GUELPH MANUFACTURING GROUP

Supplier Expectation Manual

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Glossary of Terms:

Annual - 365 days from a previous date or as requested in a calendar or fiscal year, depending on the document/request.
ASN – Advanced Shipment Notice.
CQI - Continuous Quality Improvement.
DMR - Defective Material Report.
FOB - Free On Board (determines responsibility for damaged shipment).
GMG - Guelph Manufacturing Group.
MOQ - Minimum Order Quantity.
MQR - Management Quality Review.
MRP - Material Requirements Planning.
PO - Purchase Order.
RPPM - Rejected Parts Per Million.
SEM - Supplier Expectation Manual.
SQA - Supplier Quality Assurance.

Purpose of the Manual:

This manual communicates the minimum expectations and requirements of Guelph Manufacturing Group for Suppliers of materials, parts and services, and is intended to promote continuous improvement. All Suppliers and their sub suppliers are expected to comply with all requirements and expectations documented in this SEM unless previously discussed and agreed upon by GMG. This SEM provides the means to communicate to our Suppliers not only our requirements, but a summary of how our business is conducted at *Guelph Manufacturing Group*. This document will be used to convey changes as they become necessary to meet changing market conditions.

The objectives of the SEM are to bring consistency to our Supplier relationships regardless of the commodity or service being procured and to provide the means for us to achieve continuous improvement regarding quality, product costs, delivery and Supplier development. The SEM's intent is to reduce the element of surprise and eliminate possible confusion in GMG supplier relations.

Frequency of Distribution:

Only significant changes will result in a revision to this SEM. Suppliers are responsible for reviewing new and revised requirements, including Customer Specific Requirements, and determining the impact on their Quality Systems and for communicating awareness of this document within their facilities/organization. It is necessary to acknowledge the receipt. The latest revision is always available within the GMG Supplier Portal. If you require Supplier Portal access, please contact GMG Purchasing department.

It is the Supplier's responsibility to review the Supplier Expectations Manual and communicate to GMG Purchasing department any concerns, questions, or areas that require additional clarifications.

Guelph Manufacturing Group Websites and Supplier Portal:

The Guelph Manufacturing Group website and Supplier Portal can be found at www.guelphmanufacturing.com.

See the bottom of the website home page for information on how to obtain access to the Supplier Portal. A Username and Password is required to access the portal.

All GMG suppliers require access to the portal.

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Supplier production Releases and Scorecards are currently posted with a unique Username and Password for each.

1. Quotations:

Quoted pricing is to be presented to Guelph Manufacturing Group under the following categories:

Part Weight: Raw and Finished (excludes Steel coiled products)
Scrap %:
Material Cost:
Labor Cost:
Overhead & Profit:
Packaging Cost:
Freight Cost:
Selling Price:
Tooling and Gauging (Cost, Type, Maintenance, Ownership):
Part-specific Performance Testing:
Capacity available to quoted volume:

Guelph Manufacturing Group reserves the right to verify through the run at rate process as needed.

The Product Feasibility form (refer to the latest edition of the AIAG APQP Manual) is to be submitted with the quotation.

2. Price Change:

All quotations will include a schedule for an annual price reduction or an equivalent value-added incentive after the initial year and for the life of the agreement. Prices will not be subject to an arbitrary adjustment by the Supplier for any reason. Requests for a price increase will require 90 day notice and appropriate documentation substantiating the request and can cause an automatic market test to be initiated.

PPAP and pre-production lots are to be supplied at the quoted production prices.

3. Supplier Selection:

GMG Suppliers require to maintain valid IATF 16949 or ISO 9001 certifications.

Suppliers will be selected based on their competitiveness and performance as they relate to quality, cost, on-time delivery, and value added service(s), such as JIT deliveries, consigned, or Supplier-managed inventories.

Suppliers who have a documented Continuous Improvement program showing evidence of cost reduction and quality improvement will be given preference.

All Suppliers must have a capability to accept communications from *Guelph Manufacturing Group*, electronically or have a definite plan and schedule in place to be compliant.

Preference will be given to registered Diversity (Minority) suppliers meeting the above criteria.

Guelph Manufacturing knows that by positively contributing to our communities, we are building a stronger organization. Engaging with certified, diverse owned companies remains as a cornerstone of our business.

Our ongoing relationships with diverse suppliers are critical to our success, strengthening our capabilities and enabling innovation across our supply chain. We partner with diverse owned

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businesses, and promote economic growth - both in the automotive industry and throughout our communities.

GMG Suppliers are to acknowledge and accept that all shared information and business dealings with GMG are to remain confidential and agree to not share or reveal to any person or entity any details regarding business activities that may result in a negative impact to GMG.

4. Supplier Evaluations and Performance Rating – Supplier Scorecards:

The evaluation or rating of a Supplier's performance is objective in nature and is supported by actual data. The performance is evaluated monthly and is tracked on a 12 month rolling basis. Performance data is shared with suppliers on a quarterly basis. The rating considers:

- On-time delivery;
- Quality (based on RPPM calculations, PPAPs, 8Ds and DMRs);
- The Supplier's formal Quality System;
- The status of Annual Self-Assessments Supplier Expectation Manual, CMRT and EMRT Submitted
- Cost.

a) Delivery Performance (Value – 15 points)

Delivery performance will be determined by using the following formula:

A Defective Material Report (DMR) will be written for delivery error; five (5) points will be deducted for every delivery DMR.

b) Quality Performance (Value – 50 points)

RPPM	20 points
PPAPs on time	10 points (Default full marks if no requirement)
# of late Corrective Actions (4D/8D)	10 points (Default full marks if no requirement)
# of Quality related DMR's	10 points

Quality RPPM's will be determined by using the following formula:

Number of parts (u/m) rejected / # of parts (u/m) received x 1 million; the objective is to achieve 0 RPPM's. One point will be deducted for every partial or full 100 RPPM's.

