



Supplier Requirements Manual

Revision: 19

Revision Date: April 23, 2021

PREFACE

Martinrea International Inc. views Suppliers as vital members of its team. It is essential to work together to provide customers with products that meet their expectations and standards. Our mutual success is dependent on satisfied customers.

The purpose of this Supplier Manual is to provide Martinrea's Suppliers:

- standards for quality, delivery, and service;
- procedures for working with Martinrea's divisions;
- procedures for working with Martinrea's Supply Chain Operations and Supplier Development
- requirements necessary to meet Martinrea's customers' requirements

Martinrea's Division internal procedures support this

manual. This manual is available at:

www.martinrea.com/srm.pdf

Suppliers should ensure they are working with the most current version of this manual. It is the responsibility of each Supplier to review, understand, and conform to all requirements in this manual that are applicable to the product or service supplied to Martinrea.

CORPORATE POLICIES

Martinrea's business is guided by our Vision, Mission and 10 principles set out below:

One Vision

Making lives better by being the best supplier we can be in the products we make and the services we provide.

One Mission

We make people's lives better by:

- Delivering outstanding quality products and services to our customers
- Providing meaningful opportunity, job satisfaction, and job security to our people
- Being positive contributors to our communities as good corporate citizens
- Providing superior long-term investment returns to our stakeholders

10 Principles

1. We make great, high quality products
2. Every location must be a center of excellence
3. Discipline is key
4. We attract, train and work with excellent people, and we motivate our people to perform well
5. We are a team
6. Challenges make us better
7. Think differently
8. Work hard, play hard
9. The Golden Rule - Treat everyone with dignity and respect
10. Our leadership has to drive these messages consistently and simply

Our Vision, Mission and 10 principles are aligned and serve as the base for Martinrea's Code of Basic Working Conditions and Corporate Responsibility and Anti-Corruption and Code of Conduct and Ethics for Directors, Officers and Employees.

he Code of Conduct and Ethics for Directors, Officers and Employees requires that we:

- Act honestly and ethically
- Comply with all applicable laws, rules and regulations
- Not use confidential information acquired as our role with the company
- Avoid conflicts of interest
- Not take to ourselves opportunity that belongs to the company
- Promptly and accurately provide all information to allow the company to comply with its public disclosure obligations
- Report known violations of the Code and not permit retaliation of any kind for reporting violations

The Code of Basic Working Conditions and Corporate Responsibility and Anti-Corruption requires that we:

- Not use child or forced labor
- Promote our employees' material well-being by providing competitive compensation and benefits that comply with applicable laws
- Respect employee's right to associate freely and bargain collectively
- Comply with applicable laws regulating hours of work
- Not discriminate on the basis of gender, race, color, creed, religion, age, national origin, sexual orientation, gender identity, disability or veteran status
- Maintain a healthy and safe work environment
- Work constructively with local communities and indigenous people
- Do not accept or offer illegal payments, bribes, kickbacks or other things to secure work or influence business decisions
- Conduct business in manner that provides responsibly for the protection of health and the environment.

Further to the above, under Martinrea's Quality Policy we are dedicated to maintaining a Quality Culture with:

- Continuous improvement using lean tools
- Using proactive performance measures
- Leading product and process innovations
- Team based problem solving
- Utilizing documented systems
- Rewarding employee involvement
- Exceeding customer expectations

The above guide our business relationships with our Suppliers and Martinrea's Suppliers are expected to conduct their business in minimum compliance with all of the above. Martinrea reserves the right to audit the Supplier's compliance. The Supplier is also required to comply with Martinrea's Purchase Order Terms and Conditions (as more particularly described in this Manual), including without limitation, section 21 regarding compliance with all applicable laws.

REVISION TABLE

<u>Revision</u>	<u>Date</u>	<u>RevisedBy</u>	<u>DescriptionofChange</u>
2	5-13-2011	B. Matico	Added section 14.6a for clarification of labeling process for Non-production parts
3	7-14-11	B. Matico	Added Samples, Prototype, Non-production Materials to the Scope
4	7-19-11	B. Matico	Added Notes to section 6.1/Clarification to section 6.3
5	4-2-12	B. Matico	Made revisions to the document based upon the suggestions that came from the Fluids Group meeting that occurred in February 2012, along with approvals from the Supply Chain Operations department.
6	6-22-12	B. Matico	Added clarification to section 8/8.4, 8.6 and 9.1 to better identify the escalation process involved with Supplier's that have been determined to need improvement based upon Supplier Performance Ratings.
7	7-22-14	B. Matico	Added references to the following Customer Specifications: <ol style="list-style-type: none"> 1. RSMS-Restrictive Substance Material Sheet Reporting Requirements on IMDS 2. CDP-Carbon Disclosure Project Annual Reporting Requirements 3. Conflict Material Disclosure and Reporting Requirements
8	11-04-15	B. Matico	Removed QS-9000;ISO 9002/3 References in section 1; Added references to SNCR to allow for option of DMR Forms; Changed ISO 9000 ref. in section 13.8 to 9001. Added section 8.2.1.
9	1-28-16	B. Matico	Added a clarifying statement to section 4 for minimum cert. requirements.
10	5-26-17	Megan Hunter	Added Mission statement/vision; Changed Quality Policy; Clarification added throughout the process as indicated in yellow. Added section 14.7
11	10-25-17	Mike Rawson	Removed corporate policies from section 3.0. Placed at head of document. Added MAQMSR (Minimum Automotive Quality Management System Requirements for Sub-Tier Supplier) to section 18.0. Added Code of Conduct and Ethics to Corporate Policies section.
12	11/13/2017	Mike Rawson	Added Scorecard information. Updated SNCR to one nomenclature. Updated initial supplier self-assessment process. Updated for non-ISO/IATF suppliers audit requirements. Added Martinrea Supplier Quality Systems Assessment to related documents.
13	02/01/2018	B. Matico	Added clarification and additional requirements to sections 3.1 and 4.7 to capture embedded software clauses.
14	05/30/2018	Mike Rawson	Revised wording from compliance to Certification section 8.5.
15	06/20/2018	Mike Rawson	Added 8.2.2 Continuity of Supply.
16	2/11/2019	Mike Rawson	Updated Environmental section 3.3.
17	7/22/2019	Mike Rawson	Updated ISO / IATF Registration requirements.
18	9/30/2020	Mike Rawson	Added Supplier Diversity Requirements
19	04/23/2021	Deana Norton	Updated Supplier Selection Requirements

TABLE OF CONTENTS

- Preface
- Corporate Policies
- Revision Table
- Table of Contents
- 1.0 Purpose
- 2.0 Scope
- 3.0 Supplier Selection & Qualification
 - 3.1 Supplier Selection
 - 3.2 Supplier Qualification: Conformance or Registration to ISO 9001 AND IATF 16949 and ISO14001
 - 3.3 Environmental Requirement
 - 3.4 Calibration and Certification
- 4.0 Customer Service
 - 4.1 Points of Contact
 - 542 Warranty Support
- 5.0 Procedures/Responsibilities
 - 5.1 Supplier Responsibilities
- 6.0 APQP and PPAP
 - 6.1 Advanced Product Quality Planning
 - 6.2 PPAP
 - 6.3 Layout Inspection/ Functional Test/Validation
 - 6.4 Product Materials content Recyclables Reporting (PMCR-IMDS)
 - 6.5 Special Characteristics
 - 6.6 Maintaining Process Control
 - 6.7 Early Production Containment Plan
 - 6.8 Initial Process Verification
- 7.0 Engineering
 - 7.1 Design Input
 - 7.2 Interpretation of Product Technical Information
- 8.0 Supplier Performance and Development
 - 8.1 Quality Performance
 - 8.2 Delivery Performance
 - 8.2.1 Capacity Capability and Verification Requirements
 - 8.2.2 Continuity of Supply
 - 8.3 Supplier Scorecard
 - 8.4 Supplier Status
 - 8.5 Supplier Development
 - 8.6 Continual Improvement
 - 8.7 Auditing
 - 8.8 Production Readiness Process (PRP)
- 9.0 Discrepant Material
 - 9.1 Discrepant Material
 - 9.2 Discrepant Material Report (DMR)
 - 9.3 Cost Recovery Memorandum & Debit Process
- 10.0 Corrective and Preventive Actions
 - 10.1 Corrective and Preventative Actions
 - 10.2 Corrective Action Report (CAR) Format
 - 10.3 CAR Standards
 - 10.4 CAR Timing
 - 10.5 Material Disposition
- 11.0 Supplier Controlled Shipping Requirements
 - 11.1 Controlled Shipping – Level 1 (CS1)
 - 11.2 Controlled Shipping – Level 2 (CS2)
 - 11.3 Release from Controlled Shipping
- 12.0 Rework & Deviation Approval
 - 12.1 Rework
 - 12.2 Deviations

