



Industry
Products
Company

**SUPPLIER
REQUIREMENTS
MANUAL**

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REV	DESCRIPTION OF CHANGE	DATE	CHANGED BY
6	Initial release of new Supplier Requirements Manual	7-13-20	J McGillvary
7	Update portion under material certs stating cert MUST be received with or prior to IPC receiving product	9/22/21	Amanda Henson for Chad Spruance
8	<p>Updated Regulated Substances, Requirements of Substances of Very High Concern, and Conflict Minerals to remove dates therefore be applicable as updates are continuous.</p> <p>Addition of information pertaining to IPC and Customer Sort responsibilities of the supplier for supplier issues.</p> <p>Add tracking supplier failure to comply with Material Certification requirements being tracked on Supplier Scorecard and used for future business decisions.</p> <p>Remove ref to Anniston Facility</p> <p>Remove duplicate ref to Quotation, Award information, and PPAP.</p>		<p>Kayann Kretschmar Quality Manager And Allen Swindle</p>

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Introduction

The Supplier Requirements Manual has been developed to communicate the Industry Products Company (IPC) Global Supplier Quality requirements to all production suppliers and provide an IPC common process that includes all phases of APQP, Launch and Current Supplier Quality. The provisions of this Manual are binding on all suppliers to IPC.

For any questions, please contact respective IPC Buyer.

Scope

The Supplier Requirement Manual applies to all IPC approved production part & material Suppliers. All requirements in this manual are to be considered as Customer Specific Requirements and along with the IPC Purchase Order Terms and Conditions, is considered mandatory.

This Supplier Requirements Manual has been developed to describe and define the requirements and expectations of IPC. It is intended to drive consistency in IPC's sourcing and procurement activities on a worldwide basis. The aim is to create a favorable business environment for both IPC and suppliers that strive for customer satisfaction in an environment that supports continuously improving costs, quality, efficiencies, productivity and ultimately, profits.

The value of the supply chain is fully recognized at IPC. Strong supply chain relationships and Continuous improvement can only be attained through effective communications, documentation of IPC's expectations and the successful implementation of supportive action plans that support long-term customer loyalty and satisfaction.

Zero Defect Policy

IPC target is to ensure customer satisfaction for Quality, Cost and Delivery (QCD). To enable IPC to achieve this, the following intentions exist:

- Supportive & Responsive Suppliers
- 100% of initial samples delivered right first time and on time
- Self-Certification compliance with IPC Requirement
- 0 reject strategy –100% acceptable shipments
- 0 Tolerance on Safety and Regulation Alerts
- 0 Warranty Case and Cost

Supplier Quality System Mandatory Requirements - Standards

IPC requests each supplier to be certified in accordance with the valid version of ISO9001 or IATF 16949.

Under certain circumstances (specific customer recommendations or existing Suppliers within Quality and Delivery KPI targets) IPC could accept the valid version ISO 9001 when the supplier succeeds IPC internal System and Process Assessment review (during APQP Selection Process).

In addition, IPC may request the valid version ISO 14001 (Environmental Management Standard) and recommend a valid version OHSAS 18001/ISO 45001 (International Occupational Health and Safety Management System) and announced Customer Specific Requirements as would apply to automotive production and relevant service part organizations (during APQP Selection Process).

In cases where a lab is used and if requested by the Customer, International Standard ISO/IEC 17025 will apply.

The certification to these standards must be delivered by accredited certification bodies. The related certificates must be Supplied to the IPC Purchasing Manager or designate.

Accordingly, all IPC Suppliers are required to establish documents and implement effective production, quality and management systems compliant with these requirements (at latest version), including Certification Status defined by Customer Specific Requirements.

A. Supplier Code of Conduct: It is expected that the Suppliers confirm agreement with IPC's Supplier Code of Conduct as part of the Supplier Approval Process.

Corporate Social Responsibility

All Suppliers are requested to work on reduction of the environmental impacts of products and processes by developing new solutions supporting the "Circular Economy".

The Supplier must deploy actions on their operational perimeter to improve the energy efficiency of their sites, prevent pollution, reduce hazardous material, optimize waste and develop a sustainable use of resources.

The Supplier must ensure compliance to all legal and other relevant environmental requirements in products, equipment and sites.

B. Regulated Substances

It is mandatory for the supplier to comply with all existing, modified and upcoming Environmental Regulations and Conventions on a worldwide scale. The supplier must fulfill all resulting obligations such as the restriction and forbiddance of substances and their certain uses. This is covered when receiving the IMDS from the supplier.

