.3.1 Forecast Expectations

The forecast will grant fab & raw authorizations per the commercial terms between Kendrick Plastics Procurement and the supplier.

2.7.3.2 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 preproduction, we will use MRP or spot-buys.

2.7.4 Labeling Requirements

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.

2.7.4.1 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. The 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 supplier's responsibility to obtain approval from Kendrick Plastics prior to shipment.

2.7.4.2 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.

2.7.4.3 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 label requirements.

2.6.4.4 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.

2.7.4.5 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 prior authorization is received from Kendrick Plastics.

2.7.4.6 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 authorization from Kendrick plastics.

It is the supplier's responsibility 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: (P) 837900024 *P837900024* | | | REV LEVEL: 004A | | PLANT/DOCK: 18 |
| QUANTITY: (Q) 100000 PCS *Q100000* | | LOT NO: 181-159M (1T) *1T181-159M* | | | |
| SERIAL NO: (S) M6018235 *QM6018235* | | | 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: (P) 837900024 *P837900024* | | | REV LEVEL: 004A | | PLANT/DOCK: 18 |
| QUANTITY: (Q) 500000 PCS *Q500000* | | | | | |
| SERIAL NO: (S) 98345321 *Q98345321* | | | 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 | | <div>RESERVED AREA DO NOT PRINT HERE FUTURE 2D BARCODE HERE</div> | |
| PART NO 87234076 34590289 12393455 89712343 | REV 00A 213B 12H 06B | PO 9872341 1293075 9898712 345IOU3 | COO CN US MX US | | QTY 12000 503 600 400 |
| SERIAL NO: 43612433 (S) *S43612433* | | PLANT/DOCK: 18 | | | MFG DUNS: 3465678999 PRT DATE: 04/21/20 |
| MIXED LOAD | | | | | |

2.7.5 Shipping Discrepant Material Reports (DMRs)

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.

2.7.5.1 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

| DMR Metric | Level | Category | Definition |
|-------------------|---------------|--|---|
| 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; Kanban. 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 shows 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; Kanban. Assumes the ASN showed this decreased quantity and matches the shipment. |

2.7.5.2 DMR Communication

2.7.5.2.1 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.
3. A Return Material Authorization (RMA) shall be requested from the supplier prior to disposition of nonconforming material. Disposition of supplier's nonconforming product may include scrap, rework, sorting or return to vendor. The RMA provides authorization for Kendrick Plastics to proceed with actions as agreed between the supplier and Kendrick Plastics. An RMA shall also be requested to authorize recovery of Kendrick Plastics' costs related to rework or sorting activity performed on supplier's behalf.

2.7.5.2.2 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.).

2.7.5.2.3 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.

2.7.5.2.4 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.

2.7.5.2.5 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.

2.7.5.3 Chargebacks

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.

2.7.6 Logistics Requirements

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 cost, to the right location.

2.7.6.1 Logistics Requirements Communication

All shipments must be accompanied by appropriate documentation. Documentation may include, but is not limited to, packing slip, bill of lading, USMCA certificates, commercial invoices, CMR (carcinogenic, mutagenic, or toxic to reproduction; EU & 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.

2.7.6.2 Packaging Slip Requirements

Kendrick Plastics requires all suppliers to prepare their packing slip(s) in a standard format.

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 #

2.7.6.3 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.

2.7.6.4 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.

2.7.6.5 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

2.7.7 Cumulative Maintenance

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

2.7.7.1 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 Kendrick Plastics last cum received quantity minus the prior cum required quantity.
4. Identify Kendrick Plastics cum required - using the most current release, the 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).

5. Net quantity required is calculated using the most current release's cum required minus the suppliers cum shipped quantity.

6. Resolve any cum discrepancies with the appropriate Kendrick Plastics materials personnel immediately.

2.7.8 Balance out and Claims Process

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.

2.7.8.1 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.

2.7.9 Security

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.

2.7.9.1 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 the of 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.

2.7.10 USMCA and Trade Agreements

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

2.7.10.1 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 and/or the ability to quote on new business.