- 13.0 Materials
 - 13.1 Consigned Material
 - 13.2 Traceability
 - 13.3 Certification
 - 13.4 Shelf Life
 - 13.5 Product Packaging, Identification, and Delivery
 - 13.6 Shipments
 - 13.6a Samples/Prototypes
 - 13.7 Containerization
 - 13.8 Delivery
 - 13.9 Delivery Complaint
 - 13.10 Inventory Control
 - 13.11 Customs Trade Partnership Against Terrorism (C-TPAT)
 - 13.12 Supply Chain Map
- 14.0 MARTINREA Specific Requirements
 - 14.1 Training
 - 14.2 Maintenance of Tooling and Equipment
 - 14.3 Conflict Material Reporting Requirements
 - 14.4 Carbon Disclosure Project Reporting Process
 - 14.5 Restrictive Substance Material Sheet IMDS reporting requirements
 - 14.6 Sustainability Reporting Requirements
 - 14.7 Other requirements
- 15.0 Dispute Resolution
- 16.0 Global Sourcing
- 17.0 Definitions
- 18.0 Further Applicable Documents
- 19.0 Duration
- 20.0 Miscellaneous
- 21.0 Appendix

1.0 PURPOSE

This agreement defines the technical and organizational framework and which are required to achieve the desired quality targets. The objective is the avoidance of quality problems and the safekeeping of unobstructed processes between Martinrea and each Supplier.

Requirements from relevant standards remain unaffected by this procedure e.g.:

- DIN EN ISO 9000
- VDA guidelines Quality management in the automotive industry,
- ISO 9001 AND IATF 16949 and related documents,
- Customer Specific Requirements (CSR's)

2.0 SCOPE

The terms and conditions of this agreement shall apply to any existing and future purchase agreements. This manual is in addition to Martinrea's Purchase Order Terms and conditions, requirements stated on drawings or specifications, and other regulatory requirements.

In addition to the content of this group standard detailed information about specific processes are covered in further regulations.

All deliveries made by the Supplier shall be subject to Martinrea's General Supply Chain Operations Terms and Conditions ("T&C") which can be found at www.martinrea.com/poconditions.htm. Terms and Conditions Slovakia <http://www.martinrea.com/POSLK-Slovakia.pdf>.

The Supplier shall ensure that its sub-Suppliers take the necessary measures in order to meet the obligations that have been assumed by the Supplier.

The Martinrea Supplier Requirements Manual applies to all external Suppliers and subcontractors who supply products and services such as:

- Production material
- Production parts
- Purchased components
- Outside processing such as heat treating, e-coating, plating, etc.

This manual will assist the Supplier to meet the terms and conditions of Martinrea's purchase orders as well as the product drawings, specifications, Quality Management System (QMS) and Environmental Management System (EMS) requirements, Policies, and procedures including all relevant Customer specific Requirements (CSR).

3.0 SUPPLIER SELECTION & QUALIFICATION

3.1 Supplier Selection

Approved Supplier Lists are managed at an applicable Martinrea business unit/plant Level. Suppliers must be added to the Approved Supplier List prior to sourcing.

Martinrea selects Suppliers based on the following criteria:

- Supplier Quality Certifications: Qualified Suppliers must operate their quality and environmental systems in conformance to the most current revisions of ISO 9001, IATF 16949 and/or ISO 14001 (unless waived) or as contractually agreed upon, at a minimum they are to be ISO 9001 third party certified unless otherwise specified by our customers. Testing facilities shall be certified to ISO/IEC 17025. (See section 8.5 for development).

- Certification to ISO 9001 through third-party audits: unless otherwise specified by the customer, suppliers to the organization shall demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 71021.
- CTPAT certification, prompt completion of the CTPAT security questionnaire or proof of certification in an approved AEO program.
 - If CTPAT certified, request to monitor the SVI will be sent by Martinrea to the supplier.
- Supplier Experience: Suppliers must demonstrate their expertise through the qualifications of personnel, equipment, and engineering.
- Supplier Financial Resources: Suppliers must demonstrate that they have the necessary financial resources.
- Supplier Performance: Suppliers must show that they have a superior track record of providing quality products (including products with embedded software) or services on time and to schedule, and demonstrate the highest level of customer service.
- Commercial Considerations: Suppliers must be competitive and demonstrate value. Commercial issues must be addressed and resolved expeditiously.

As noted above, the quality management system (QMS) shall be in accordance with the current version of ISO 9001 AND IATF 16949 or alternatively ISO 9001 (Section 8.4 will be adhered to and shall include both ISO 9001 and IATF 16949 requirements). A process for ensuring the integrity and quality of any product, including those with embedded software, shall be utilized to ensure customer satisfaction and any legal statutory and regulatory requirements, as applicable. In addition, Martinrea fully respects the requirements of the "Sanctioned Interpretations" issued by the International Automotive Task Force. The Supplier must also show due diligence relative to conformance of special process requirements identified by the customer (Such as CQI requirements, CSR requirements, SSA, etc.) in its adherence to the standards. For information on specific requirements, suppliers should consult the IATF website at www.iatfglobaloversight.org and publication source AIAG at www.aiag.org.

For non-certified Suppliers

The prioritization for Martinrea's initial second party audit process – and following annual surveillance audits (excluding Suppliers for pure aftermarket parts) will be based on:

- Supplier's quality performance
- Importance of product supplied

An annual surveillance audit for small Suppliers (Suppliers having a turnover lower than \$100,000.00 per annum), for indirect materials and services not holding a valid certificate are optional.

Martinrea's Supply Chain Operations and Supplier Development personnel reserve the right to visit prospective Suppliers to establish their qualifications, experience, financial fitness, and performance prior to selection. Martinrea's Supply Chain Operations personnel will work with the prospective Supplier to assess the Supplier's financial resources. Supplier Development will audit the prospective Supplier and apply a rating. Prospective Suppliers that meet the selection criteria may be added to

the approved Supplier list pending a conformance audit to ISO 9001 AND IATF 16949.

3.2 Supplier Qualification

Martinrea requires that all Suppliers be third party registered to ISO 9001 (at a minimum) and conform to ISO 9001 AND IATF 16949, including all OEM Customer Specific Requirements and AIAG PPAP, FMEA, APQP, SPC, and MSA requirements applicable to their product or service. Martinrea strongly encourages Suppliers to become registered to IATF 16949 through an approved third party.

Registered Suppliers are required to submit copies of all certificates and renewals to Martinrea's divisional Supply Chain Operations personnel. Suppliers are also required to notify Martinrea's divisional Supply Chain Operations personnel if certification is lost or the Supplier is placed on containment/suspension.

3.3 Supplier Diversity

Martinrea recognizes that creating partnerships with diverse suppliers is a major competitive advantage and a powerful business tool. Martinrea builds relationships with and purchases goods and services from certified diverse suppliers and has implemented a Diversity Supplier program to meet our Customer's requirements.

With that in mind Martinrea requires that our suppliers implement a Supplier Diversity Program of their own. The objectives of the program should include the following.

- Establish a mission statement
- Actively seek certified diverse suppliers
 - o Minority-owned Business Enterprise (MBE)
 - o Women-owned Business Enterprise (WBE)
 - o Veteran-owned Business Enterprise (VBE)
 - o Lesbian, Gay, Bi-Sexual and Transgender (LGBT)
 - o Small Business Administrations (SBA)
 - o Disable Veteran Business Enterprise (DVBE)
- Ensure that diverse suppliers are part of your sourcing and procurement process
- Communicate the value of supplier diversity both inside and outside your business
- Use and reporting supplier diversity results to meet your Customers diversity requirements.
- Participate in local organizations such as MMSDC and CAMSC by attending quarterly meetings, tradeshows.