For PPAP and 8D submissions, 2 points will be deducted for each late submission.

2 points will be deducted for each Defective Material Report (DMR), Late PPAP and Late 8D.

c) Quality System (Value - 10 pts)

The expectation for our Suppliers is to achieve IATF 16949:2016 certification.

The minimum expectation is ISO 9001:2015 registration.

Points will be assessed based on the following criteria:

IATF Registration	10 points
ISO Registration	5 points
Intent or in process of obtaining = partial	0 points

d) Cost Avoidance (Value – 5 pts max)

e) Supplier Documents: (Value - 20 pts)

Signed Supplier Expectation Manual	**5 points**
Annual Self-Assessment (Fm1055)	**5 points**

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CMRT (Conflict Minerals)	**5 points**
EMRT (Extended Mineral)	**5 points**

The total number of points available is 100.

Guelph Manufacturing Group may, at its option, request improvement actions for suppliers at our minimum score levels.

To retain *Guelph Manufacturing Group*' business a Supplier must attain 45 points* (* Minimum Requirement) and have a demonstrated plan for improvement within a specified time frame.

Should a Supplier fail to attain at least 45 points, a request for corrective action will be issued, and a MQR (Management Quality) Review required. No new business will be awarded and *Guelph Manufacturing Group*, will reserve the right to begin the search for an alternate source of supply.

5. Communication of Information:

All communication between the Supplier and *Guelph Manufacturing Group* that would involve pricing must be routed through the Corporate Purchasing Department. In the event that someone other than your Purchasing contact initiates communication, the response will be directed back to *Guelph Manufacturing Group* through the Purchasing Department.

Delivery issues will also be escalated to include Corporate Purchasing as needed.

Should a quality concern need to be communicated, it will be initiated and may be handled by the Plant Quality Assurance Department in order to facilitate resolution; should a dispute develop, Corporate Purchasing is to be notified.

If a meeting between the Supplier and *Guelph Manufacturing Group* is required, a representative from Corporate Purchasing will be given the opportunity to attend.

6. Release Instructions for MRP

a) Components:

When using the MRP Release, the first two (2) weeks following the release dates are firm**.** Anything outside of the second week is forecast only. All Suppliers must ship the product, per the release, to arrive on the day required, based on weekly MRP release date. All receiving must be within *Guelph Manufacturing Group* receiving hours as designated on the Website or approved by exception.

If you are a Supplier that has regular scheduled pickup arranged by *Guelph Manufacturing Group* Logistics, you must have the product available for that specified day.

b) Steel:

When using the MRP Release the first week date is firm, *week 2 is planned, and the following two (2) weeks are forecast*. Material must arrive on the day as indicated in the release.

In order for materials to be available for the first forecast week, *Guelph Manufacturing Group* expects the Supplier to plan and have available materials forecasted, which will be confirmed in the subsequent MRP release for shipping purposes in that week.

NOTE:

All Suppliers must maintain one week's worth of finished product available at all times for shipment.

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If your firm is unable to provide material as released, you MUST make every effort to resolve the issue and if not able to correct, contact your plant contact as noted.

If you have any questions concerning the release, the appropriate plant contact must be notified promptly.

c) **For Outside Services:**

These releases are to be used as a planning tool. Product is to be processed as received.

Contact information (519) 822-5401 or refer to *Guelph Manufacturing Group* Supplier website for updated information.

7. Subcontractors:

Before any contractor, or one of their employees, is allowed to perform work on *Guelph Manufacturing Group* property, a Clearance Certificate from WSIB must be provided. *Guelph Manufacturing Group* will request proof of adequate PL & PD insurance, as well as evidence that all Workman Compensation payments are current.

All subcontractors and/or their employees will be required to wear personal protective equipment and to be familiar with and to observe the prevalent safety procedures as required by the location where they are working.

All Subcontractors and Suppliers must sign in at each plant and comply with *Guelph Manufacturing Group* Contractor & Visitor rules as posted.

8. Gratuities:

Employees of *Guelph Manufacturing Group* are forbidden to accept gifts other than logo promotional items of nominal value from Suppliers to *Guelph Manufacturing Group.*

9. Delivery Performance:

A Supplier to *Guelph Manufacturing Group* is responsible to provide on time delivery of the correct product and quantity with zero defects to the correct location. The Supplier will be expected to monitor delivery performance to *Guelph Manufacturing Group* and to take corrective action(s) as appropriate to ensure on time delivery. The Supplier to *Guelph Manufacturing Group* should have a responsive supply chain management that must guarantee an uninterrupted supply of product is available based on forecast and/or releases (or any other mutually agreed upon method). The ultimate shipment quantity may vary based upon our customer's demand.

a) The Supplier agrees to:

- Have the capability to react to and meet reasonably varying levels of demand. If flexibility of production is a constraint, Supplier agrees to investigate other alternatives as outlined under the heading 'Supplier Selection'.
- A Supplier may be held financially accountable for downtime and administrative costs associated with their failure to provide product based on their delivery commitment.
- Take full responsibility and ownership for all materials being supplied to *Guelph Manufacturing Group*
- Should the Supplier be unable to meet a delivery commitment, they are responsible to notify their plant representative and advise when the material will be ready and when production will be back on schedule.

