



**KENDRICK**  
P L A S T I C S

# Supplier Standards Manual

Rev. 8 – 11/1/24

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## **1.0 PURPOSE / SCOPE**

### **1.1 Purpose**

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

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

Indirect suppliers are defined as organizations providing goods and services (such as contract labor, sorting and containment services, packaging, marketing materials, software, and travel services) in support of Kendrick Plastics production business. Services that affect customer specific requirements such as subassembly, sequencing, sorting, rework, and calibration are subject to additional requirements.

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

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

### **1.2 Scope**

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

A link can also be found at <https://www.KendrickPlastics.com>. Any printed versions of this manual are considered an uncontrolled document for reference only.

## **2.0 GENERAL EXPECTATIONS**

### **2.1 General Terms and Conditions of Purchase**

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

Buyer does not acknowledge any additional or different terms proposed by supplier, unless expressly stated in the Order. When accepted, the Order supersedes all prior purchase orders, quotations,

proposals, and other communications. The Terms can be found in their entirety at [www.KendrickPlastics.com](http://www.KendrickPlastics.com).

## **2.2 Supplier Sustainability**

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

Suppliers to Kendrick Plastics shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environmental protection, use of toxic and hazardous materials, and free trade. Suppliers must recognize that the applicable regulations might include those in the country of manufacture, as well as the country of sale. Registration to ISO14001 (Environmental Management System) and ISO45001 (Health and Safety Management System) is strongly recommended. Suppliers are required to be able to show documented evidence of compliance to ISO14001 and ISO45001 or conformance to local country regulations.

Kendrick Plastics values diversity and equal treatment within the workplace and is committed to providing an environment that is free of harassment or any other behavior that diminishes a person's integrity and self-esteem. Harassment or abuse in any form is not tolerated. We expect the same approach from our supplier base.

## **2.3 Direct and Indirect Materials Supplier Expectations**

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

### **Suppliers must meet the following criteria.**

- Supplier Profile Form - The potential supplier will fill out the Supplier Profile Form (Reference Form FR-148). This form must be filled out entirely as instructed or it will be rejected back to the supplier.
- Supplier Standards Manual (Reference PR-014) – This can be located on the website or the latest copy can be requested to be sent. The Supplier will sign the last page of the manual under the acknowledgement section and return it to the Purchasing Director. The acknowledgement of the Standards Manual is non-negotiable. If any potential supplier refuses to sign the acknowledgement, they will not be added as an approved supplier. In addition, customer specific requirements for suppliers will apply (reference <https://www.iatfglobaloversight.org> for OEM Requirements) which will also be referenced in the SSOW.

- Quality System Certifications - The Supplier must send purchasing copies of their latest quality certifications (ISO9001, IATF16949, ISO17025 as applicable). ISO 9001 is the minimum certification required. IATF 16949 certification is preferred, or a plan showing when they will be IATF certified is also acceptable. Thereafter, the supplier will send Kendrick copies of their updated certificates as they renew.
- For non-IATF suppliers only: Purchasing will send the Supplier Assessment Workbook (reference FR-008) to the supplier to perform a self-assessment on their Quality Management System. Supplier will complete the assessment and return it to Kendrick purchasing and Quality Manager.

### 2.3.1 Quoting

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

### 2.3.2 Engineering Requirements

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

### 2.3.3 Supplier Advanced Quality Planning/Supplier APQP

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

### 2.3.4 Supplier PPAP

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

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

Unless otherwise agreed to in writing, Kendrick Plastics' suppliers shall complete annual validation to demonstrate continued adherence to proper engineering levels and performance to design intent. At a minimum, annual revalidation shall include flammability test results, full dimensional reports, capability studies, material certificates and test reports. Only data less than one year old are acceptable for annual revalidation purposes. Suppliers are required to submit annual validation when requested by Kendrick Plastics and annual documentation should be readily available within 10 working days of the request. Initial PPAP, resubmission for carry-over parts, and annual requalification shall be provided at no cost to Kendrick Plastics.