The following are the sourcing goals for each of the diverse categories

- 3% of sales spent with a Traditional Minority Company
- 2% of sales spent with a Women Owned Company
- 1% of sales spent with a Veteran Owned Company
- .5% of sales spent with LGBT Company
- .5% of sales spent with Disabled Company
- .5% of sales spent with Small Business Company

Martinrea reserves the right as part of our audit process to validate our supplier's compliance to this requirement.

3.4 Environmental Requirement

Martinrea is committed to the permanent protection of our environment, land, water and air this can only be achieved through joint efforts between us and our supply base. Most importantly Martinrea must strive for continuous improvement in our environmental performance. In doing this, we seek economical ways to use our raw materials, energy, water and other products; and take into consideration the life cycle of our products through production, use and disposal. The environmental impact of our products during manufacturing covers both the manufacturing at Martinrea and those of our suppliers. This means that both, we and our suppliers, have to perform our activities in ways that they impact minimally on the environment. We therefore are strongly encouraging our supply base to actively engage in environmental concerns and the establishment, and adherence to, an environmental management program per ISO 14001 or other equivalent standards. This does not remove the requirement of the supplier to meet all relevant regulations. The steps below are established to assist reaching the above mentioned environmental targets:

1. Establish written standards regarding environmental performance

2. Scheduled audits of production, maintenance, supply, disposal processes and products for evaluation of their influence on the environment
3. Targets for improvement of environmental protection and documentation may include but not limited to:
 - Reduction of energy consumption & greenhouse gas emissions
 - Effectively reduce, reuse, and recycle water with responsible treatment of wastewater discharges to protect the environment.
 - Prevention and reduction of environmental pollution
 - Reduction and elimination of scrap and waste
 - Identify, minimize or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance
 - Be aware of any use of reportable substances in processes and finished products, and actively investigate suitable substitutes.
 - Compliance with all automotive regulations regarding materials and substance

3.5 Calibration and Certification

All measurement devices shall be calibrated in conformance with ISO 9001 AND IATF 16949, AIAG, and OEM guidelines. At a minimum, all gages and measurement devices shall be certified annually. The Supplier's calibration program must ensure the accuracy, repeatability and reproducibility of all instruments and inspection apparatus. Maintenance and repair of all Martinrea supplied gages and measurement devices are the responsibility of the Supplier. Martinrea may periodically inspect the condition of gages and measurement devices. Shortcomings that are not promptly corrected shall be addressed through the applicable Martinrea business unit/plant Supply Chain Operations Department. Martinrea reserves the right to correct any shortcoming and debit the Supplier the costs. This will be reflected on the Cost Recover Worksheet.

4.0 CUSTOMER SERVICE

Information flow between Martinrea's divisions and their Suppliers is vital to success. It is therefore imperative for all Suppliers to communicate to Martinrea staff in an accurate, professional, and timely manner and Suppliers need to ensure that they acknowledge, understand, and take proper actions. Follow through is vital. Martinrea uses English as the primary language of communication, and expects Suppliers to comply with this mode of communication.

4.1 Points of Contact

Suppliers shall inform Martinrea personnel promptly of changes in their points of contact for senior management, materials, quality, and other personnel. A point of contact for off-shifts and weekends is mandatory. Cell phones are acceptable but please ensure that the cell phones are in coverage and turned on during these periods. Martinrea will also provide Suppliers with divisional and corporate points of contact for regular, after hours, and weekends.

4.2 Warranty Support

Suppliers must perform all warranty support expeditiously and as set out in any and all contract arrangements. Violations will directly result in negative points on the Supplier Scorecard. All field failures that are determined to be caused in whole or in part by Supplier will require that a full analysis of the parts in question be conducted and reports shall be provided by Supplier as part of the corrective actions. All risks shall be noted and any other additional opportunities shall be documented by Supplier and communicated to all interested parties.

5.0 PROCEDURE/RESPONSIBILITIES

5.1 Supplier Responsibilities

Martinrea purchases material and services only through approved Suppliers. The approval of new Suppliers is made by the applicable Martinrea business unit/plant Supply Chain Operations department using the following steps:

1. The Martinrea plant Supply Chain Operations team sends a copy of the Martinrea Quality Systems Assessment. The Supplier completes and submits the self-assessment including relevant documentation and certificates to the requesting Plant. Submitted documents will be checked by Martinrea personnel.
2. Martinrea has implemented a quality management system according to ISO 9001 AND IATF 16949 and is certified accordingly. Therefore Suppliers to Martinrea need to follow the requirements of this international standard including automotive standards and if necessary, implement these standards within their organization. The Supplier is obligated to the zero-defect-target and will constantly aim for continual improvement of their performance.
3. If necessary an onsite audit may be performed depending on the result of the self-assessment, the certification status and the complexity of the product / service. The duration of these audits will conform to the full application of the Audit Day Requirements table of the current edition of Automotive Certification Scheme for IATF16949 Rules for Achieving and Maintaining IATF Recognition. In the case that the supplier is not registered to ISO 9001 And or IATF 16949 Martinrea will perform on-site assessment annually.
4. Martinrea decides on the approval taking the self-assessment and audit results into consideration.
5. Subject to a positive result the Supplier will be entered into the list of approved Suppliers maintained by each individual Martinrea division.

In the following scenarios, Martinrea will review the existing approval or if necessary initiate the approval process:

- Relocation of the Supplier's production
- New products (refer to Production Readiness Process)
- Reoccurrence of quality concerns
- Revocation of the ISO certificate
- A degradation in suppliers financial situation and/or level of services and support

Note: Alternatively the Supplier selection can result from a customer's mandated selection. (Directed Buy Supplier)

6.0 APQP and PPAP

Suppliers shall conduct APQP and PPAP in conformance to ISO 9001 AND IATF 16949 and AIAG processes as part of their contractual relationship with Martinrea. These activities are required to develop robust processes and validate product to Martinrea and its OEM customer's standards where applicable.

6.1 Advanced Product Quality Planning

During product launches, it is mandatory for the Supplier to establish a Quality Planning Team within their organizations using a multi-disciplinary approach. Team members shall include personnel from departments such as engineering, quality, materials, manufacturing, or any other department deemed necessary. Upon request, the Supplier is required to join and support the advanced quality planning meetings and activities at the applicable Martinrea business unit/plant or its customer's location.

Participation by the Supplier in Advanced Product Quality Planning is vital to the success of all new business and engineering change launches at Martinrea. Martinrea expects all Suppliers to meet all program milestones.

6.2 PPAP

Unless otherwise directed by the applicable Martinrea business unit/plant Quality Department in writing, the PPAP submission level to Martinrea is level 3 as per AIAG requirements.

The Supplier is required to submit initial samples from the production process to the applicable Martinrea business unit/plant for approval prior to mass production. PPAP submission and part layout will be at the cost of the Supplier and per AIAG requirements regardless of the customer's format; the Supplier shall use the AIAG "Production Part Approval Process current edition (PPAP)" for submission to Martinrea. All agreed and requested results as well as capabilities are included into the inspection scope. The Supplier is responsible for correct fulfillment and control of initial sampling. With Martinrea's approval, inspection could be restricted to dimensional, functional or material inspection as well as formal cover release. If applicable information is adequate, with approval the Martinrea divisional quality personnel must initial where required.

Unless otherwise specified by the divisional Quality Department, PPAP samples shall be randomly selected from a significant production run to be agreed upon between the Supplier and the applicable Martinrea business unit/plant. These parts shall be manufactured at the production site using the tooling, gauging, process, materials and operators from the mass production environment. An approved Master Sample from this production run will be retained at the Supplier's location for future reference, as per Martinrea's CSR's. PPAP sample submissions shall also be retained at the applicable Martinrea business unit/plant.