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- Should expedited freight to *Guelph Manufacturing Group* be necessary in order for the Supplier to maintain its delivery commitment, the logistics of the move will be arranged by the Supplier at their cost and the product must be shipped "Prepaid".
- The Supplier will track their own on time delivery percentage for the respective location.

b) Premium Freight:

The Supplier is responsible to ensure compliance to the routing instructions detailed on our purchase order. If a carrier other than the one specified or previously agreed to by *Guelph Manufacturing Group* is used and the terms are F.O.B. Supplier, it will be considered as premium freight and the freight costs will be either refused or billed back to the Supplier.

From time to time, premium freight is necessary to satisfy our customer's demands. If expedited freight is *Guelph Manufacturing Group's* responsibility, *Guelph Manufacturing Group* will specify the carrier to be used. Failure to follow this requirement will result in a refusal on our part to accept the freight costs.

The Supplier is requested to note on their Bill of Lading that premium freight was requested and to note the person who authorized the routing change.

At no time is a shipment to be held due to a dispute concerning freight costs. The shipment is to be made and the dispute resolved once the product has been received and is in production. Assignment of responsibility in disputed cases may be resolved through a joint 8D corrective action process.

c) Contingency Plan:

Suppliers shall develop a contingency plan for potential catastrophes disrupting product flow to GMG and advise GMG in the event of an actual disaster. In an actual catastrophe, suppliers shall provide access to the GMG tools, and/or their replacements.

The supplier shall:

- Identify and evaluate internal and external risks to all manufacturing processes and infrastructure equipment essential to maintain production output and to ensure that customer requirements are met
- Define contingency plans according to risk and impact to the customer
- Prepare contingency plans for continuity of supply in the event of any of the following: key equipment failures, interruption from externally provided products, processes, and services, natural disasters, fire, utility interruptions, labor or infrastructure shortages
- Include, as a supplement to the contingency plans, a notification process to the customer for the extent and duration of any situation impacting customer operations
- Periodically test the contingency plans for effectiveness with simulations as appropriate
- Conduct contingency plan reviews (minimum yearly) using a team including top management, and update as required
- The contingency plans shall include provisions to validate that the manufactured product continues to meet customer specifications after the re-start of production following an emergency in which production was stopped, and if the regular shutdown processes were not followed.

10. Packing Slips:

A packing slip will accompany every shipment. It must legibly contain the following information:

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- Supplier Name.
- The specific plant and address where material is to be delivered.
- *Guelph Manufacturing Group* Part Number & revision level
- Part Description. Unit of Measure and Correct Quantity.
- Packing Slip Number.
- Ship Date.
- Shipping Terms (prepaid/collect).
- F.O.B. Terms.
- Supplier will send an ASN to their respective plant representation at time of shipment by email.

If there is an error on the packing slip, a corrected copy will be requested and it must be provided within 24 hours.

11. Material Certifications/Certificates of Compliance

All Suppliers must provide a Material Certificate or a Certificate of Compliance with each shipment, as outlined on the Purchase Order. This requirement also applies to subcontracted services such as coating and heat treatment. *All Certs must be sent via e-mail to the QA Royal In Box using qaroyal@guelphmnaufacturing.com*. Suppliers of materials with steel must retain valid certificates of all laboratories that performed mechanical and chemical testing on the steel, including valid ISO 9001 or IATF 16949 certificates AND valid ISO 17025 certificates or Lab Scopes; these documents must be made available upon request for GMG. The Supplier must maintain auditable, traceable records of specification compliance on each shipment.

Please contact the appropriate Quality Representative at *Guelph Manufacturing Group* for specific instructions. This is significant information that is required. Failure to provide this documentation will result in the initiation of a Defective Material Report.

Any deviation from this requirement must be in writing from *Guelph Manufacturing Group*.

12. Export Documentation:

Export documents suitable to provide adequate clearance by Canada Customs/U.S. Customs must accompany every shipment originating from outside of Canada when shipping *Guelph Manufacturing Group*.

The document package must include at minimum:

- Bill of Lading
- Packing Slip
- Commercial or Proforma Invoice (This invoice must reflect the proper tariff classification for the country where the product is being imported).
- Certificate of Origin (If a current and valid blanket Certificate of Origin has been sent to *Guelph Manufacturing Group*, then this document is not required).

If the tariff classification has changed, it is incumbent on the shipper to provide an updated Certificate of Origin that reflects that change.

If the status of goods has changed in terms of their ability to qualify under NAFTA regulations, then *Guelph Manufacturing Group* must be notified annually.

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13. Country of Origin Marking:

All products and/or its container shall be permanently identified with the country of origin (if it originated in a foreign country) in accordance with the rules and regulations of the country where the product is being imported. Conflict Materials reporting is required.

14. Packaging:

All products must be packaged to protect the product during transit to a maximum of thirty five (35) lbs. per container for small parts or, if in bulk, skidded and banded securely. All packaging is to be approved by *Guelph Manufacturing Group*. All products to be labeled in AIAG barcode format with *Guelph Manufacturing Group* part number.

Suppliers must comply with all levels of government legislation and auto industry requirements regarding "Hazardous Materials", making certain that all expendable packaging is legally disposable.

Steel coils have plant specific requirements for packaging size and safe unloading. Please see Purchase Order specific notes by location.

15. USMCA (United States Mexico Canada Agreement) Certificate of Origin:

All Suppliers, whether Canadian, Mexican or from the US, will provide a USMCA Certificate of Origin for each item that is shipped to *Guelph Manufacturing Group.*

This can be completed in one of two ways:

a) A blanket certificate identifying each unique item being shipped to *Guelph Manufacturing Group* to cover the period January 1, (year) to December 31, (same year).
b) A Certificate of Origin must accompany each shipment for the specific material being transported. The Supplier is responsible for the accuracy of the declaration.