### 2.3.5 CQI Special Process Assessments

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

- CQI-9 Heat Treat
- CQI-11 Plating
- CQI-12 Coating
- CQI-15 Welding
- CQI-17 Electronic Assembly Manufacturing-Soldering
- CQI-23 Molding
- CQI-27 Casting
- CQI-29 Brazing
- CQI-30 Rubber Molding
- CQI-35 Wiring Harness

### 2.3.6 IMDS

The IMDS (International Material Data System) is the automobile industry's material data system. The data collected by the entire Automotive Supply Chain enables the participating companies to comply to worldwide ELV directives, REACH SVHC, RRR, and similar regulations.

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

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

### 2.3.7 Conflict Minerals Policy

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

Additionally, Kendrick Plastics expects suppliers to extend responsible sourcing and due diligence to include Conflict-Affected and High-Risk Areas (“CAHRAS”), cascade OECD Guidance mineral due diligence requirements to sub-tier suppliers and report any identified risk in the supply chain to Kendrick Plastics.

Restricted materials must be properly reported via Conflict Minerals Reporting Template (CMRT) and Extended Mineral Reporting Template (EMRT) as requested.

#### 2.3.8 Quality Documentation Retention

Kendrick Plastics’ suppliers shall maintain quality records such that they remain retrievable and legible upon request by Kendrick Plastics. Kendrick Plastics requires record retention duration for minimum “life of program” plus an additional period in line with statutory, regulatory and customer requirements. This requirement also applies to any supplier’s sub-suppliers.

#### 2.3.9 Traceability

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

#### 2.3.10 Capacity Planning

Projected production volumes and industry growth in various regions drives continued expectation for detailed capacity planning, addressing both equipment and resources. Each supplier is expected to take proactive measures to ensure Kendrick Plastics and our customers are protected from quality and supply chain issues due to poor capacity management. Capacity information should be available for verification if requested.

### **2.4 Injection Mold Tooling Supplier Expectations**

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

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

Tooling Standards can be obtained from your Kendrick Plastics Purchasing or tooling contact. All suppliers are subject to tool audits by Kendrick Plastics and its Customers.

### **2.5 Materials and Logistics (Supply Chain) Expectations**

The Materials and Logistics (Supply Chain) organization at Kendrick Plastics assures the on-time delivery of component materials and shipment of finished goods at the lowest cost.



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

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

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

- Utilize Electronic Data Interchange (EDI) for communication
- Analyze demand
  - Understand and react to schedule variation week to week
  - Reconcile cumulative customer receipts to shipments
  - Compare demand to capacity
- Proactive communication through the supply chain when there are potential issues in meeting demand requirements
- Ship according to the transportation routing instructions
- Respond to the Kendrick's specified replenishment method(s) and establish replenishment processes to assure on-time delivery from the extended supply chain
- Respond to communication of issues, often a Discrepant Material Report (DMR)

### 2.5.1 Electronic Commerce

Kendrick Plastics and our automotive customers require EDI to be utilized by all suppliers throughout the Supply Chain. This includes the ability to receive releases and send Advanced Shipping Notices. If unable to utilize EDI, the Plex supplier portal is required for use. All suppliers must develop a contingency plan for their primary EDI system. This allows us to keep both product and information flowing if the primary system fails for any reason. Advanced Shipping Notice (ASN) is the electronic transfer of shipment data from a supplier to customer (Kendrick Plastics). An ASN must be sent for every shipment to Kendrick Plastics.

### 2.5.2 Shipping

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

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

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

#### 2.5.2.1 Custom Brokers

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

#### 2.5.2.2 International Shipment Documentation

Suppliers are responsible for providing complete and accurate documentation for all international shipments. Documents must be sent with each cross-border shipment.