The Supplier is required to notify the applicable Martinrea business unit/plant in advance, submit a formal PPAP and obtain full approval from the applicable Martinrea business unit/plants receiving department under the following circumstances, in addition to any other requirements of the AIAG manual. In cases as shown below, initial sampling with sample forms from VDA/AIAG (PPAP) are required by the Supplier when:

- Implementing a new part or process
- Correction of a discrepancy on a previously submitted part
- Products or processes are modified by an engineering change (design, specifications, or materials)
- Using optional construction or material (not previously submitted)
- Significant change in current process occurs
- Change in manufacturing location occurs
- Change of sub-contractors occurs
- Reactivating of tooling which has been inactive for over 12 months
- Changing in test or inspection method
- As requested by Martinrea
- Adoption of new production equipment
- Internal production transfer
- Deterioration of quality
- Delivery blockage caused by quality
- Sub-Supplier or Material Source Change (Spec variation)

Note: If not otherwise stated Martinrea International, Inc. expects the Supplier at least to provide requirements of PPAP Level 3. Supplier must provide full visibility of their supply chain in the PPAP package, including the DUNS # of all sub-Suppliers.

Change in steel Suppliers does not require full PPAP resubmission when the material specification remains the same. Notification to the applicable Martinrea plant shall be prior to any changes and approval may be required depending on the receiving plant. Revalidation and verification processes are still required for this change however and documentation must be retained by the Supplier with access of the information being provided to the relevant Martinrea division.

Note: All inspection and testing for PPAP shall be performed by a qualified laboratory. Independent accredited test laboratories shall be used if the Supplier's in-house test laboratory does not qualify.

Upon receipt of PPAP submissions, the applicable Martinrea business unit/plants receiving Quality Department will review and confirm if all specifications and requirements are met. Feedback will be provided to the Supplier within a reasonable time frame, as agreed upon between supplier and applicable Martinrea business unit/plant, as part of the approval status. One of the following conditions shall apply:

- FULL APPROVAL indicates that the documentation, part, capabilities and all applicable material meet all specifications and requirements and mass production is authorized.
- INTERIM APPROVAL indicates minor non-conformities have been found and action and timing plans submitted and only limited time or quantity production is authorized. Resubmission is required to obtain full approval.
- REJECTED means that the submission does not meet the specifications and/or requirements. Neither mass nor limited production is permitted. Resubmission is required to obtain an approval status. Rejected submissions could result in financial penalties.

For certain products, PPAP approvals cannot be granted until the manufacturing process is verified by Martinrea and/or its customer. In such cases, Process Sign-off (PSO), Joint Inspection (ISIR), or Run at Rate (GP-9) will be conducted by Martinrea personnel at the Supplier's location to verify product quality and process capability.

Note: Suppliers are responsible for PPAP documentation and approval record retention. Tooling must be maintained for a minimum of ten years following program life.

6.3 Layout Inspection/ Functional Test/ Validation

All layout inspection and functional testing activities are carried out per control plans at a frequency approved by Martinrea. Martinrea requires, at a minimum, annual layouts and validation of all components. This frequency is required regardless of our OEM customer requirements. Annual layouts provide valuable information to the condition and performance of tooling and equipment. If discrepancies are found, the Supplier is responsible for informing Martinrea International Inc. An action plan with interim containment and timing to resolve the discrepancies is required.

6.4 Product Materials Content Recyclables (PMCR-IMDS)

Product material content, recyclability, weight and other information are to be reported via IMDS (International Material Data System). Product containing substances of concern that are restricted and/or prohibited must comply with current legal and customer requirements. Life cycle assessment data may also be required for specific programs or as required by Martinrea's customer specific requirements. Suppliers must have an IMDS ID in order to enter information. An ID can be requested through

IMDS at the IMDS website www.mdssystem.com.

All Suppliers must provide a sample report from the IMDS website as evidence of product data submission acceptance to Martinrea International, Inc. with every PPAP submission or as requested for full approval. Martinrea International, Inc. Suppliers are responsible for collecting this data from their sub-Suppliers.

Suppliers who are unable to make IMDS submissions shall be charged by the Martinrea Division to recover the division's cost to make the submission on the Supplier's behalf.

6.5 Special Characteristics

During APQP, all process control and similar documents (Process Flow Charts, D/PFMEA, control plans, operator instructions etc.) will be marked with the customer special characteristic symbols as detailed in drawings and specifications. Customer identified Special Characteristics will require a minimum Cpk of > 1.67 unless otherwise specified by the Customer.

6.6 Maintaining Process control

The examination and assessment of machine and process capability shall be based on the VDA guidelines Quality management in the automotive industry or IATF 16949/ AIAG SPC Manual, in their applicable versions.

For any function and process related characteristics the Supplier shall analyze in detail and document the ability of the processes and the suitability of production facilities in use. These will follow under consideration of the requirements of the end customer (consumer or manufacturer).

The proof of process capability shall only be established for controllable processes and agreed tolerances that allow proving such abilities, however, not for physical variables of materials for instance.

Process control will be maintained at or exceed a Cpk of 1.67 for all Customer and Martinrea International, Inc. Special Characteristics. When the process demonstrates a Cpk of <1.33 the Supplier will have 100% containment in place and an action plan to bring the Cpk to 1.67 or better.

6.7 Early Production Containment Plan

During new product launches or engineering changes, the Supplier is required to implement at no cost to Martinrea, an "Early Production Containment Plan". The purpose of this containment is twofold. First, the containment provides protection for the Supplier, Martinrea and our customers from defects. Second, the containment provides feedback as to the effectiveness of the Supplier's process.

The containment plan, which has to be submitted to the applicable Martinrea business unit/plant for approval, includes but is not limited to, the following:

- Key personnel responsible for the containment.
- Characteristics for 100% inspection.
- Method and equipment used.
- Acceptance Criteria.
- Operator training and written instructions.
- Identification of certified material.
- Containment result review system.
- Reaction plan for defects found.

The Supplier shall continue with the containment plan until the exit criteria are met. To exit the plan, the Supplier shall:

- Have a minimum of 30 days production (or as agreed upon based on our customer specific requirements which will be communicated at the appropriate time in the quoting process) with zero defects
- Implement permanent corrective action for any defects found during the early production containment.

6.8 Initial Process Verification

Several different methodologies are used by OEM automotive manufacturers and certain Tier I Suppliers, to verify an initial process at a Supplier's location. To support Martinrea, the Supplier is required to become familiar with the end customer's specific requirements.

7.0 ENGINEERING

7.1 Design Input

Design input requirements relating to the product, including applicable statutory and regulatory requirements will be identified, documented and their selection reviewed for adequacy.

7.2 Interpretation of Product Technical Information

It is the Supplier's responsibility to review and understand all product technical information and provide Martinrea with materials and products that meet all specifications. This includes all design, engineering, quality, packaging and delivery requirements. The Supplier is required to ensure that all necessary information is received for the supplied product during APQP activities. When ambiguities, conflicting information, or subjective matters are encountered, the Supplier is responsible for sending formal requests to Martinrea International, Inc. for clarification in writing.

8.0 Supplier Performance & Development

8.1 Quality Performance

Supplier quality performance is measured by the number of written concerns (SNCR's/DMN's) complaints per million (CPM), Parts per Million (PPM) & On-Time Delivery (OTD). The applicable Martinrea business unit/plants report Supplier performance to Martinrea Corporate Quality monthly as part of the Supplier Scorecard Calculations. The goal for applicable Martinrea business unit/plants and Suppliers is zero written concerns, zero PPM and 100% on-time delivery.

8.2 Delivery Performance

Supplier delivery performance is measured by the number of on-time shipments without discrepancies. The applicable Martinrea business unit/plant reports Supplier performance to Martinrea Corporate Quality, Purchasing and Materials monthly for the purpose of Supplier Scorecard calculations. The goal for Martinrea's Divisions and Suppliers is 100% on time delivery without discrepancies on a continual basis.

8.2.1 Capacity Capability and Verification Requirements

As part of the performance and selection process, the supplier's capacity capabilities are required to be provided as evidence to meet the current volume needs and additional 20% per week as required. It is to be part of the verification process and periodically reviewed to ensure continued suitability.

8.2.2 Continuity of Supply

Suppliers are required to have well defined business contingency plans in place to ensure continuity of supply in the event of disruption to their operations and/or supply of materials, as a result of man-made events, natural disasters, utility or labor disruptions or equipment or logistics failures or interruptions. These contingency plans shall be reviewed on a regular basis. Suppliers shall immediately notify all Martinrea plants to which they ship product, the moment they become aware of any potential supply disruption. Suppliers shipping to a Martinrea location, from a unionized facility, may be required to submit a strike plan at least three (3) months prior to contract expiry. This plan needs to detail contingencies to meet material requirements in the event of a labor disruption.