If the Supplier is claiming that his product meets the requirements of USMCA, he will have the necessary traceable documents to support that qualification. A USMCA Certificate of Origin shall be provided at the time of award of business, and shall be updated annually.

If a valid and current certificate is not on file, all charges related to costs and duties will be charged back to the supplier.

16. Routing Of Product:

In the case of 'collect' shipments, the Supplier will ship via the carrier specified on the P.O.

17. Overtime Charges:

Should unanticipated customer demand exceed quoted volume, *Guelph Manufacturing Group* must be notified. If this demand exceeds quoted production capacity, necessitating overtime, pre-approval is required before production begins.

In general, *Guelph Manufacturing Group* will not accept premium charges for production to meet customer requirements. In the event that premium costs are incurred, the Supplier may make application for re-imbursement.

It is assumed that all overhead expense is incorporated into the Supplier's quoted pricing structure. Therefore, on the very rare occasion(s) that overtime is requested by *Guelph Manufacturing Group,* the Supplier will be reimbursed on the premium portion only of the labour cost, based solely on the direct employee's hourly rate and for only those employees working directly on our product. For example, if the Supplier has a labor agreement that states in the case of overtime, an entire shift must be called in to work, *Guelph Manufacturing Group* will only reimburse the Supplier for those individuals employed on our material. The same philosophy

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would apply in the case where a production line must be fully staffed to perform at peak efficiency but to do so would require filling a portion of the line with another customer's product. Reimbursement must be supported by documented labor content in the parts produced.

18. Charge Back Policy:

Supplier chargeback policy is implemented to capture additional costs that are incurred due to not meeting delivery requirements and/ or are resulting from shipping nonconforming product. Such charges may include, but are not limited to: overtime, additional labour, downtime/ line stoppage (internal/ customer), expedite costs, premium freight, third party sorting (GMG / customer), internal sort by GMG personnel, rework, scrap and other charges related to supplier caused nonconformance at GMG and our customer's facility or for warranty issues, the final consumer.

Suppliers are notified on the nonconformance through a DMR report. An administration fee of $500 is applied to all DMRs. Suppliers are required to provide an RMA number related to the nonconformance within 24 hours. In the event of supplier disagreement with the charges, a written response is required. The written response must be sent to GMG Purchasing department for assistance with the resolution to the disagreement. Failure to accept or reject the DMR/ charges will result in automatic debit within one month of the DMR issue.

Should inspection of a Supplier's product be necessary after receipt at *Guelph Manufacturing Group* due to a quality defect, the Supplier will be required to provide that service or replace the defective material in a timely manner such that our production schedule is not jeopardized. If that cannot be accomplished and we have the resources available to provide additional inspection services, we must receive written authorization in advance and reserve the right to charge back for these services at the rate of $75.00 per hour. A corrective action report shall be required from the Supplier (see subsection under DMR for clarification of the process).

Over shipment of product received and defective product returns are the responsibility of the Supplier. This needs to be completed within two (2) working days. *Guelph Manufacturing Group* may elect to return product freight 'collect' if there is a significant delay.

In the event of a warranty recall or claim by GMG or GMG's customer, as a result of a defect in material or workmanship on the Supplier's part, the Supplier will assume full financial responsibility for the cost of the recall, as well as replacement parts. GMG expects all Suppliers to have an established warranty management process, including part analysis, ready to be initiated when required.

19. Quality and Documentation:

a) Quality Documentation Retention

GMG suppliers shall maintain quality records such that they remain retrievable and legible upon request by GMG and subsidiaries. GMG requires record retention duration for current year plus 30 years if not otherwise specified by the customer. Records related to non-conforming 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 IATF 16949 (latest editions).

b) QMS Registration Status

Suppliers to *Guelph Manufacturing Group* shall be third party registered to the current version of ISO 9001 as a minimum, with preference and goal being IATF 16949 certification by an accredited third-party certification body.

It is the Supplier's responsibility to provide *Guelph Manufacturing Group* with a copy of their current and valid quality certificate and to provide an updated copy if any changes

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occur. Failure to provide the current certificate will result in demerit points on the Supplier's Scorecard.

c) Notification of QMS Registration Status Change:

Suppliers shall advise *Guelph Manufacturing Group's* Purchasing Manager, Corporate Quality Manager and/or SQA of any change to their Quality Management System registration status via email to:

gmg@guelphmanufacturing.com

with the subject line to read Cert Changes – Attn: Purchasing Mgr, Corp Quality Mgr & SQA.

Such changes include, but are not limited to:

- Initial certification.*
- Recertification.*
- Transfer of certification to a new Certification Body*
- Certificate suspension.
- Certificate reinstatement.
- Certificate withdrawal.
- Certificate cancellation without replacement.

*These changes require submitting proof of registration as described above.

d) CQI Self-Assessments

CQI self-assessments must be completed at minimum annually as per requirements specified in the most current versions of AIAG Special Processes; Suppliers are to forward their valid annual CQIs to GMG prior to the date of the previous year's assessment. If CQIs are updated throughout the year, forward a copy to GMG.

Suppliers are to utilize effective tracking systems in order to help avoid missing submission deadlines for all document submissions with a due date or expiration date, including PPAPs, CQIs, ISO/IATF certificates, etc.

It is the Supplier's responsibility to ensure associated sub-suppliers are compliant (as required) for the following process specifications:

- CQI-9 Heat Treat System Assessment
- CQI-11 Plating System Assessment
- CQI-12 Coating System Assessment
- CQI-15 Welding System Assessment
- CQI-23 Molding System Assessment
- All other CQI audits as applicable to the process

Suppliers are required to ensure assessments are submitted to the latest revision and that they are completed by qualified auditors as specified in the CQI manuals.