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

#### 2.5.2.3 Valuation of Merchandise

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

#### 2.5.2.4 Harmonized Tariff Schedules Usage (HTSUS)

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

#### 2.5.2.5 Country of Origin

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

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

### **2.5.3 Shipping and Replenishment Performance**

The standard for Kendrick Plastics suppliers is 100% on time arrival of all parts required by the Kendrick Plastics manufacturing site. This means shipping the correct quantity of the correct product to the correct location according to the designated replenishment method. It is mandatory that the supplier contact the Kendrick Plastics plant immediately upon recognition of an issue if the release schedule cannot be met. Kendrick Plastics assumes that release adjustments will be honored if notification is not provided by **supplier** within 48 hours of receipt of release. **Discrepancies** shall be resolved with appropriate Kendrick Plastics contact prior to shipment time.

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

#### 2.5.3.1 Forecast Expectations

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

### 2.5.3.2 Shipping & Delivery

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

## **2.5.4 Labeling Requirements**

The adherence to labeling and packaging requirements is mandatory and will be continuously monitored. Non-compliance to these instructions will be brought to your attention through the issuance of a DMR by our receiving plant.

Suppliers must ensure that all materials shipped to Kendrick Plastics are correctly labeled and that the labels are properly attached. The AIAG standard for labeling is expected. When utilizing Kendrick Plastics' portal for labels, there must be at least one label placed in the upper left-hand corner of the outward facing side when placed on a skid. No more than one part number is to be packaged in a container or shipped on a pallet. Supplier owned packaging with "Return to" labels must be located in a clearly visible area that does not interfere with the production identification labels.

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

It is the supplier's responsibility to remove labels on returnable containers, clean out any trash or unwanted debris & affix a new label prior to shipment.

### 2.5.4.1 Part Shipping Labeling

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

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

### 2.5.4.2 Mixed Load Labeling

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

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

- Cartons must be uniform in size to maintain load stability.
- Avoid shipping less than a full layer whenever possible.

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

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

#### 2.5.4.3 Sample Shipment Labeling

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

#### 2.5.4.4 Launch/New Model Shipment Labeling

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

#### 2.5.4.5 Label Example

The standard label size shall be 4" x 6" minimum. The 1D barcodes must be Code 39 or Code 128 format. All text must be clearly readable when printed and the text as large as possible. Fields may not overlap. Make note of reserved areas of the label. Suppliers may not print anything in these areas without authorization from Kendrick Plastics.



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

Example of a Standard Container Label:

PART NO   
**M0101423 – WS3**



Revision: 0 Part Name: SPEAR.WS PNT LH

<p>QUANTITY <b>936</b></p>	<p>SUPPLIER <b>AUTOCOAT</b></p>
<p>TRACKING NO(LOT) </p>	<p>P. O. NUMBER <b>K6500202</b></p>
<p>SERIAL NO <b>GR4951941</b>  </p>	<p>DATE REC'VD <b>10/28/24</b></p>

Date Printed: 10/29/24 11:42AM

Example of a Standard Master Load Label:

**MASTER LABEL**

<p>PART NO. (P)  </p>	
<p>QUANTITY (Q) <b>12</b>  </p>	<p>KENDRICK PLASTICS PART NO <b>1914313 – TX7</b></p>
<p>SUPPLIER (V)  </p>	
<p>SERIAL (4S) <b>MR – 104634</b>    <small>KENDRICK PLASTICS – GRAND RAPIDS MI 49512</small></p>	

## 2.5.5 Logistics Requirements

Kendrick Plastics expects our suppliers to share in the ownership of the shipping process to ensure products are received in a timely and cost-effective manner; essentially, at the right time, in the right container, at the right shipping cost, to the right location.

### 2.5.5.1 Logistics Requirements Communication

All shipments must be accompanied by appropriate documentation such as:

- Packing slip, bill of lading, USMCA certificates, commercial invoices
- hazardous materials information.