2.7.10.2 Training

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

2.7.11 Packaging

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 #

3.0 QUALITY EXPECTATIONS

3.1 Quality Management System Requirements

Kendrick Plastics encourages all eligible suppliers become certified to the current version of IATF 16949. Eligible suppliers that have not achieved certification to IATF 16949 must have at a minimum achieved certification to ISO9001:2015 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). Exceptions can be made for Raw/Bulk Material manufacturers. Suppliers are required to submit updated copies of all certifications (ISO9001, IATF 16949, and ISO14001) on an annual basis to their Purchasing or Supplier Quality contact or through the PLEX Supplier Portal.

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

3.2 Statutory & Regulatory Compliance

The suppliers to Kendrick Plastics shall ensure conformance of all products, process, and services to the applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer identified country of destination, if one is provided. Suppliers shall also ensure that their suppliers and tiered suppliers ensure conformance of all products, process, and services to the applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer identified country of destination, if one is provided.

The suppliers to Kendrick Plastics shall ensure conformance of all processes (including, but not limited to plants, facilities, offices, and sub-supplier operations and facilities) used in the manufacture of all products to the environmental statutory and regulatory requirements in the country of manufacture.

3.3 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.

Through the Supplier Monitoring Activity or other activities (e.g. new program launch), Kendrick Plastics may identify other issues that need to be addressed through the Supplier Development activity, even if those issues do not lead to a low supplier rating. These include, but are not limited to, the following:

- Findings made during a 2nd Party Audit
- Findings made during a 3rd Party QMS audit
- Findings made through a financial risk assessment
- High levels of process scrap
- Nonconformance to health & safety requirements

When performance issues are identified, the following actions may be taken.

- Any actions listed under above
- Continuous monitoring & reporting by the supplier to Kendrick Plastics
- On-Site support at the manufacturing facility by a Kendrick Plastics' representative or a designated 3rd party, at the supplier's expense.

3.4 Scorecard Performance

Kendrick Plastics utilizes Defective Parts Per Million as one measurement of supplier quality performance. The expectation for supplier performance is 0 PPM (i.e. zero defects).

Product received into Kendrick Plastics facilities that does not confirm to the drawing, specification(s) and/or agreed upon standards shall be counted against a supplier's PPM record. Quantities shall be reported in the units of measure in which they are procured (ex. components = each, resin = pounds).

The following are PPM assignable:

- Production Parts which do not meet drawing specifications or dimensional, functional, or appearance standards as called-out in the specifications or from an approved boundary sample. Boundary Sample must be approved by authorized Engineering and Quality representatives from both organizations.
- Out-of-specification parts that require rework / repair for use in production.
- Production Parts damaged from inadequate packaging or transportation for which the supplier is responsible.
- Any defects outside of the boundaries defined by a deviation in cases where the supplier may be shipping prior to PPAP with an approved customer deviation.
- Out-of-specification parts shipped prior to PPAP approval without an approved customer deviation.
- Shipments that are received with mixed parts or parts that are the wrong Revision Level after the clean point has been established; PPM is assigned for the quantity of incorrect parts only

In any of the situations where PPM is assignable, any or all the following may occur:

- Supplier DMR issued with corrective action requested
- Supplier chargeback issued for cost recovery
- Containment action initiated

- Suppliers are required to accept all costs and charges incurred by Kendrick Plastics associated with the containment activity such as shipping, handling, processing, reworking, inspecting, and replacing defective material including the costs of value-added operations prior to the discovery of the nonconformance, as well as third-party inspection costs.
- A supplier, who causes a line shutdown at Kendrick Plastics, a Kendrick Plastics customer's plant, and/or OEM plant, will be required to reimburse Kendrick Plastics for the full cost of production downtime and any customer-imposed charges.
- Sort action initiated at supplier's expense

The Key Process Indicators (KPIs) that Kendrick Plastics measures to review supplier performance are as follows.

On-Time Delivery – 60%

- 100% - 60 Points
- 90 – 99% - 50 Points
- 80 – 89% - 40 Points
- 70 – 79% - 30 Points
- 60 – 69% - 20 Points
- Under 60% - 0 Points

Quality – 40%

- PPM – 25%
 - 0 PPM – 25 Points
 - 1 – 100 PPM – 20 Points
 - 101 – 500 PPM – 15 Points
 - 501 – 1,000 PPM – 10 Points
 - 1,000+ PPM – 0 Points
- Issued Non-Conformances (NCs)/DMRs – 15%
 - 0 NCs – 15 Points
 - 1 NC – 10 Points
 - 2 NCs – 5 Points
 - 3+ NCs – 0 Points

Suppliers should maintain a minimum score of 80%. If a supplier falls below a score of 80%, the following actions may be taken.