All CQI assessment findings and non-conformances require to be resolved prior to the submission of the CQI; if the issue cannot be resolved at submission, then an action plan with timing is required to be submitted with the CQI.

e) Safety Critical Product / Process Requirements

To meet legal and regulatory requirements along with customer specific requirements, additional care is required when manufacturing product with safety critical

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characteristics. Such characteristics are defined on top level drawings and cascaded through the supply chain. For each Safety characteristic, traceability must be ensured and documented through each step of the process. Records of traceability, inspection and testing must be maintained for a period of 25 years and be available upon request. Suppliers must have a documented and implemented process in regards to ensuring customer specific requirements are met to control all Safety characteristics. This does not absolve suppliers from independently developing and controlling safety, legal and regulatory process and product characteristics. This requirement applies to the complete supply chain and it is the responsibility of our Suppliers to cascade Safety critical requirements down to their Suppliers.

Flammability testing per FMVSS 302 is an annual requirement. If not required within supplier's product line, a disclaimer statement must be included in the PPAP submissions.

All Suppliers will be subject to in-house inspections or audits, as deemed necessary and/or as mandated by top level Customer specific requirements.

The Supplier accepts total responsibility for product quality. If defective material is received, a Defective Material Report (DMR) is generated by the Quality Department and the product is placed on HOLD until disposition is given. All non-conformances and costs resulting from supplier related defects are the Supplier's responsibility and will be charged back in accordance with Charge Back Policy. Supplier disruption incidents leading to quality issues, line downtime, missed deliveries, stop shipments and expedites at either our plants or our customer's plants are tracked and will be charged back. Corrective action requests are indicated on the DMR report and must be submitted within specified time limits. Immediate containment and immediate response are expected to be in place within 24 hours of initial notification. Breakpoint and identification of clean breakpoint must be clearly communicated and visually identified. Containment must stay in place until corrective actions are implemented and validated to ensure that root cause has been properly identified and that corrective action is effective.

In order to meet or exceed the customer's requirements, it is expected that our Suppliers embrace the continuous improvement mindset and that important, key measurables are tracked and reviewed at the management level on a regular basis.

Corrective actions and supporting documentation, thoroughly completed and error-free, must be submitted within the required schedule period as requested by *Guelph Manufacturing Group*. Failure to meet this requirement will negatively impact the Supplier's rating. Root cause analysis must be supported through the use of formal problem solving tools such as 5-Why at minimum. Supporting evidence of implemented corrective actions and post implementation validation data must be submitted with each formal corrective action.

Material Safety Data Sheets (MSDS) must be provided for every product being consumed or used at *Guelph Manufacturing Group* and they must be updated and forwarded to *Guelph Manufacturing Group* whenever there is a change in chemistry or every 3 years, whichever comes first. Ideally, we request that your MSDS information be reviewed and updated every 18 to 24 months in order to eliminate 'overdue' or 'past due' situations.

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f) IMDS:

Product Material and Substance Reporting (IMDS)

Product material and substance content for all commercial products must be reported via the International Material Data System (IMDS) to Guelph IMDS Site 4758 and in compliance to customer reporting requirements for IMDS.

Product containing substances of concern that are restricted and/or prohibited must comply with current legal and customer requirements. The supplier's IMDS data must reflect the supplier's product when delivered.

All suppliers must provide evidence of product data submission acceptance by *Guelph Manufacturing Group* with every new or revised PPAP submission, or as requested. A copy of the print out or "screen shot" of the "Recipient Data" is considered to be the only valid evidence of acceptable submission. The part numbers in the acceptance note must match the part numbers submitted for PPAP or other approval and the Purchase Order. PPAP or other approvals will not be granted for the parts not accompanied by this documentation. Suppliers are responsible for cascading this requirement and collecting data from their respective sub-suppliers.

g) Conflict and Extended Minerals Reporting

Annual Conflict Minerals Reporting and Extended Minerals Reporting to Guelph Manufacturing Group is a requirement. A thoroughly completed Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) is required to be submitted to GMG when requested. The CMRT requires you to declare the use of conflict minerals, as well as declare if you do not have conflict minerals. The EMRT is used to declare the use of cobalt and mica.

NOTE: To ensure compliance with Dodd-Frank Act requirements it is imperative that each supplier requests this information from all of their relevant direct suppliers, who, in turn, will solicit that information from next tier of suppliers.

Conflict Minerals and Extended Minerals Reporting Format

Guelph Manufacturing Group requires the use of the industry standard reporting templates; the latest revision of the templates are recommended.

The CMRT can be found at:

http://www.conflictfreesourcing.org/conflict-minerals-reporting-template/

The EMRT can be found at:

Extended Minerals Reporting Template (responsiblemineralsinitiative.org)

You can also request a copy from GMG SQA.

For Declaration Scope or Class, please review the choices available and pick accordingly; follow instructions carefully. Submit the completed CMRT and EMRT via email to the GMG SQA.

For further guidance on conflict minerals reporting, visit the following links

- AIAG (http://conflictminerals.aiag.org)
- SEC (https://www.sec.gov/divisions/corpfin/guidance/conflictminerals-faq.htm)
- CFSI (http://www.conflictfreesourcing.org)

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h) Production Part Approval Process (PPAP):

PPAP submissions to *Guelph Manufacturing Group* are to be in accordance with the requirements set forth in the latest edition of the AIAG PPAP manual. A Level 3 PPAP is the default, unless otherwise specified. (Level 3 PPAPs include relevant documentation in addition to the minimal annual validation requirements outlined below.) The "Supplier PPAP Review Checklist", Fm603, is available on the Supplier Portal and can be used as a guideline.