8.3 Supplier Scorecards

Martinrea uses scorecards to monitor and measure the performance of all Manufacturing Resource Suppliers. The process is an ongoing comprehensive supplier monitoring and feedback process that allows Martinrea to communicate with its supply base, recognizing both high performance suppliers as well as low performing suppliers. Each Supplier is assigned 100 points

- Demerit points are defined for each metric in Red status
- PPM, CPM, OTD, CSL1 & CSL2 have two level of demerit points based on deviation from target Supplier
- Status is defined in 2 levels (GREEN, RED)

Suppliers will be rated monthly by Martinrea on the basis of their ongoing quality and delivery performance to the Martinrea plant locations.

The Martinrea requirement for PPM is zero, CPM is zero and 100% OTD. Any deviation from the above requirements requires the implementation of a documented corrective action to meet these requirements.

8.4 Supplier Status

Suppliers may request their status from Supply Chain Operations. Martinrea International, Inc. Corporate Quality rates Suppliers quarterly into three different categories:

- Active : These suppliers are considered strategic/preferred to Martinrea and should always be included in RFQ's that fall within their capability

- Penalty Box: The penalty box is inclusive of underperforming suppliers and non-strategic suppliers still shipping products to Martinrea and restricts them from being sourced with any new business. These suppliers are permitted to participate in active RFQ's. Sourcing to a Supplier in the Penalty Box requires approval from the VP of Supply Chain Operations
- Inactive: Have been determined to be non-strategic or a threat or risk to Martinrea, and as such they are not permitted to be sourced or issued RFQ's.

The applicable Martinrea business unit/plant Quality & Supply Chain Operations initially rates all Suppliers based on quality and delivery performance. The ratings may be adjusted either up or down based on other factors and issues. Examples of favorable factors that would improve a rating include prompt corrective actions, solid quality systems, and state-of-the-art materials and labeling systems. Examples of unfavorable factors include slow corrective actions, poor quality systems, quality systems not registered to ISO 9001 AND IATF 16949, and overdue or incomplete PPAPs.

Martinrea's Corporate Quality and Supply Chain Operations groups periodically review Supplier performance and status. These reviews prioritize Martinrea's Supplier development activities and impact decisions to either increase or decrease the number of Suppliers.

8.5 Supplier Development:

Martinrea is committed to assist its Suppliers to continually improve their quality systems.

Martinrea will perform Supplier development with the goal of Supplier certification to ISO 9001 AND IATF 16949. In the event a Supplier is found to be nonconforming through the applicable audit process utilized (3rd Party; Self-assessment; etc.) the Supplier shall provide to the applicable Martinrea business unit/plant Supply Chain Operations and Quality a timeline with action plans to achieve certification.

While building the basic quality system, it is mandatory that Suppliers comply with customer-specific requirements. Depending on the products or services that the Supplier is providing to Martinrea, customer specific requirements for Ford Motor Company, Chrysler Group LLC, General Motors Corporation, or other Original Equipment Manufacturer customers shall apply. Suppliers shall conform to the following "core tools" as published by AIAG:

- PPAP
- MSA
- APQP
- FMEA
- SPC
- IATF MAQMSR (Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers) latest revision released

The scope of development measures will follow the quality performance, level / status of the quality management system and the relevance of the purchased goods or services. For the purpose of Supplier development the following area are considered:

- Form of contract / Supplier agreements
- Training
- Supervision (self-assessment audits, 3rd party audit results, on-site visits-only when warranted)
- Preventive and corrective action plans

In accordance with operating departments (e.g. Quality Management, R&D, and Logistics), the respective Supply Chain Operations representative within the applicable Manufacturing Plant and/or Corporate Supply Chain Operations (when required) will decide on the need for actions and will initiate the same for their Suppliers.

Therefore on a bi-annual basis, the applicable Martinrea business unit/plant, will identify Suppliers for priority improvement based on SPM-data. This process is coordinated and led by the respective Divisional Supply Chain Operations contact and/or from Corporate Supply Chain Operations.

If Corporate Supplier Quality is involved, they will either lead the activity or identify a lead plant to do the like:

- The identified lead function will then create and maintain the respective action plans per Supplier, where required.
- The objective of this process is to raise the selected Supplier's performance onto an acceptable level within a period of 6 months.

The following actions will be considered in order to define individual action plans needed for selected Suppliers that have been determined by either Corporate or Local Supply Chain Operations to be non-compliant with their performance:

Active: These suppliers are considered strategic/preferred

- Review individual categories as needed

Penalty Box:

- Contact Supplier (Potential hit to Score Card and Possible Cost Recovery)
- Review individual categories effected to formulate a plan for improvement
- Action plan required to improve processes
- Involve affected plants

Inactive: Do Not Source list, No development will be performed on inactive suppliers.

If the Supplier fails to deliver improvement through the agreed development action plan, then further actions will be considered in agreement with Corporate Supply Chain Operations and/or local Supply Chain Operations. These actions can include reduction of business, full exit or economic penalties, full escalation process that may result in Martinrea designated personnel assuming authority of the supplier's location and processes to help the supplier until such ratings can be improved to an acceptable standard.

8.6 Continual Improvement

Suppliers will continually improve and chart the effectiveness of their Management Operating System (MOS) in quality, service, cost, technology, and delivery performance. This information shall be made available to Corporate Supply Chain Operations and/or Quality at Martinrea when requested.

8.7 Auditing

Martinrea will audit the Supplier's processes based on the following reasons or based on priorities when required by customers:

- Admission of a new Supplier
- supply with new goods or services
- detection of an insufficient series-production quality
- relocation of the Supplier's manufacturing site
- change of the Supplier's production processes
- negative performance measurement trend
- Warehouse facilities shall also be included for auditing purposes

8.8 Production Readiness Process (PRP)

In the following cases, a production readiness process shall be passed:

- Introduction of a new Supplier,
- Introduction of new products,
- Revision of technical documents,
- Change of production process or usage of new tools,
- Relocation of manufacturing site,

- Identification of insufficient series-production quality.

Serial deliveries can only start after the approval of the initial samples. Initial samples need to be provided to the appropriate Martinrea Division within the agreed time period.

9.0 DISCREPANT MATERIAL:

9.1 Discrepant Material

Discrepant material is any material known or suspected to be nonconforming to specifications. Violations will be reflected on the Supplier Score Card and any costs will be reflected on the Cost Recovery Form provided by the applicable Martinrea business unit/plant. A recovery plan is required within the applicable response time of 24-48 hours.

Suppliers shall proactively notify Martinrea if they suspect that the applicable Martinrea business unit/plant may receive (or has received) discrepant material. The applicable Martinrea business unit/plant Supplier quality personnel will work with the Supplier to identify sorting or other activities needed to protect Martinrea and the OEM customer. In doing so, the Supplier's scoring will not be negatively impacted.

9.2 Supplier Non-Conformance Report (SNCR)

The Supplier Non-Conformance Report (SNCR) is Martinrea's formal notification to a Supplier that discrepant material has been found at an applicable Martinrea business unit/plant. The SNCR will give details of the part, a description of the discrepancy, applicable photographs of the discrepancy, lot # and suspect quantity, containment and corrective action requirements etc. In some cases, the material may be returned to the Supplier for rework, a Return Material Authorization number (RMA) is required; if the Supplier does not have an RMA procedure, the name of the person authorizing the return at the Supplier's location will be noted on the notification.

The applicable Martinrea business unit/plant will initially notify a Supplier upon identification of discrepant material. The initial notification will be followed with formal notification in the form of a Supplier Non-Conformance Report (SNCR) within 24 hours of the occurrence. The Supplier is responsible for providing an initial response within 24 hours of issuance of the SNCR, Root-Cause response within 3 days of issuance, Corrective Action response within 10 days and validation and verification completed and evidence of such actions and implementation supplied to the appropriate Martinrea Representative within 15 days of issuance. The Supplier is expected to supply certified parts and remove discrepant material from the Martinrea location for sorting or rework at a remote location. Certifying of parts at a Martinrea location is not acceptable unless it is approved and necessary to meet customer delivery schedules.