The following list shows some key Regulations and Conventions covered in this chapter:

- Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation of the European Economic Area
- Biocidal Products Regulation (BPR) Regulation (EU) 528/2012)

- Regulation (EC) No 850/2004 of the European Parliament and of the Council of 29 April 2004 on Persistent Organic Pollutants and amending Directive 79/117/EEC (POP) Regulation of the European Economic Area
- Stockholm Convention to protect human health and the environment from persistent organic pollutants
- U.S. Toxic Substances Control Act (TSCA) and its amendment, Frank R. Lautenberg Chemical Safety for the 21st Century Act.
- Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of-life vehicles (ELV)
- Wall Street Reform and Consumer Protection Act; July 2010, U.S. law H.R. 4173 incl. Dodd Frank passage – section 1502 (Conflict Minerals)

C. Mandatory Requirements of Substances of very high Concerns

Concerning REACH (Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals). The Supplier must fulfill all obligations due to Registration, Evaluation, Authorization and Restriction of Chemicals.

This includes communication obligations of SVHC in articles; even including spare parts and packaging.

In the case of importing substances, mixtures or articles, the Supplier takes the role of an importer and needs to comply with all resulting obligations.

The supplier is requested not to use SVHC (Substances of very high Concern) in articles and mixtures delivered to IPC. Therefore, the use of substances which are listed in Annex XIV and XVII of REACH and the candidate list are not permitted.

If the supplier intends to use a SVHC the Supplier must contact IPC in time to negotiate and recommend further actions, risks and substitution options. **These are covered by the IMDS submission.**

D. Material Data Report

The reporting of substances is linked to the Production Part Approval Process and must be made in IMDS if not otherwise agreed. At the time of Part Approval, the data submitted must be accepted by IPC. The scheduled date of reporting must be confirmed between Supplier and IPC.

The reported data must be in line with the IMDS Recommendations and comply with the rules and content of the GADSL (www.gadsl.org). Additional requirements could occur due to various requests from IPC's customers.

Provide material data for entry in IMDS (International Material Data System) or in other system as specified per Customer Specific Requirements

E. Conflict Minerals

Conflict Minerals (Tantalum, Tungsten, Tin and Gold) are natural resources mined in a conflict zone and sold to support the fighting. The most prominent example has been the Democratic Republic of Congo (DRC), where various armies, rebel groups, and outside actors have profited from mining with supporting wars in the region.

This requirement comes from the section 1502 of the “Dodd-Frank Wall Street Reform and Consumer Protection Act”, similar regulation is in preparation in the EU and China. Supplier has to apply for a Code of Conduct Sourcing & Supply Chain approach and in addition to fill the related form to ensure compliance with this requirement. **This would be covered by the IMDS submission.**

F. Set up and maintain a Sub-Supplier Management System in accordance with here Supplier Quality Manual described requirements and including:

- Follow up the quality of the purchased parts using suitable measures (which may include PPM quality target setting, special key characteristics follow-up. Validation plan, Control plan, Run Rate and Process audit, PPAP and Initial Samples submission).
- IPC reserves the right to review the process at the Sub-Supplier on its initiative in case of major problems or risk.

Quality

Quality Planning

A successful launch at Mass Production is achieved through studies, coordination, and planning. Studies of trial production, sample evaluations, Supplier data, and checking fixture data both at IPC and at the Customer may be required.

Advanced Product Quality Planning (APQP) is the system highly recommended by IPC on all new product development. The Supplier is required to retain all appropriate planning documents for review during the planning stages of product development. The planning documents are to be retained within the document retention system for the life of the program plus one year.

IPC may require the Production Part Approval Process (PPAP) to be utilized for each new product as well as for all process changes. All new product PPAP level requirements will be determined and agreed to by the appropriate IPC representative. All PPAP documentation must be submitted as a complete package. IPC will indicate PPAP approval by returning the signed warrant form and communicate any deficiency on the PPAP Review Form. Any deficiency must be addressed in an efficient and effective manner and communicated to IPC by submitting updated documents.

Feasibility Review

The Supplier is expected to review all product drawings and attachments to determine the manufacturing feasibility. Any modifications recommended by the Supplier to reduce costs, improve manufacturing ability, simplify design, modify special characteristics or recommend an improved design must be communicated to both the IPC Project Engineering and Advanced Quality Engineering contact prior to product tooling.