Sample parts are to be shipped to the designated GMG SQA using the appropriate labels as indicated below. PPAPs for new parts usually require 6 samples to be submitted at the time of PPAP.

PPAP documents are to be submitted electronically via e-mail to the designated GMG SQA; submissions should be in one PDF file or a zip file if necessary due to size limitations.

Launch Containment activities will be coordinated with the SQA at GMG

As per IATF 16949 and our Customer-Specific Requirements, annual PPAP submissions are mandatory and must be submitted for all purchased components. Information that is provided in Supplier PPAPs is included in GMG annual submissions to GMG customers. As required in the IATF 16949 technical specification, full dimensional measurement and functional/ performance testing requalification must be completed on an annual basis for all production parts in accordance with AIAG and customer specific requirements.

Minimal Annual Validations requirements are as follows:

- PSW – Level 4 PPAP
- Dimensional Layout Inspection Results – Requirements:
  - Min 6 pcs per part number or 3 pcs per cavity.
  - Ballooned drawing using latest GMG drawing revision.
- Material Certificates and Material Test Results, including Mechanical/Chemical Test Lab's ISO 9001 or IATF 16949 certificate AND Lab Scope or ISO 17025 certificate, for all material and specifications/standards called-out on the drawing.
- Performance Test Results – for all specifications/standards called-out on the drawing. Performance test results must be submitted on the AIAG format and be less than 1-year-old. Test Lab's ISO 9001 or IATF 16949 certificate AND Lab Scope or ISO 17025 certificate.
- Capability Studies – Min 30 pcs studies for all Safety/Critical/Significant characteristics.
- Provisional capability (Ppk) for critical safety and important features must be included.
- Critical Safety Features require PpK value of >/= 2.00.
- Important features require PpK value of >/= 1.67.
- For multi cavity tools, PpK value must be proven for each cavity.
- Critical Safety Features require CpK value of >/= 1.67.
- Important features require CpK value of >/= 1.33.
- Your companies ISO/ IATF certificate and certificates from all companies involved in the manufacturing of the part.

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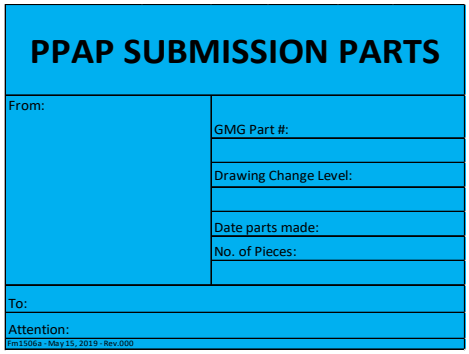
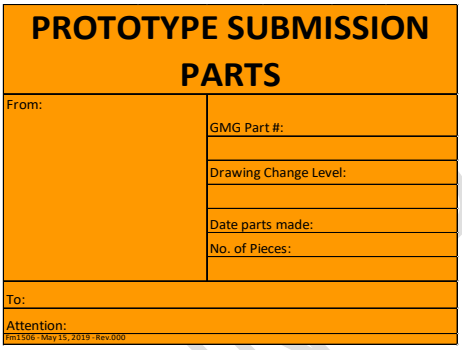
Identify PPAP or Prototype samples using the appropriate labels: GMG PPAP Sample label form Fm 1506a or Prototype Sample label form Fm1506. These forms are available on the GMG Supplier Portal or upon request.



Fm1506a



Fm1506

PPAPs are to be completed thoroughly and be error and defect free, and are to be submitted within the required due date, as requested by *Guelph Manufacturing Group*. Failure to meet this requirement will negatively impact the Supplier's rating and result in financial penalties and further escalation up to and including notification of the Supplier's registration body.

Suppliers are to utilize effective tracking systems in order to help avoid missing submission deadlines for all document submissions with a due date or expiration date, including PPAPs, CQIs, ISO/IATF certificates, etc.

i) Rejected Parts Per Million (RPPM):

Guelph Manufacturing Group tracks the Supplier's RPPM rating on a monthly basis and communicates results on a quarterly basis via Supplier Scorecards. The ultimate goal is that all Suppliers achieve zero RPPM for parts shipped.

Guelph Manufacturing Group reserves the right to schedule a meeting or perform an audit to help initiate corrective action to assist with improving the Supplier's performance rating.

j) Advanced Product Quality Planning (APQP):

As part of the APQP process, *Guelph Manufacturing Group* has developed a Product Launch status system for each new production job awarded. The material is reviewed at regularly scheduled meetings. The document defines, amongst other details, both the customer's, as well as our own, part numbers, part name, revision level, quoted volumes and engineering contact names for both parties.

Suppliers are required to perform APQP as defined in the latest AIAG APQP Reference Manual and provide program timing information as it applies to the materials or components involved.

Suppliers are required to complete and submit the Team Feasibility commitment form in accordance to the requirements set forth in the latest edition of the AIAG APQP manual.

Suppliers are required to have a documented process and implement additional measures and controls in form of a safe launch containment at start of new program launches and/ or major changes to the parts.

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k) Defective Material Reports (DMR):

In the event a defect or discrepancy is detected within our manufacturing process or at our customer facilities, a Defective Material Report (DMR) will be issued. Discrepancy or defect is any condition that is found inconsistent with meeting specified requirements, and many include but is not limited to: material certification, product quality, lack of responses, and lack of required documentation submission, late and incomplete submissions, late or missed delivery, count discrepancy and labels.

The Supplier is responsible to implement immediate containment within all locations, including our facility. Such action must be implemented within one (1) business day of notification or sooner depending on severity level. If time permits, the material may be returned to the Supplier at their expense for evaluation.