1. Supplier status may be changed from Active to Probationary. This would prohibit the supplier from receiving new RFQs, unless they are the only viable supplier of a given product
2. Kendrick Plastics may require completion of the WI-078 Supplier Assessment Workbook, even if previously completed.
3. Kendrick Plastics may conduct an On-Site (2nd Party) Audit to verify one or more of the following.

- Supplier Assessment Workbook results
 - Compliance to the appropriate QMS
 - Product Audit
 - Process Audit
 - Financial Risk Assessment
 - Follow-up on a previous audit
4. Kendrick Plastics may require completion of a Corrective Action/8D Report

3.5 Discrepant Material Reports

A supply chain non-conformance is defined as a material, process, or document(s) (i.e. missing paperwork, late shipments, wrong labels, wrong packaging) that does not comply with Kendrick Plastics' standards.

A non-conformance can be identified at receiving, incoming inspection, assembly, processing, final product audit, reliability testing, or through OEM notification. Suppliers are notified of nonconforming material through a documented rejection notice, called a Discrepant Material Report (DMR). The DMR process helps to monitor supplier performance where suppliers create undue inefficiencies in our processes or where they put the overall supply chain health at risk.

Upon receipt of a DMR, the supplier is required to respond within 48 hours if there are any disputes, and an 8D report (if required) by the specified due date. Unless otherwise directed by the Kendrick Plastics Materials contact, the supplier is expected to respond in using Kendrick Plastics' standard 8D Problem Analysis Report, also called Corrective Action Preventative Action (CAPA) in Kendrick Plastics' QMS. A supplier's failure to respond to 8D requests by the specified deadline(s) affects their Supply Chain rating on the Supplier Scorecard. If the supplier believes that the DMR is inaccurate or unsubstantiated, the supplier may dispute the issue by contacting the Kendrick Plastics material scheduler to resolve the issue.

All costs occurred due to corrective actions will be charged to the supplier according to the time spent. If due to delivery delays, short shipments, or non-conforming material production, Kendrick Plastics or the customer is interrupted, Kendrick Plastics will pass all related costs to the supplier.

3.6 Supplier Warranty

Suppliers are required to support the analysis on all part returns from Kendrick Plastics' customers, as requested by the Kendrick Plastics Quality Manager or Quality Engineer. The expectation is that all issues are addressed with the appropriate containment, root cause, and corrective action in the timeframe specified.

Any charges incurred from Kendrick Plastics' customers due to supplier issues will be communicated and passed on to the supplier in the form of a supplier chargeback.

3.7 Supplier Request for Change

Kendrick Plastics requires advance notification and written approval prior to all supplier product or process changes or transfers. Advance notification and approval ensure that any changes meet Kendrick Plastics' and the OEM's Customer Specific Requirements. This requirement also applies to the supplier's entire supply chain for production parts/materials.

Examples of product and process changes that require Kendrick Plastics' approval include (but are not limited to):

- Any change that could affect form, fit or function
- Any product change
- Supplier manufacturing process change (temporary or permanent). This includes any sub-supplier process change as well.
- Change in manufacturing or shipping location
- Change in sub-supplier including transfers from internal to outside sources
- Modified equipment
- New or refurbished equipment/tools including replacement or capacity tooling
- Changes in test/inspection method
- Revisions to the line layout or workstation

Clarification regarding customer notification and submission requirements can be referenced in latest edition of AIAG's Production Part Approval Process manual.

All suppliers are expected to submit change requests in writing. Failure to do so may result in the supplier being placed on New Business Hold status, a formal notification to the IATF 16949 or ISO9001 supplier registrar, and/or potential financial consequences. Supplier change requests must be submitted to your Kendrick Plastics Procurement contact or the Kendrick Plastics Engineering Manager or Director as the first step for obtaining written approval.

The initial shipment(s) of products affected by a supplier change request are subject to incoming inspection at the Kendrick Plastics Supplier Quality Manager's or Supplier Quality Engineer's discretion.

X

NAME

Authorized Company Representative

Signer acknowledges receipt of the Kendrick Plastics Supplier Standards Manual Rev. 7.1.