All requested changes prior to initial PPAP approval must be communicated to the appropriate IPC Representative.

Tooling and Fixture Development

Suppliers responsible for tooling development must give special consideration to the dimensions described below as well as special characteristics identified by IPC.

- Critical dimensions will be identified on the drawing or drawing attachment by having a specific tolerance attached. All other dimensions may be referenced back to the tolerance block on the drawing or related standards. All special characteristics are required to be included in the control plan.
- Additional dimensions included on the drawing and drawing attachment are for confirmation of the product and will be used for verification throughout product development and included in the PPAP submission.

IPC's expectation is that all check fixtures required will be complete at the initial tool trial for product verification.

Note: PPAP approval is required before IPC will submit complete compensation for tooling and fixtures.

Product Identification

All trial products sent to IPC must be identified with proper tagging and identification. Specific contact and part information that is needed will be provided by IPC Purchasing, Engineering, or Quality.

Production Part Approval Process (PPAP)

General

Over the life of a part, product changes in design, specification, or process may occur. The Production Part Approval Process (PPAP) is used to approve and/or track changes to parts or processes. PPAP ensures that IPC's specification requirements are properly understood by the Supplier, and the process has the potential to produce products consistently meeting these requirements during an actual production run at quoted production rate.

The Supplier's quality department is responsible for understanding the contents of any change and ensuring the change has no negative effect on the overall product quality. If you are in doubt, contact IPC representative for clarity.

The Supplier is required to obtain full approval from IPC for:

1. A new part or product (i.e., a specific part, material, or color not previously supplied to IPC).
2. Correction of a discrepancy on a previous submitted part.
3. Product modification by an engineering change to design records, specifications, or materials.
4. A new or modified tool (except perishable tools), dies, molds, patterns, etc., including additional or replacement tooling.
5. Times when tooling and equipment is transferred to a different plant location or from an additional plant location.
6. A change of subcontractor for parts, non-equivalent materials, or services that affect IPC fit, form, function, durability, or performance requirements.
7. A product produced after tooling has been inactive for volume production for twelve months or more.
8. A product or process change related to components of the production product manufactured internally or manufactured by subcontractors that impact fit, form, function, performance, and/or durability of the saleable product.
9. Change in test/inspection method
10. A new source of material with special characteristics from new or existing subcontractors.
11. A change in product appearance is attributed where there is no appearance specification. When in doubt, contact us for clarity.
12. Revised parameters in the same process (PFMEA parameters of the approval product, includes packaging).

Note: When in doubt, contact IPC for clarity.

PPAP Process Requirements

1. Significant Production Run

- a. For production parts, product for PPAP is required to be taken from a production run which runs at least one hour and/or a minimum of 100 consecutive parts/units. This is an IPC standard and must be followed unless otherwise specified by an IPC representative.

2. Requirements

- a. The Supplier is required to meet all specified requirements. Any results that are outside specification are cause for the Supplier not to submit the parts or material, documentation and/or records. Every effort is required to correct the process so that all specifications are met. If the Supplier is unable to meet any of these requirements, IPC is to be contacted for determination of appropriate corrective action.
- b. Inspection and testing for PPAP may be required to be performed by a qualified laboratory. When a commercial laboratory is required, the Supplier shall submit the test results on the laboratory letterhead, or the normal laboratory report format. The name of the laboratory that performed the tests, and the date(s) of the tests, and the standards used to run the tests shall be indicated.
- c. **NOTE:** *The Supplier may, upon special arrangement, have tests performed by other laboratories. (i.e. IPC)*
- d. **NOTE 2:** *All items or records may not necessarily apply to every IPC part or material from every Supplier. To determine with certainty which items must be included, consult the part print, relevant Engineering documents or specifications*

3. Submission Levels

- a. The records are to be kept in a PPAP part file or referenced in such a file and readily available. The Supplier shall submit the items and/or records specified in the level identified below.
- b. The Supplier must obtain prior approval from IPC for exceptions or deviations to PPAP requirements.
- c. **NOTE 1:** *The Supplier may, upon special arrangements, have tests performed by the Customer's laboratories.*
- d. **NOTE 2:** *All items or records listed below may not necessarily apply to every IPC part number from every Supplier. For example, some parts do not have appearance requirements, and others do not have color requirements. In order to determine with certainty which items must be included, consult the part print, the relevant Engineering documents or specifications.*