A debit for material costs will be processed though the DMR process. *Guelph Manufacturing Group* reserves the right to also debit the Supplier's account for freight costs all associated costs incurred.

A $500.00 administration charge is applied to all DMR's.

l) Corrective Action Requests:

Where corrective action is requested, a written containment plan (4D) that includes a disposition of the defective material is required. The Supplier will provide this within one (1) day of receipt of the written request. The Supplier will complete and submit a Corrective Action Plan within five (5) business days (unless otherwise directed) using any recognized problem-solving format. Evidence of formal root cause analysis tools and evidence of all countermeasures that have been taken are required. At a minimum, 5WHYs must be used to identify the occurrence, non-detection, and systemic root causes. Updates to quality and process documents are required and must be provided as evidence. Validation data of the effectiveness of implemented countermeasures is required prior to acceptance and closure of submitted corrective actions.

Extensions to submission dates are possible given an agreeable timeline is presented.

During the time of root cause investigation, implementation of the corrective actions, and as a follow up on implemented countermeasures, *Guelph Manufacturing Group* reserves the right to:

- Perform an audit of the Supplier's process and quality system.
- Require validation that the corrective actions have been successful over three (3) subsequent shipments.
- Request third party containment.
- Increase diligence and surveillance on incoming inspection activities.

m) GMG Self- Assessment questionnaire:

- GMG requires all suppliers to complete and forward an annual Self-Assessment using the Fm1055 Supplier Assessment document available on the GMG Supplier Portal.

Annual PPAP validation due dates, CQI status, and Supplier Assessment status, etc. are tracked by GMG; failure to submit on time will be reflected on the Supplier Scorecard and may result in a DMR. All above information must be forwarded to SQA via email and within specified time.

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20. Management Quality Review (MQR):

When *Guelph Manufacturing Group* experiences either recurring or significant quality issues, a request is issued to the Supplier to attend a Management Quality Review meeting at the affected plant location to assess the issues (quality, delivery, or other significant problems). These meetings are conducted within 30 days from the date that the issue occurred to review the Supplier's implemented actions or action plan.

The Corporate Quality Assurance Manager or delegate will chair the meeting. The Supplier's top management team is required to attend to ensure the authority to make commitments and implement actions.

The Supplier is expected to provide a summary report detailing problem description, root cause and corrective actions or action plans prior to the meeting for the GMG team to review, and to provide any additional supporting documents such as a completed Corrective Action, FMEA's, Control Plans, Training Records, etc. to verify what actions have been taken. There are escalating levels of MQR's, each as a result of failed Corrective Actions and ongoing issues.

21. Return Material Authorization (RMA):

It is expected that the Supplier will issue a written authorization to cover any costs associated with sorting or inspection or with directions to return the product to the Supplier. This activity is to be conducted within twenty-four (24) hours of our notice regarding a defect or nonconformance.

22. Obsolescence and Service Requirements:

Guelph Manufacturing will provide forecasts through the weekly supplier releases that will indicate the end of production as well as committed demand through a build out period. Further, *Guelph Manufacturing* may also advise the Supplier of pending build outs with sufficient lead time for the Supplier to react. *Guelph Manufacturing* will not accept any obsolescence claims outside of committed forecast amounts as per our agreed upon fab and raw authorizations (generally 2 WKs Fab / 4 WKs Raw).

It is the Suppliers responsibility to maintain inventory and/or production capability to continue to supply such parts on a past model service basis for up to 20 years following program build out. It is expected that these parts will be supplied at production prices for the first 2 years of past model service supply after which time, with sufficient notice, a review of updated costs could be requested.

For any tooling owned by Guelph Manufacturing or its customers, this tooling must also be stored and maintained per above. No tooling can be disposed of without *Guelph Manufacturing's* written approval, the Supplier is responsible for the maintenance and value of this tooling until final disposition has been made on it.

All components that require a MOQ (Minimum Order Quantity) re-order, require written authorization from Guelph Manufacturing before proceeding.

Build out quantities or Engineering Changes need to be considered when re-ordering large lot sizes in order to service blanket orders.

Authorization from GMG material contact or Purchasing in order to move forward is required.

23. Global Working Conditions

Recognizing that our supply chain spans many different regions around the globe, *Guelph Manufacturing Group*, is committed to maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating

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locations, as well as those of our supply chain. It is therefore the expectation of *Guelph Manufacturing Group* that our suppliers will have appropriate policies, procedures and systems in place, to support the following standards:

a) Child labour shall not be utilized. Underage labour, as defined by local labour law, will not be utilized unless it is part of a government approved training or apprenticeship program that clearly benefits the participants.
b) Any form of forced or compulsory labour is prohibited.
c) Workers human rights shall be protected and respected with the ability to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment. They shall also have the right to associate freely and join labour unions and workers' councils in accordance with local laws.
d) Workers shall be protected against any form of harassment and discrimination in any form, including but not limited to gender, sex, age, religion, disability and political beliefs.
e) Workers shall have a safe and healthy workplace that meets or exceeds all applicable standards for occupational health and safety.
f) Workers shall be compensated with wages and benefits that are competitive and comply with local law, including minimum wages, overtime hours and legally mandated benefits.
g) Working hours shall comply with all applicable local laws regulating hours of work. It is our expectation that all our suppliers will maintain these global working conditions in all their operations, while also promoting adoption of these principles with their own suppliers.

24. Ethics Policy

Guelph Manufacturing Group maintains an Ethics Policy standard for how we operate and how we reach our goals. Honesty, integrity and transparency are core values of *Guelph Manufacturing Group* and its subsidiaries. We uphold the values of absolute honesty, integrity and fair play and we count on our supplier base to follow our guidelines of conducting business in a professional and ethical manner.