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

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

(Excluding EU) The supplier is responsible for contacting the appropriate carrier, freight forwarder, and Kendrick Plastics materials personnel to ensure timely pick-up to ensure delivery at the Kendrick Plastics facility by the delivery date shown on the release.

(Excluding EU) Information to be provided should include product ready time, dimensions, weights and freight class. If shipping less-than-truckload quantities to one ship-to location, each skid must include a label indicating the plant name and address.

### 2.5.5.2 Packing Slip Requirements

Kendrick Plastics requires all suppliers to prepare their packing slip(s) which includes these items:

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

**Mandatory: The packing slip must be in a pouch/sleeve that protects it but also allows it to be removed by receiving plant and is attached to each skid.**

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

### 2.5.5.3 Bill of Lading Requirements

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

The BOL must include:

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

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

### 2.5.5.4 Routing Instructions

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

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

### 2.5.5.5 Premium Freight/Expedites

Any premium freight which results from a supplier event will be managed and paid for by the supplier. Kendrick Plastics will not take responsibility for the set-up, management, tracking or payment of a supplier-caused premium freight event. The supplier will communicate to the plant all expedite information and provide milestone

updates to keep the plant informed on the arrival of the expedited components. Kendrick Plastics reserves the right to take-over the management of the premium freight event if the supplier fails to communicate and effectively manage the event themselves. In these cases, the supplier may be charged for Kendrick Plastics time.

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

## **2.5.6 Cumulative Maintenance**

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

### 2.5.6.1 Cumulative Maintenance Communication

Kendrick Plastics will provide the supplier with the following:

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

Kendrick Plastics expects the supplier to maintain the cumulative quantities to ensure accuracy in shipments.

## **2.5.7 Balance out and Claims Process**

Kendrick Plastics believes that obsolete material claims can be avoided by minimizing lead times, strictly adhering to production schedules, and properly managing inventory received by our suppliers. Most obsolete material claims occur at the balance out of a product. Balance out is



defined as end of model year as well as current model engineering changes. Our goal at balance out is to have zero obsolescence.

#### 2.5.7.1 Balance Out and Claims Process Communication

Kendrick Plastics expects their suppliers to manage inventory and shipments to releases up to end of life. Any supplier planning to produce a contractual minimum run order which exceeds raw/fab authorization must first receive written approval from the Kendrick Plastics supplier scheduler or balance out coordinator. If obsolescence occurs due to the discontinuation of a part, the following procedure must be followed to file a claim:

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

#### 2.5.8 Security Procedure Requirements

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

#### 2.5.9 USMCA and Trade Agreements

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

##### 2.5.9.1 Certification Requirements

Trade agreement or other related documents may be solicited by Kendrick Plastics' service provider. These documents include, but are not limited to, the following: United States-Mexico-Canada Agreement (USMCA) Certificate of Origin, Manufacturer's Affidavit, Traced Value Affidavit, American Automobile Labeling Act (AALA) certificates,

Korea/US (KORUS) certificates of origin, US/Australia Certificates of Origin, as well as various MX based agreements.

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

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

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

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

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

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

#### 2.5.9.2 Training

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

### **3.0 QUALITY EXPECTATIONS**

#### **3.1 Quality Management System Requirements – See Section 2.3**

#### **3.2 Statutory & Regulatory Compliance**

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

applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer identified country of destination, if one is provided.

### 3.3 Supplier Risk Management Expectations

Kendrick Plastics views a supplier's ongoing financial health as an important consideration for business award. Kendrick Plastics expects cooperation from awarded suppliers to evaluate risk as requested.

### 3.4 Product Quality

Parts Per Million is one measurement of supplier quality performance. The expectation for supplier performance is 0 PPM (i.e. zero defects). Quantities shall be reported in the units of measure in which they are procured (ex. components = each, resin = pounds).