Level 1	Warrant only (and for designated appearance items, an Appearance Approval Report) submitted to the Customer.
Level 2	Warrant, product samples, material test results, dimensional layout results & checking aids
Level 3	Warrant, product samples, appearance approval report, process flow, control plan, PFMEA, material test results, dimensional test results, gauge R&R, initial study capability results (CP), sample part & checking aids
Level 4	Warrant and other requirements as defined by the Customer

Level 5	Warrant with product samples and complete supporting data reviewed at organization's manufacturing location.
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Design Records

The Supplier is required to have all design records for components or details of the saleable product. Where the design record is in electronic format, the Supplier must be capable of producing a hard copy to identify measurements taken.

NOTE 1: *For any saleable product, part or component, there will only be one design record, regardless of who has design-responsibility. The design record may reference other documents making them part of the design record.*

NOTE 2: *For some materials, the design records may include identification of raw materials, formulations, processing steps and parameters, and final product specifications or acceptance criteria.*

Engineering Change Documents / Engineering Approval (when required)

The Supplier shall submit a formal request for design change not yet recorded in the design record, but incorporated in the product, part or tooling.

Where specified by the design record, the Supplier must have evidence of IPC engineering approval.

Non-Conforming Product

Notification of Non-conforming Product

A Supplier NCR (Nonconformance Report) may be issued when a non-conformance is recurring, as a FYI or when a problem is first discovered and it has not yet been determined if a formal Corrective Action Request will be issued. The Supplier may request a sample of the defect within three (3) business days of receiving a notice. The Supplier must provide shipping information as well as cover freight charges. IPC's expectation is for the Supplier to review the documentation and assure action is taken to limit any impact to IPC.

Corrective Action

IPC Quality may issue a Corrective Action Request when a non-conforming product is found at an IPC Customer and the non-conformance is found to be Supplier product, and/or IPC feels a non-conformance has occurred internally at IPC which requires formal documentation of problem solving, root cause verifications, corrective action, and preventative action. Corrective Action will be closed when deemed effective and when documentation has been submitted and approved by Quality.

If a non-conforming issue recurs following a closed corrective action, IPC may require that the Supplier send representative to IPC for investigation and/or an IPC representative may visit the Supplier to determine cause and solution at the Supplier's expense.

Any cost associated with a non-conformance will be accumulated and charged monthly to the Supplier or when the lot has been completed.

Disposition of Non-conforming Product

The Supplier is responsible for the coordination and communication of arrangements with IPC's representative. The Supplier must provide written authorization number (RMA) for all products returned and/or scrapped materials to IPC.

Suppliers requesting the return of rejected product for evaluation are responsible for all applicable shipping charges. IPC may dispose the non-conforming product indicated and debit the Supplier if response is not received within 5 business days of notification.

Inspection of Non-conforming Product

Suppliers are responsible for sorting all products indicated as suspect within IPC's facility and at the Supplier's location. IPC will notify the designated Supplier representative to review the quality concern and confirm the inspection activity. Products within Supplier organization shall be identified that product has been sorted and certified before shipping to IPC.

In the event the Supplier is unable to directly support the inspection activity, the following charges will apply.

- IPC employees sort product (current rate incl fringe benefits x # employees x hours).
- Suppliers may also provide a sort service; the Supplier must coordinate all payment and personnel activity.

Use of Sort Service at IPC

Industry Products may use an outside sort service. IPC will bill the Supplier directly for the sort. Supplier and/or 3rd Party Inspection are responsible for creating their own work instructions with IPC Quality Approval.

The Supplier is responsible for managing 3rd party sorts.

Cost Recovery Policy

Suppliers are liable for all costs incurred by IPC when the cause is the Supplier's responsibility. Charges to Suppliers will be based on local rates of the affected IPC Group plant. Refer to the guidelines below regarding applicable charge backs to Suppliers.