9.3 Cost Recovery Memorandum & Debit Process

Supplier shall bear all costs associated with the discrepant material costs. Examples are, but not limited to the following:

- Rework and/or Repair
- Overtime to meet Martinrea customer's schedules
- Production down time at Martinrea
- Down Time at Martinrea customer
- On-line containment
- Handling or storage of suspect or nonconforming material
- Customer returns and charge backs
- Premium freight

- Travel costs incurred by Martinrea personnel
- Disposition of scrap
- Sorting of suspect parts at the Martinrea Division or by a third party
- Lab testing and/or verification
- Administrative Costs
- Warranty
- Testing Equipment Repairs
- And any other pertinent costs

Martinrea shall maintain standard charges for some commonly incurred costs, the Supplier may request these standard costs from each applicable Martinrea business unit/plant. Martinrea reserves the right to change these charges at any time.

The Cost Recovery Form is the formal document to recover costs incurred as noted above. The Cost Recovery Form will detail the cost breakdown including administrative charges for each occurrence reported through a SNCR.

NOTE: Charges incurred from Martinrea's customer as a result of a supplied product or service will be charged to the supplier. Should Martinrea be issued a Customer Complaint from its customer related to a component or component interface being provided by a Martinrea Supplier, Martinrea reserves the right to debit the Supplier for the associated costs.

10.0 CORRECTIVE & PREVENTIVE ACTIONS:

10.1 Corrective and Preventive Actions

It is the Supplier's responsibility to take the necessary corrective and preventive actions to resolve quality problems. The Supplier is required to use acceptable problem solving methods such as 3 legged 5 why analysis, Fishbone Diagram, Design of Experiments, Histogram, Pareto Analysis, 8-D, etc. to investigate the root cause of problems and implement countermeasures to eliminate them.

Corrective action reports should address the root cause for the occurrence and failure of the quality system. Martinrea's Supplier quality personnel will work with Suppliers to help address root causes and implement permanent corrective actions. Suppliers are encouraged to use mistake-proofing methodologies in their corrective actions.

Where applicable, countermeasures for one particular problem shall be implemented on other similar processes and products to eliminate the reoccurrence of the problem. All corrective actions should be verified periodically to make sure that they remain effective

10.2 Corrective Action Report (CAR) Format

Martinrea may request formal Corrective Action Reports (CARs) from a Supplier. Normally, a Supplier may use their format for CARs. However, Martinrea may direct the Supplier to use the Martinrea format or an OEM format. Examples of these CAR formats are listed below:

- 5-Phase CAR (General Motors).
- 7-Step CAR (Chrysler).
- 8-Discipline CAR (Ford Motors). (Preferred)
- 5-Principle Problem Solving Worksheet (Honda of America Mfg. Inc.)

10.3 CAR Standards

A CAR will be written using a team approach and in a clear and concise way showing root causes, and corrective actions. Back

up information showing a root cause was determined must be attached to the CAR. Where applicable, the root cause should be implemented and tested then removed and tested as proof that the actual root cause and corrective action are identified.

10.4 CAR Timing

Unless otherwise specified, a CAR shall be followed with an initial response within one (1) business day of receipt. This initial response must detail the issue and interim containment action. Thereafter, weekly updates of the CAR shall be sent to the Martinrea Divisional Quality Department. A final response for the formal corrective action plan of the CAR is required within 10 business days from the day of issuance. Evidence and full implementation validation shall be submitted with the final corrective action to be considered for closure. In cases where discrepant products have to be returned from the customer for problem investigations, the Supplier shall contact the divisional Supply Chain Operations Department staff of Martinrea to make all necessary arrangements. Costs associated with the CAR including customer charge backs shall be recovered from the Supplier.

10.5 Material Disposition

The Supplier is required to adequately contain all products that fail to meet specified requirements. With documented authorization from the applicable Martinrea business unit/plant such material may be salvaged, disposed, or shipped.

11.0 SUPPLIER CONTROLLED SHIPPING REQUIREMENTS:

When a Supplier's corrective actions are not sufficient to contain discrepant product, or warranted by an unacceptable scorecard rating/warranty issue (as reflected on the supplier scorecard), the applicable Martinrea business unit/plant may require the Supplier to implement Controlled Shipping (CS). There are two levels of controlled shipping, CS Level 1 and CS Level 2.

11.1 Controlled Shipping – LEVEL 1 (CS1)

The applicable Martinrea business unit/plant will impose CS1 when extraordinary inspection is required to prevent discrepant material from entering the Divisions process. Typically, CS1 will only be imposed after a Supplier's countermeasures have failed. However, in some cases, CS1 may be imposed due to the potential severity of a discrepancy.

The applicable Martinrea business unit/plant will notify a Supplier in writing of the requirement to implement CS1. The exact requirements will be included in the notification. Typically, the Supplier shall be required to:

- Establish a containment process and location
- Develop inspection instructions and data collection sheets
- Purge and replace the pipeline (at customer, in transit, inventory) of suspect material
- Track and communicate "clean point" to receiving Martinrea Division
- Document and communicate containment data to receiving Martinrea Division
- Implement corrective actions
- Verify corrective actions
- Obtain Martinrea's approval of activities and exit criteria.

11.2 Controlled Shipping – LEVEL 2 (CS2)

The applicable Martinrea business unit/plant will impose CS2 when the Supplier fails to contain repeated nonconforming product in their CS1 activities. The Supplier will be notified in writing of the requirement to implement CS2. The notification will list requirements. Typically, all CS1 requirements shall apply in addition to:

- An acceptable third party source must be utilized and inspection performed and reworked as needed (Utilizing an agreed upon method acceptable to Martinrea and their customer), in an area away from the normal production area
- The Supplier shall issue the purchase order to the third party
- The Supplier shall provide training and document resources to the third party
- Documentation will be provided to Martinrea for review.

**Note: Imposition of CS2 does not relieve the Supplier of continuing CS1 activities.

11.3 Release from Controlled Shipping

Exit criteria will be established by the applicable Martinrea business unit/plant at the time controlled shipping is implemented. The Supplier shall petition release from controlled shipping when all of the exit criteria are met and validated by the Quality Department of the receiving Martinrea plant.

12.0 REWORK & DEVIATION APPROVAL

12.1 Rework

Rework (or salvage) is work done outside of the approved PPAP'd process to correct discrepancies. Any rework or salvage activities performed by the Supplier requires written approval from a cross functional team at the receiving Martinrea Division. The Supplier is responsible for initiating written rework requests that include, at a minimum, the following:

- Part information
- Nature and cause of rework
- Rework or salvage method including operator instructions
- Quantity
- Identification of reworked part
- Corrective actions with dates of implementation to avoid future occurrences

Under no circumstances shall a Supplier rework or salvage parts and ship to any applicable Martinrea business unit/plant or its customers' location without obtaining written authorization. Any reworked parts shipped without written authorization will be rejected and returned to the Supplier at their expense. Any additional costs incurred by the applicable Martinrea business unit/plant will be charged to the Supplier.

12.2 Deviations

Suppliers shall request approval for deviation from specifications or drawing requirements in writing to the receiving applicable Martinrea business unit/plant. All requests should be made through the applicable Martinrea business unit/plant quality department. Deviations should always be requested prior to shipping product. The Supplier is responsible for initiating the request for a Deviation that includes, at a minimum, the following:

- Part information
- Detailed description of deviation
- Quantity of product that will be produced under deviation
- Corrective actions to be implemented and timing for implementation
- Method of identification of deviated parts

Under no circumstances shall the Supplier ship discrepant parts to any applicable Martinrea business unit/plant or OEM location without obtaining a signed deviation. Any parts shipped without written authorization may be rejected and returned to the Supplier at the Supplier's expense. Martinrea reserves the right to cancel any deviation at any time for any reason. Any additional costs incurred by the applicable Martinrea business unit/plant will be charged to the Supplier.

13.0 MATERIALS

13.1 Consigned Materials

It is the Supplier's responsibility to notify the applicable Martinrea business unit/plant immediately if any material on consignment is rejected. The applicable Martinrea business unit/plant Supply Chain Operations Department staff shall be informed of all details of the shipment so that a decision can be made for the disposition and re-ordering of such material.

Martinrea may, at any time, request or conduct inventories of material consigned to the Supplier. Consigned material shortages, losses or quality issues shall be the responsibility of the Supplier unless a Returned Material Authorization is obtained from the applicable Martinrea business unit/plant Quality Department.