The following are PPM assignable:

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

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

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

### 3.5 Discrepant Material Reports (DMRs)

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

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

All costs occurred due to corrective actions will be charged to the supplier according to the time spent. If due to delivery delays, short shipments, or non-conforming material production, Kendrick Plastics or the customer is interrupted, Kendrick Plastics will pass all related costs to the supplier. A supplier's failure to respond to 8D requests by the specified deadline(s) affects their Supply Chain rating on the Supplier Scorecard.

The following items related to accuracy of part shipments and documentation that may generate a DMR are:

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

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

### 3.5.1 DMR Communication

1. Problem is identified with information, quality or shipment errors as close to the time of the receipt as possible and the documentation, product and evidence of the error and determines if a DMR will be issued.
2. The DMR is sent via e-mail to the supplier contact and any additional people involved in the issue.
3. If the supplier believes that the DMR is inaccurate or unsubstantiated, the supplier may dispute the issue. The supplier is required to respond within 48 hours if there are any disputes.
3. A Return Material Authorization (RMA) shall be requested from the supplier prior to disposition of material. Disposition of supplier's nonconforming product may include scrap, rework, sorting or return to vendor. A DMR may include recovery costs for these items.
4. Supplier provides the requestor an initial 8D complete through the first 4 steps within one business day. The supplier may use their own 8D format or request a blank from Kendrick personnel.
5. Supplier provides the completed 8D to Kendrick Plastics within 2 weeks. Repetitive errors or chronic problems with information accuracy may result in additional supplier development activity or charges.
6. If the supplier believes that the DMR is inaccurate or unsubstantiated, the supplier may dispute the issue.

### **3.6 Supplier Scorecard Performance**

- Supplier Performance may be measured against the expectations set forth by the Statement of Work, RFQ Package, Supplier Quote, etc. The supplier scorecard reports these Key Process Indicators (KPIs) that are measured:
  - On-Time Delivery – 60%
    - 100% - 60 Points
    - 90 – 99% - 50 Points
    - 80 – 89% - 40 Points
    - 70 – 79% - 30 Points
    - 60 – 69% - 20 Points
    - Under 60% - 0 Points
  - Quality – 40% (auto generated from supplier returns in Plex)
    - PPM – 25%
      - 0 PPM – 25 Points
      - 1 – 100 PPM – 20 Points
      - 101 – 500 PPM – 15 Points
      - 501 – 1,000 PPM – 10 Points
      - 1,000+ PPM – 0 Points
  - Issued Non-Conformances (generated from supplier incidents in Plex which includes customer disruptions and premium freight) – 15%
    - 0 NCs – 15 Points

- 1 NC – 10 Points
- 2 NCs – 5 Points
- 3+ NCs – 0 Points

Suppliers should maintain a minimum score of 80%. If a supplier falls below a score of 80%, the supplier status will be changed from Active to Probationary which will prohibit the supplier from receiving new RFQs unless they are the only viable supplier of a given product. The following actions may be taken as necessary:

1. Kendrick Plastics may require completion of a Corrective Action/8D Report
2. Kendrick Plastics may conduct an On-Site Audit (system or product) in extreme cases

### **3.7 Supplier Development**

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

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

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

- Continuous monitoring & reporting by the supplier to Kendrick Plastics
- On-Site support at the manufacturing facility by a Kendrick Plastics' representative or a designated 3<sup>rd</sup> party, at the supplier's expense.

### **3.8 Supplier Warranty**

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

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

### **3.9 Supplier Request for Change**

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

All suppliers are expected to submit change requests in writing. Failure to do so may result in the supplier being placed on New Business Hold status, a formal notification to the IATF 16949 or ISO9001

supplier registrar, and/or potential financial consequences. Supplier change requests must be submitted to your Kendrick Plastics contact as the first step for obtaining written approval.

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

X

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NAME

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Authorized Company Representative

Signer acknowledges receipt of the Kendrick Plastics Supplier Standards Manual.