1. Administrative Charge
 - Each non-conformance may have an administrative charge covering the collection of data and documentation of the quality incident
2. Other charges (calculated at the time incurred for the associated action)
 - Rework/repair (Supplier fault)
 - Premium freight costs including air charter (if required)
 - Overtime to avoid production interruption
 - Disposition of scrap (Supplier fault)
 - Production downtime for IPC
 - Sorting of suspect material in-house, and Customer location(s) or third-party warehouse and contractor costs
 - On-line containment
 - Tear-down (minor, major or complete) and outside lab testing
 - Customer returns including hourly charges, and transportation on on-site inspections
 - Receiving inspection, material handling and freight associated with scrap and replacement material
 - Sorts: Supplier is responsible for all sorting costs due to Supplier Issues (Customer and/or IPC). IPC only sorts will consist of following three consecutive shipments conform to specifications through IPC's manufacturing process and Quality inspections. Customer sorts are dictated by the customer and may include IPC sorts for a time frame (generally 30 days) or Third-Party sorts at the customer site (generally until customer receives three consecutive shipments conform to specifications).

Purchasing

Approved Suppliers:

1. Supplier Approval Process

Approved supplier status is achieved by meeting the following criteria:

- Acceptance of the Supplier Requirements Manual (Authorization Required).
- Successful Completion of the Supplier/Subcontractor Fact Sheet

Suppliers are strongly encouraged to pursue ISO/IATF 16949 certification. At minimum, suppliers shall be certified ISO9000/9001. Suppliers without ISO certification may have additional requirements prior to being added to the Approved Supplier List.

2. Removal from Approved Suppliers List

A supplier is subject to be removed at any time based on performance to IPC requirements or lack of procurement activity. This decision is made jointly between IPC Purchasing, Materials, and Quality Departments. Reinstatement will require all initial requirements to be met as stated above.

Quotation Process

1. Cost Estimation Request

IPC may request a Cost Estimation for components and materials in advance of firm drawings. This will most likely occur on new business opportunities. The Supplier may be allowed to provide this Cost Estimation by the following methods:

- Supplier Quote format (letterhead)
- E-mail

All Cost Estimations must include:

- Estimated Unit Cost
- Estimated Tooling
- Estimated Lead Time for Tooling and Components

2. Pre-Production and Prototype Orders

Pre-Production and Prototype Orders with unique Purchase Order Numbers that contain "PRE" as part of the purchase order number. Pre-Production and Prototype shipments must be clearly marked as such by the supplier. A Special Part Identification Label is required with all Pre-Production and Prototype shipments. The shipment will need to be sent to the attention of the person identified on the purchase order.

3. Request for Quote

After firm drawings and specifications are released for a component, a Request for Quotation (RFQ) will be released by Purchasing. The RFQ form will be used to determine the final cost for a component. This information will be considered confidential and will not be shared with companies other than Industry Products Company. Suppliers may be required to provide detailed cost information in the following areas as specified by the Industry Products Company RFQ Form: Material Cost, Surface Treatment Cost, Packaging Cost, Labor Cost and Tooling Cost. Timing for Prototype, PPAP, SOP as well as Capacity needed will be given.

Suppliers must quote production runs to match the “Total Purchase Volume” as specified on the RFQ. Total Purchase Volume is the total quantity of parts to be purchased during the production life of the program. For example, if the annual volume is 100,000 pieces on a 5-year program, the Total Purchase Volume would be 500,000 pieces.

Suppliers are expected to provide a minimum sale of 3% annually on new business awards as well as takeover business.

Sourcing decisions will be made based on supplier competitiveness as well as quality and service performance.

4. Quoted Exceptions

Any exceptions to the Industry Products drawing or RFQ request must be clearly communicated at the time of quote. Industry Products Company’s RFQ Form contains a quoted exceptions section as part of the form. RFQ’s submitted without exceptions confirm the supplier’s ability and obligation to meet the print or RFQ specifications references at the prices quoted.

5. Design Review

A thorough design review through the RFQ process must be completed prior to tooling release of PPAP request from Industry Products Company to the supplier.

6. New Program Launch Timelines

When submitting RFQ’s, suppliers are required to submit detailed timelines stating what events will take place to meet the PPAP requirements of Industry Products Company. It is the supplier’s responsibility to ensure we are meeting the dates in accordance with timeline submissions.

Supplier Communication & Deliverables Expectations

- Supplier communication with IPC will be proactive and will include notification of any and all sub-supplier or sub-contractor issues that could affect IPC or its customers. All communications to IPC Corporate will be in English.
- Suppliers are required to submit renewed Quality System Certification certificates for each manufacturing location that is supplied to IPC at time of renewal. Information on all certificates must match the name and address of record of the manufacturing location. Submission to be made to IPC Buyer.
- Changes in union status (if applicable)
- USMCA certificate of origin (by January 1st each year) and as requested
- Holiday shutdown schedules on annual basis
- Updated contact information including: Customer service representative, email, fax, phone, sales representative, quality contact, technical contact & tooling contact
- Substance of Concern documentation if requested
- Other legal or legislative requirements of the U.S. or other applicable countries (Suppliers shipping from other countries or IPC shipping to other countries requiring given documents).