The divisional Supply Chain Operations Department must be informed upon receipt of any shipments of steel or components, or other product purchased by Martinrea unless waived, packing slips for such shipments shall be faxed to Martinrea within 24 hours of delivery.

Suppliers are encouraged to use the RMA (Returned Material Authorization) system to track rejected material. In the case where customer resale material is involved, (i.e. steel resale), the applicable resale processes must be followed.

13.2 Traceability

For steel, fastener, and component Suppliers, all shipments to the applicable Martinrea business unit/plant are required to have proper labels for identification and traceability. Bar codes shall conform to the AIAG labeling standard unless waived by the applicable Martinrea business unit/plant for a defined quantity or time.

As a minimum, the following information must be present on each label:

- Supplier Identification
- Product Identification Number
- Lot Number
- Quantity
- Date of Manufacture/process
- Date of Shipment
- Heat Number (coil steels)-must use Martinrea corporate label where provided
- Traceability requirements must be included for all materials and components
- Cavity/ Tool traceability may also be required

13.3 Certification

It is the responsibility of the Supplier to provide, upon request, certification of product conformance to the relevant applicable Martinrea business unit/plant for each lot of product shipped. Unless noted otherwise in purchase order, all raw materials supplied to Martinrea for manufacture (all raw metallic, resins, and chemicals) shall include a copy of the original material certificate or a material test report from an accredited ISO laboratory. The Supplier is required to retain a copy of all certification for traceability through the lot numbers on the shipping labels.

The Supplier may send the certification by email, along with each shipment or, if agreed to by the applicable Martinrea business unit/plant, keep them on file. All certifications shall be available for review upon Martinrea's request.

Certification may include information such as chemical composition, physical properties, dimensional measurements, statistical data, or test results, etc. Detailed requirements of certification will be determined and agreed to during APQP activities. Other information, such as Engineering Change Level, Original Mill Certification, or Raw Material Certification, etc., are to be retained by the Supplier and made available upon Martinrea's request. The material certificates may not be altered or

include markings other than verification marks of physical and chemical values and/or indication of inspection acceptance. Product that has been heat treated must include physical or mechanical properties with heat treat batch lot numbers. All material must comply with Government requirements including country of origin and country where material is melted. Age sensitive material must include material certificates as well, along with expiration dates clearly noted on the certificate and the individual container(s) applicable.

For Suppliers who provide processing services, the original lot number from the Martinrea Division shall be preserved. The Supplier can either retain the same label from Martinrea or transfer the lot number to a new tag. It is the Supplier's responsibility to stipulate such methodologies on each product Control Plan. Detailed requirements are to be discussed with the Martinrea Supply Chain Operations Department as well as the Quality Department. Details of specific requirements will be reviewed and approved during APQP activities.

13.4 Shelf Life

The Supplier is required, on a regular basis, to inform the Martinrea divisional Supply Chain Operations Department regarding spoilage. Information such as part number, operation number, quantity, and reason for spoilage are to be included. The Martinrea Divisions approval is required before disposal.

13.5 Product Packaging, Identification, and Delivery

The Supplier is responsible for providing adequate packaging of all supplied materials to prevent potential shipping and handling damages. All packaged products are required to be identified with proper labels on the containers for product identification and traceability. The labeling shall be robust in order to handle environmental degradation such as salt spray in overseas shipments. Further, ship packaging such as wood pallets must meet governmental regulations. Any changes to approved packaging /labelling should be re approved by Martinrea business unit/plant. All packaging trial runs shall be completed and reports submitted for review as requested, previously to have approval.

13.6 Shipments

Unless waived by the applicable Martinrea business unit/plant Supply Chain Operations Manager, the Supplier is required to keep the Division informed of shipment status in advance of each shipment, advanced Shipping Notices (ASN's) may be faxed or e-mailed to the Supply Chain Operations Department. ASN's apply to Suppliers who ship parts and components to any of Martinrea or ship final products directly to customers of Martinrea. Any ASN formats can be used as long as both the Divisions Supply Chain Operations Department and the Supplier agree to the details.

Each shipment must be accompanied by a packing slip, which contains the following information, as a minimum:

- Supplier Identification
- Customer / Ship-to location
- Product Identification (name and number)
- Lot Number
- Quantity
- Date of Manufacture
- Date of Shipment

Upon request, the Supplier is required to provide additional documents, such as NAFTA Certificates with each shipment. The Divisional Supply Chain Operations Department uses packing slips as proof of delivery. Information listed above is necessary for the applicable Martinrea business unit/plant staff to verify delivered products to the actual purchase orders. It is the responsibility of the Supplier to ensure that a packing slip is enclosed in each shipment. Failure to do so may cause delay of payments and/or an administrative charge.

13.6a Samples/Prototypes

Non production parts sent by the supplier to Martinrea divisions for evaluation must be individually tagged as "NON PRODUCTION PARTS" or marked with red paint to prevent unintended use. The container will be marked with an Orange Tag, unless otherwise noted or required by Martinrea's final customer, indicating the special

circumstances (i.e. PER's, PPAPs, IAAs, E/Cs, Prototypes, Deviation requests) and shipped to the attention of personnel as required. Prior shipping notification and delivery date are required as with any shipment. The supplier shall contact the applicable Martinrea business unit/plant with any questions. It is essential this process be followed in order to avoid unapproved product from being shipped without its customer approval.

13.7 Containerization

It is the responsibility of the Supplier to obtain all packaging and container requirements from the divisional Materials & Supply Chain Operations Department of Martinrea.

Standard pack, packing method, container type, and number of containers shall be finalized during APQP activities and included in the part Control Plan.

Containers provided to Suppliers are the property of the applicable Martinrea business unit/plant or its customers. The intended use of the container is for storage and shipments of the applicable Martinrea business unit/plant work-in-process or finished products at Suppliers' locations. The Supplier is not permitted to use the containers for any other purposes such as packing work-in-process parts or storage of other products, which do not belong to the applicable Martinrea business unit/plant. The Supplier is responsible for conducting physical container count upon Martinrea's request. The Supplier is expected to return all excess containers to the applicable Martinrea business unit/plant. Any shortages of containers in the circulation system shall be reported to Divisional Supply Chain Operations Department.

Note: It is the Supplier's responsibility to maintain containers

13.8 DELIVERY

The acceptable criterion for all shipments of products to any Plant/Business Unit of Martinrea is 100% on-time delivery. The Supplier Scorecard will reflect the current status.

Transportation must be in compliance with the contractual agreement. In case of transportation managed by the Supplier, deliveries have to arrive at the Martinrea designated location at the previously agreed date and time and must contain the proper ordered quantity.

For deliveries managed by Martinrea, material shall be ready for pickup on-time and for the proper ordered quantity through Martinrea's designated provider at the Supplier's ship point at the previously agreed date and time. In addition, packaging must meet agreed specification and requirements of transport.

Please note that the terms and conditions of International Quality Management guidelines in the automotive industry and respectively ISO 9001/14001 and IATF 16949 applicable standards are binding.

13.9 Delivery Complaint

Upon discovery of a delivery complaint Martinrea will contact the Supplier by phone or e-mail followed within 24 hours by a formal rejection notice, the corrective action form may be supplied by Martinrea or the supplier may use an acceptable form determined by the business unit involved. Violations will be tracked and will be reflected on the supplier scorecard. It is the responsibility of the supplier to check the appropriate communication.

13.10 Inventory Control

The Supplier shall maintain an inventory control system to track the quantities of raw material, in-process material, on-hand finished goods, and shipments to Martinrea. The control system must be a first in first out process until otherwise agreed upon. Upon request, the Supplier is required to send such information to the Supply Chain Operations Manager of the receiving Martinrea division.

When the applicable Martinrea business unit/plant conducts physical inventory counts, the Supplier is expected to assist and physically verify the count of their in-house inventory. The Supplier should contact the divisional Supply Chain Operations Manager for details on inventory procedures, reporting instructions, identification tags, logistics arrangements, and other requirements. Obsolete product will be controlled in a similar manner to non-conforming product.

13.11 Customs Trade Partnership Against Terrorism (C-TPAT)

Where applicable, Martinrea is constantly striving to improve security within its global supply chain to ensure timely delivery of shipments through expedited clearance at U.S. border crossings and Ports of Entry.