Our ethics policy defines direction regarding code of conduct in relation to bribery, gratuities, extortion, embezzlement, corruption, and ethics escalation.

The Ethics Policy sets out the basic standard of conduct expected of *our employees* and/or of our representatives, and/ or business partners (customers and suppliers) on acceptance of advantage and handling of conflict of interest when dealing with the business of *Guelph Manufacturing Group.*

Prevention of Bribery:

Guelph Manufacturing Group prohibits all forms of bribery and corruption. All staff are prohibited from soliciting, accepting or offering any bribe in conducting the business or our company affairs. In conducting all business or affairs our employees are prohibited from:

a) Soliciting or accepting any advantage from others as a reward for, or inducement to, doing any act, or showing favor, in relation to the business or affairs of *our company*, nor offer any advantage to an agent of another for this purpose;

b) Offering any advantage to any public servant (including Government / public body employee) as a reward for, or inducement to his/her performing any act in his official capacity, or his/her showing any favor or providing any assistance in business dealing with the Government / public body;

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Acceptance of Advantage:

It is our policy that staff will not solicit or accept any advantage for themselves or others, from any person, company or organization having business dealings with *our company*.

Offer of Advantage:

Our employees are prohibited from offering advantages to any director, staff member or agent of another company or organization, for the purpose of influencing such person in any dealing, or any public official, whether directly or indirectly through a third party, when conducting the business of our organization.

Conflict of Interest:

A conflict of interest exists whenever business or personal circumstances impair professional judgment or the ability to act in the interests of *the organization.*

Our employees are required to avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of *our company*) or the perception of such conflicts.

Some common examples of conflict of interest are described below but this list is by no means exhaustive:

a) Employees involved in a sourcing or procurement exercise are closely related to or have financial interest in the business of a supplier who is being considered for selection by *Guelph Manufacturing Group*, or a client of our company;
b) An employee of *Guelph Manufacturing Group* has financial interest in a company whose quotation or tender is under consideration by a client of our company;
c) Any Guelph Manufacturing Group employee (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

Fair Treatment

Guelph Manufacturing Group believes in fair treatment and respect of all employees within and outside of our organization and expects our supply base to have policies in place and practiced that allow employees the right and opportunity to speak freely of any unfair/unlawful practice(s) without fear of retaliation (Whistleblowing Policy).

25. Environmental Sustainability

Guelph Manufacturing Group is committed to the protection of the environment and the prevention of pollution within its span of control or influence. It is the expectation of Guelph Manufacturing Group that our suppliers have environmental sustainability programs and procedures that promote responsibility on the following:

- Conservation of natural resources (e.g., water, trees, minerals, green space, etc.).
- Protection of the ecosystem through reduction of discharges of pollutants into air, water and land.
- Efficient use of energy and chemicals.
- Application of renewable energy.
- Recycling of scrap metals.
- Reuse or recycling of plastic and metal containers and packaging materials.
- Compliance to environmental laws, regulations and standards.

26. Terms and Conditions

Orders are subject to the terms and conditions as outlined in the Terms and Conditions document (Fm970); this document is available on the GMG Supplier Portal.

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27. Supplier Contact Information:

Guelph Manufacturing Group requires accurate contact information from our suppliers and it is the Supplier's responsibility to maintain and provide updates for all major changes. It is critical that the After Hours/Emergency Contact can be reached, including afternoon, midnight shifts as well as weekends. As required, complete form Fm1016, GMG Supplier Contact Information, which can be obtained from the GMG Supplier Portal.

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Acknowledgement of Receipt:

Supplier (Company) Name	Management Approval
	Date Reviewed

Return To:

Guelph Manufacturing Group.
Purchasing Department
39 Royal Road,
Guelph, Ontario, N1H 1G2
Fax: (519) 822-8110

dgeisel@guelphmanufacturing.com
meichler@guelphmanufacturing.com

It is the Suppliers responsibility to return this acknowledgement to Guelph Manufacturing Group Corporate Purchasing, within *30 days once notification has been sent. Failure to return the Supplier Manual Acknowledgement will result in deduction of demerit points on the Supplier's scorecard.*

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Appendix A: Revision History

Rev. Level	Rev. Date	Notes
000	May 18, 2018	Revised for IATF16949 and re-released with new Document Number at Rev. 000 and reviewed/revised by Purchasing Department (previous revision was QMP74-004).
001	June 18, 2019	Revised scorecard rating system and frequency. Added safety product expectations. Removed acknowledgement form.
002	July 29, 2020	15. Certificate of Origin revised for USMCA changes Added Section 24. Ethics Policy (Terms and Conditions shifted to 25.) Grammar and spelling corrected throughout. Appendix A and Appendix B swapped to move rev. history to last page.
003	July 12, 2022	Removed references to APMF. Changed DMR fee from $250 to $500. GMG Inspection Chargeback now $75/hour. PPAP requirement clarifications. Document tracking system now required. Added "Environment Sustainability", Section 25. Minor modifications and clarifications throughout. Appendix removed and incorporated into the relevant sections of SEM. Glossary expanded.
004	June 2, 2023	1) Updated purpose of the manual to include sub suppliers and to remove repeating sentence 2) Added sentence about responsive supply chain in section 9 3) Added sentence about human rights in section 23 (c)
005	Jan 3, 2024	Added a new sub-section (quality document retention) to section 19
006	May 29, 2024	Added requirement for contingency plan in section 9
007	Dec 11, 2024	Added new paragraph in Section 3, supplier selection, Added supplier acknowledgement sheet after section 27
008	June 19, 2025	Add email address for material certs to be sent
009	Nov 18, 2025	Update Scorecard Scoring Requirements – changes in blue type

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