- MDS (Material Data Sheet) as governed by the IMDS (International Material Data System). This is not to be confused with SDS (Safety Data Sheet, formerly known as MSDS (Material Safety Data Sheet).
- All requests for authorization of any proposed material or process changes or moves of production locations must be submitted 60 days in advance to IPC buyer with regard to timing of all issues.
- Upon completion of a program, the supplier will ensure tooling is properly stored to prevent damage and is readily available for service requirements.
- Supplier communication is as directed in the table below:

WHAT	TO WHO	WHEN
PPAP Submission	Advanced Quality Engineer	<ul style="list-style-type: none"> • Acknowledge receipt within 2 business days • Complete as indicated on the PPAP request.
Request for Deviation/Change	Buyer	<ul style="list-style-type: none"> • 15-30 days prior to proposed effective date
Supplier Corrective Action Request	Quality Specialist	<ul style="list-style-type: none"> • Acknowledge receipt and implement a containment plan within 24 hours (business day) of the initial defect. • Completed root cause within 3 business days. • Corrective Action Implemented / Approved by IPC Quality in 5 Business days. • Close out corrective action in 10 Business days.
Return Authorization Request	Quality Specialist	<ul style="list-style-type: none"> • Within 3 days
Dispute Charge Back/Debit	Quality Specialist	<ul style="list-style-type: none"> • Within 10 working days of receipt of discrepant material unless otherwise waived.
Potential Missed Shipment	Contact Listed on the Purchase Order (Buyer)	<ul style="list-style-type: none"> • Immediate notification is required.
Ownership or Key Management Change(s)	Quality Specialist and Contact Listed on the Purchase Order (Buyer)	<ul style="list-style-type: none"> • Within 2 business days
Key Contact Change(s)	Quality Specialist and Contact Listed on the Purchase Order (Buyer)	<ul style="list-style-type: none"> • Within 2 business days
Supplier Audit Corrective Actions	Quality Specialist or Advanced Quality Engineer	<ul style="list-style-type: none"> • Corrective Action Plan 30 days from Audit Date. • Corrective Actions in Place 60 Days from Corrective Action Plan. • Target Closure 6 Months or sooner.
IMDS/Regulated Substance Reports	Buyer / Compliance	<ul style="list-style-type: none"> • As requested,

AWARD NOTIFICATION

1. Supplier Award Letter

Industry Products Company will issue a Supplier Award Letter to those suppliers who were selected during the RFQ process. This is the official notification that IPC has been chosen as the supplier by IPC customer and that IPC will be moving forward with as the supplier for the selected components or materials. The supplier must acknowledge receipt of the supplier award letter by returning a signed copy to the IPC Purchasing Team. Only approved suppliers will be issued Award Letters or PPAP Requests.

2. Initial PPAP Orders

Initial PPAP requests will come from IPC Advanced Quality Engineer. The PPAP requests will follow the APQP Timeline as outlined by the IPC Project Management Team. Annual validation of PPAP's may be required.

3. Purchase Orders

The Award Letter is the formal notification that a supplier will be awarded new business once they have successfully completed the PPAP process.

The Purchasing Department will be responsible for creating Purchase Orders or adding new part numbers to existing Purchase Orders.

Industry Products Company purchase orders are issued to Suppliers indicating the following: purchase order number and revisions, ship to and bill to information, terms, ship via, item/s to be purchased including IPC item number, description, specifications, quantity, due date, price and authorized signature.

The PPAP Requirement Orders will be provided at no charge by the Supplier and will include the following:

- PPAP Quantity – Number of pieces for dimensional validation.
- PPAP Quantity Due Date – In accordance with the APQP Timeline.
- PPAP Production Run Quantity – Number of pieces required to produce “PPAP Quantity.”
- PPAP Production Run Due Date – In accordance with the APQP timeline.
- Tooling Quantity – Quantity of tools needed to produce the part being requested.
- Tooling Quantity Due Date – In accordance with the APQP timeline.

PPAP Orders need to be submitted for the attention of the Advanced Quality Engineer.