Martinrea expects that all Suppliers outside of the U.S.A. educate themselves on the requirements of Customs and Border Protection (CBP-formerly U.S. Customs Service) and ensures that relevant requirements are satisfied.

13.12 Supply Chain Map

Some OEM Customers of Martinrea require us to identify our associated Suppliers and each process step throughout the entire supply chain. Information such as subcontractor names, DUNS #'s, manufacturing locations and PPAP statuses are documented on the Supply Chain Detail form during product launch. The Supplier shall contact the Divisional Supply Chain Operations Department for the proper form. No changes shall be made to this supply chain without the Division's advanced approval in writing.

14.0 MARTINREA SPECIFIC REQUIREMENTS

14.1 Training

An established program will be operated within the company to ensure that all personnel are trained or familiarized with current company procedures through regularly scheduled training sessions. Required training will be based on the job description and requirements of the position. Training effectiveness will be measured against employee output and knowledge. Verification testing, audits, performance and operational indications will also be used to determine the effectiveness of a training program.

Training matrices shall be maintained with training in the following core tools as published by the AIAG; APQP, PFMEA, PPAP Submission, MSA, SPC.

Records shall be retained as per the industry/customer specific standards as applicable.

14.2 Maintenance of Tooling and Equipment

The Supplier is responsible for the cost of maintaining all dies, tools; weld fixtures, inspection fixtures and machines provided by the Martinrea. The Supplier shall utilize a preventive and predictive maintenance programs to maintain the condition of all production equipment and tooling. Martinrea may periodically inspect the condition of equipment. Shortcomings that are not promptly corrected shall be addressed through the applicable Martinrea business unit/plant Supply Chain Operations Department. Martinrea reserves the right to correct any shortcoming and debit the Supplier the costs. The Supplier will execute a Bailee Receipt which establishes ownership of the equipment or tooling and must also maintain adequate insurance on the assets.

Contingency plans for critical equipment must be defined by supplier and any sub tier supplier utilized. This shall include a list of critical spare parts and named leadership to ensure compliance. Supplier needs to define and monitor and when requested by Martinrea, provide evidence of these activities.

14.3 Conflict Material Reporting Requirements

The supplier is required to submit the required EICC (Electronic Industry Citizenship Coalition) Conflict Material Disclosure Report via iPOINT when applicable. The EICC provides further direction on the form under the "Instructions and Definitions" tabs. The Supplier needs to complete the "Declaration", "Smelters" and "Product" tabs. Once you have completed those sections, you can check to ensure you have completed it properly by using the "Checker" tab. Any section that is hi-lighted in green identifies the answer to be completed-any other color needs to be addressed prior to sending the completed report via iPCMP for approval. The conflict materials are as follows: Gold, Tin, Tungsten and Tantalum or any derivative of these materials that are purchased from the Democratic of the Republic of Congo or any surrounding nations that may be used in the materials within any of our facilities for the production or assembly of our products for our customers. Martinrea will send out a request via iPCMP (iPOINT Conflict Minerals Platform) to designated Supply Chain Operations contact at the supplier location. The iPOINT system is simply a system that was developed and is used by the industry to help send and receive the

EICC Reports and keep them stored and rolled up to allow for auditing and due diligence requirements, to ensure that we are reporting all materials used within our products as required. This is tracked down to our suppliers, through their suppliers and so on, until the actual smelters are included in the reports. Smelters that are not registered, or buy products from prohibited nations are not to be used. The request will provide the EICC Report, the due date that the report needs to be completed and returned via iPCMP for approval. If the EICC is not approved, instructions will be provided as to why the report was rejected and what is needed to obtain approval. Failure to comply with this requirement may result in resourcing of the services or products.

Please follow the following link for more details:

<http://www.conflict-minerals.com>

<http://conflict-minerals.com/newsroom/news/news-detailview/news/detail/News/eicc-gesi-is-releasing-a-new-conflict-minerals-reporting-template-for-2014/>

14.4 Carbon Disclosure Project Reporting Process

The supplier will participate in the Carbon Disclosure Project (CDP) where applicable (If your products are used in Ford, GM, Fiat, Nissan and Jaguar/LandRover or any other Martinrea Customer requesting this information you are required to supply this information). The current requests for this project include, but are not limited to Ford, GM, Fiat, Nissan and Jaguar/LandRover. It is the direction of Ford that Martinrea's suppliers participate in this program as well. Please follow the link below to better understand this project:

<https://www.cdproject.net/en-US/MyCDP/Pages/InvestorledRespond.aspx>

When applicable (If your products are used in Ford, GM, Fiat, Nissan and Jaguar/LandRover or any other Martinrea Customer requesting this information you are required to supply this information), a request shall be sent to the appropriate contact at the supplier's location. Reports are required to be completed by the Suppliers Environmental team along with the support of top management, and submitted via CDP website no later than July 31st each year. Development of this required system can be requested by the supplier to ensure compliance.

14.5 Restrictive Substance Material Sheet IMDS reporting requirements.

The supplier will abide by the current IMDS reporting requirements. Suppliers will ensure that there are trained personnel to comply with the requirements as per AIAG and Customer Specific Requirements. This includes, but is not limited to the reporting out of all levels of gold, tin, tungsten and tantalum as per the Conflict Material requirements, as well as all levels listed upon our customer restrictive substance lists. List of Martinrea's Customer's Restrictive substances will be made available upon request.

14.6 Sustainability Reporting Requirements:

When required by Martinrea's customers, the suppliers will comply with the Martinrea's Customer's Sustainability Report on an annual basis. A copy may be obtained through AIAG or can be supplied by Martinrea to the appropriate contact upon request.

14.7 Other requirements:

Martinrea might request sub tier support on completing CQI or other kind of specific assessments as required from our customers.... Submit them in annual basis.

15.0 DISPUTE RESOLUTION

Suppliers are encouraged to work out any disputes directly with the applicable Martinrea business unit/plant with which they have their concern. Disputes that cannot be reconciled with the Divisions should be raised to Corporate Quality and Supply Chain Operations Departments, with a copy of all correspondence to the applicable Martinrea business unit/plant. Martinrea Corporate Supply Chain Operations and/or Corporate Quality will investigate the dispute and work to resolve the issue in a collaborative and timely manner.

16.0 GLOBAL SOURCING

GENERAL POLICY

Global sourcing plays an important role in remaining competitive. However, global sourcing poses unique challenges. Global sources shall be selected in conformance with the policies outlines in section 3.0. However, recognizing the unique challenges that global sources face, Martinrea acknowledges the following unique requirements:

- ISO9001 certification may be substituted for ISO 9001 AND IATF 16949 /quality systems with approval of the Martinrea Corporate Supply Chain Operations and Quality
- The Supplier must have representatives with a good command of written and verbal English in addition to their native language(s).
- The Supplier must have experience in supplying to the North American and or European Automotive Industry
- The Supplier must have established a good track record of business history and have a sound financial situation
- The Supplier must conduct its business operations with ethical standards in conformance with North American business practices

17.0 DEFINITIONS

CpK - process capability index

CSR - Customer Specific Requirements

SNCR-Supplier Non-Conformance Report

ISO - International Organization for Standardization

OTIF - On Time, In Full

PPAP - Production Part Approval Process

PPM - Parts per million

CPM – Complaints per Million

PRP - Production Readiness Process

R&D - Research and Development

RMA-Return Material Authorization

SPC - statistical process control

SPM - Supplier performance measurement

T&C - Terms and Conditions

TS - Technical Specification

VDA - German Association of the Automotive Industry

18.0 FURTHER APPLICABLE DOCUMENTS

- Bailee Receipt
- IATF MAQMSR(Minimum Automotive Quality Management System Requirements for Sub-Tier Supplier)
Current Revision Level
- Martinrea Quality Systems Assessment

19.0 DURATION

The present agreement shall be valid for an unlimited time unless it is terminated by the responsible Martinrea division, giving 6 months' notice in writing to the end of any calendar year.

20.0 MISCELLANEOUS

This Agreement shall also be effective in the business relationship of the Supplier with other MARTINREA Divisions worldwide.

21.0 APPENDIX

- Martinrea Quality Systems Assessment