A Special Part Identification Label is required with all PPAP shipments. This will allow IPC Receiving Department to notify the Quality Department Secretary that the PPAP has arrived so that it may be properly received.

Once reviewed, the Advanced Quality Engineer will notify the supplier of approval status or if further documentation is required.

4. Tooling

Supplier shall maintain the customer owned tooling in good condition so that the quality, usability, and merchantability of the parts are not impaired. The parts will meet all specifications, and the delivery of the parts will not be interrupted.

Suppliers shall properly store, care for, repair or, if necessary, replace all Vendor Tooling and shall bear the risk of loss or damage thereto (including normal wear and tear). The Vendor Tooling is lent by Industry Products Company to the supplier.

Suppliers shall only use Vendor Tooling for manufacturing the Parts for Industry Products Company. Supplier shall, immediately upon Industry Products Company request, deliver the Vendor Tooling to Industry Products Company or its nominee in accordance with Industry Products Company instructions. All Vendor Tooling shall be marked as property of Industry

Products Company (or, where applicable, of the third party who supplied the Vendor Tooling to Industry Products Company) by Supplier, shall not be commingled with the property of the supplier or any third person, and shall not be moved from Supplier's premises (except for repair or modification) without Industry Products Company prior written approval. Suppliers shall not modify, lease, transfer or dispose of any Vendor Tooling unless Supplier obtains Industry Products Company prior written consent. Suppliers have adequate insurance coverage for customer owned tooling located at supplier facilities.

PRICE ADJUSTMENTS

1. Price Changes

All suppliers are expected to maintain pricing throughout the life of the vehicle program with annual reductions applied. Post mass production, service pricing is to be maintained for five years. All requests for price changes must be submitted to and reviewed by IPC Purchasing. All pricing issues should come through Purchasing - no other department.

IPC Purchasing will review the request once the receipt of all supporting documentation has been received. Requests will only be reviewed upon receipt of the following information:

- Current Quoted Material Cost (Supporting agreed upon pricing)
- Proposed Material Cost (With updated, proposed pricing)
- Supporting Documentation (Supplier Invoices, Charts, Graphs, Market Analysis, etc.)
- Actions taken by the supplier to offset the need for price changes.
- VAVE ideas that could prevent price changes.

All price changes will require the Industry Products Company Purchasing Department to submit an Award Letter or a new Purchase Order reflecting any price adjustments. This is confirmation that Industry Products Company has agreed to the price change.

The Award Letter or Blanket Purchase Order should include quantities, pricing and whether new tooling or PPAP is required as well as any other agreements.

Component Price fluctuations of +/- 5% will be absorbed by the supplier. No Exceptions.

SUPPLIER REQUEST FOR CHANGE

1. Submission

Any Change Request or Deviation Request must be submitted in writing with justification to the Buyer. Supplier Change Requests must be submitted to a minimum of one hundred and twenty (120) days prior to the anticipated implementation date at the supplier.

The request must clearly indicate in detail the actual change/deviation compared to IPC's specification, the quantity of parts involved, and the scheduled shipment date.

2. Definitions

Change Request - requested change to a drawing, specification, material, production process, or sub-supplier for a new part or a part that has been previously approved through the PPAP process.

Deviation Request - requested change to allow the use of a nonconforming product if the discrepancy does not affect safety, fit, function, or appearance of the product.

3. Routing

All requests will be reviewed and approved by the appropriate IPC personnel in Purchasing, Product Engineering, Manufacturing Engineering, Manufacturing, Quality Control, Materials, and Marketing departments. IPC will review each request and render a decision as quickly as possible. IPC may request physical samples prior to making a final decision.

4. Disposition

Upon disposition the Change/Deviation Request will be returned to the supplier indicating disposition. The request will also include any special instructions that may apply.

5. Implementation

IPC Purchasing will develop and coordinate implementation of a change request with the supplier. Questions on this process should be directed at IPC Quality Specialist.

6. Shipping Requirements

Receipt of an approved request (for deviation only) is the supplier's authorization to ship the deviated material. Unless otherwise specified, all material shipped under an approved deviation must be identified with the deviation control number marked on each individual container. Suppliers may not exceed the quantity as indicated on the deviation request. Under no circumstances is an approved deviation request to be considered a specification change.

Purchase Order Acknowledgements

Supplier written acknowledgement will be IPC indication that Supplier has accepted the purchase order. An acknowledgement can be an email, a copy of IPC P.O. initialed or signed by supplier, or supplier acknowledgement form. Any discrepancies in specifications, delivery, or price must be noted. An acknowledgement not received is assumed to be met within the standard lead-time at the time of quote or if updated in writing.

Service Requirements

Unless otherwise agreed to in writing between the parties, Supplier agrees to continue to supply service parts as required by Industry Products Company ("Service Parts"), for each model of vehicle for ten (10) years from the date of last production of such vehicle model for which the Parts are supplied. The Service Parts shall be supplied at full production assembly level and/or at sub-component level, as required by Industry Products Company (IPC). The Service Parts shall meet all specifications provided by Industry Products Company.

The price of the Service Parts shall be the same as under Purchase Orders for corresponding production parts while parts are in production, except to the extent Supplier can quantify additional items not covered or specified.

Packaging & Logistics

Component items and materials shipped by the supplier to IPC must be received by IPC in good condition and free of damage and/or contamination. Boxes and/or containers must be packaged in increments that ensure product is delivered in the same quality state as supplied from the production line, while ensuring the most efficient pack for logistics costs.

It is the Supplier's responsibility to ensure that packaging is adequate to protect product from transportation and/or handling damage. (Reference for the National Motor Freight Classification).

Each shipment to IPC must include the following:

- Packing list including IPC's item number, quantity shipped, and purchase order number
- Bill of Lading
- Certification must also include items & PO number (if required)
- SDS (with initial shipment or change must be sent to purchase)

A bar coded or identifying label must be securely attached to products shipped to IPC including IPC's item number, quantity, lot number, and purchase order.

Part Marking / Traceability

Each component or material must be marked to permit the material identification regarding recycling.

- The material type mark must be in accordance with IPC requirement.
- The marking must be in accordance with the requirement to define traceability

All components (including any previously approved reworked product) must have batch control and traceability throughout all stages of production. This traceability shall be documented by ISO9001 / IATF16949.

Material Certifications

Material certification is required with each item that is ordered by IPC. This also includes any sample material. COC/COA can be sent with the shipment paperwork or sent in advance to:

SupplierDevelopment@industryproductsc.com

IPC must receive it prior to material arrival if not sent with product. Each must reference the IPC Part number and Purchase order number. Failure to comply with Material Certification requirements will be tracked on Supplier Scorecard and used to determine future business with suppliers.

Supplier Score Card

Suppliers are expected to meet quality and delivery performance targets of "0" late deliveries and "0" PPMs. A Supplier scorecard is provided to Supplier if expectations are not met. At a minimum, all Suppliers will receive a yearly scorecard.

Supplier Payment Terms

1. Production Material Payment Terms

Payment Terms shall all be Net 45. IPC recognizes that paying in accordance with contract or purchase order terms is essential to maintaining positive relationships with Suppliers.

IPC encourages Suppliers to accept their remittances via the ACH (Automated Clearing House) system for the speed and efficiency of the system. Whenever possible IPC will take advantage of purchase discounts offered.

2. Tooling Payment Expectations

Tooling will be paid once PPAP has been approved. IPC will pay in full per Standard Payment Terms once the Advanced Quality Engineer has approved the PPAP. IPC does not pay separate charges for PPAP documentation.

Acknowledgement Letter

Industry Products Company is pleased to issue the latest edition of IPC Supplier Requirements Manual. This Manual is designed to provide Suppliers with the most current information possible in doing business with IPC.

IPC requires that all Suppliers review this Manual and assure compliance to all practices indicated. Suppliers who establish a Quality System based on the ISO9001 or IATF 6949 standard and IPC's requirements demonstrate their commitment to quality products and service.

IPC requires that Suppliers complete this acknowledgement letter as well and return it to IPC Purchasing. In the event of a change in the Manual holder, please notify IPC Purchasing of the new recipient. IPC will maintain the Current Revision on the IPC website for Supplier reference.

By signing this letter of acknowledgement, you agree to all terms contained within the Industry Products Requirement Manual (Rev 8).

Please note that all Suppliers initiating a new material or item number/part number to IPC must supply a PPAP for approval prior to production runs. The PPAP level will be at the discretion of IPC. All changes to the approved material must have approval via an updated PPAP prior to shipping production runs.

With cooperative effort, IPC with selected Suppliers can meet global quality expectations and maintain a mutually beneficial partnership.

Supplier Manual Holder

Date