

**KAM**

Plastics Corp

SUPPLIER

QUALITY

MANUAL

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## **Section 1 – General Requirements**

### **1.1 Objective**

This manual is intended to clarify the requirements for supplying KAM Plastics Corp. We hope the content clearly defines our expectations. Please feel free to contact KAM Purchasing or Supplier Quality with your comments and/ or questions.

### **1.2 Sourcing Strategy**

KAM intends to establish and maintain long-term relationships with suppliers who are committed to continuous improvement in cost, quality, delivery and service. This commitment is an expectation of **all** suppliers who participate in today's highly competitive world market. Those suppliers who embrace this philosophy may have an opportunity to enter into long-term relations with KAM.

#### **1.2.1 Quality Systems**

Evidence of your commitment to a continuous improvement philosophy includes ISO-9001 and/or IATF 16949 certification, proactive supply-chain management, on time delivery, productivity improvements and frequent cost-savings proposals. In turn, KAM will deal honestly with our suppliers, strive to listen to our suppliers' recommendations, communicate our requirements and provide our suppliers with the appropriate tools to perform at world-class levels. Ultimately, our goal is to develop Win/ Win relationships with our suppliers.

#### **1.2.2 Social and Environmental**

Ethical social and environmental practices are also an expectation of doing business with KAM Plastics. KAM requires that our suppliers comply with international labor and human rights regulations. Suppliers must meet applicable environmental regulations within their region. In addition, suppliers are expected to take reasonable steps to insure that all sub-suppliers comply with the restrictions related to Responsible Minerals Assurance Process (RMAP) and 'conflict minerals' as specified in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. KAM suppliers may be requested to document compliance using the current EICC, CMRT and EMRT formats. More information can be found by visiting the iPoint homepage [www.conflict-minerals.com](http://www.conflict-minerals.com) and <https://www.responsiblemineralsinitiative.org>

### **1.3 Supplier Quality Requirements**

At KAM, we recognize the critical role quality plays in our success. The cornerstone is the KAM Plastics Quality Policy, which states:

“Anticipate and Exceed Customer Expectations. Zero defects in: Production, Products, Delivery and Service”

Our attainment of this goal is dependent on receiving quality materials from our entire supply chain.

Quality is a prime consideration for supplier selection and sourcing at KAM. Your dedication to quality and strict adherence to:

- KAM Supplier Quality Manual
- KAM Mold Standards
- KAM Packaging & Shipping Requirements
- KAM Plastics Terms and Conditions
- Part drawings and specifications (including CAD data, where applicable)
- Conformance with all applicable statutory and regulatory requirements

will clearly document your value as a KAM supplier.

KAM will ensure that externally provided processes, products, and services conform to our customer's requirements.

KAM will determine the controls to be applied to externally provided processes, products, and services when:

- a) products and services from external providers are intended for incorporation into our own products and services;
- b) products and services are provided directly to our customers by external providers on our behalf;
- c) a process, or part of a process, is provided by an external provider because of a decision by us.

KAM will determine and apply criteria for the evaluation, selection, monitoring of performance, and re-evaluation of external providers, based on their ability to provide processes or products and services in accordance with requirements. We retain documented information (records) of these activities and any necessary actions arising from the evaluations.

#### **1.3.1 General**

KAM will include all products and services that affect customer requirements (e.g., subassembly, sequencing, sorting, rework, and calibration services) in the scope of our defined externally provided products, processes, and services.

#### **1.3.2 Supplier Selection Process**

KAM uses a documented supplier selection process that includes:

- a) assessment of the selected supplier's risk to product conformity and uninterrupted supply of our product to customers;
- b) relevant quality, cost and delivery performance;

- c) evaluation of the supplier's QMS through self-assessment , on-site assessment or third party certification;
- d) multidisciplinary decision making; and
- e) an assessment of software development capabilities, if applicable.

We may also consider other supplier selection criteria:

- volume of automotive business (absolute and as percentage of total business);
- financial stability;
- purchased product, material, or service complexity;
- required technology (product or process);
- adequacy of available resources (e.g., people, infrastructure);
- design and development capabilities (including project management);
- manufacturing capability;
- change management process;
- business continuity planning (e.g., disaster preparedness, contingency planning);
- logistics process;
- customer service.

### **1.3.3 Customer-Directed Sources**

KAM sometimes purchases products, materials, or services from customer-directed sources, also known as “directed-buy”, when specified.

We apply all the requirements stated in this manual to the control of customer-directed sources, unless specific agreements are otherwise defined by contract with the customer.

### **1.3.4 Control of External (out-sourced) Processes**

We ensure that externally provided processes, products, and services do not adversely affect our ability to consistently deliver conforming products and services to our customers.

Our organization:

- a) ensures that externally provided processes remain within the control of our QMS;
- b) defines both the controls that it intends to apply to an external provider and those it intends to apply to the resulting output via approved control plans;
- c) takes into consideration the:
  - 1) potential impact of the externally provided processes, products, and services on our ability to consistently meet customer and applicable legal (statutory and regulatory) requirements;
  - 2) effectiveness of the controls applied by the external provider;
- d) determines the verification, or other activities, necessary to ensure that the externally provided processes, products, and services meet requirements.

We use a documented process to identify outsourced processes and to select the types and extent of controls used to verify conformity of externally provide products, processes, and services to internal (organizational) and external customer requirements.

The process includes the criteria and actions to escalate or reduce the types and extent of controls and development activities based on supplier performance and assessment of product, material, or service risks.

### **1.3.5 Statutory and Regulatory Requirements**

KAM will use the AIAG defined PPAP process to ensure that purchased products, processes, and services conform to the current applicable statutory and regulatory requirements in the country of receipt, country of shipment, and customer-identified country of destination, if provided.

If the customer defines special controls for certain products with statutory and regulatory requirements, we ensure they are implemented and maintained as defined, including at suppliers.

### **1.3.6 Supplier Quality Management System Development**

KAM requires our suppliers of automotive products and services to develop, implement, and improve a QMS certified to ISO 9001, unless otherwise authorized by the customer [e.g., see item a) below], with the ultimate objective of IATF 16949 certification.

Unless otherwise specified by the customer, we apply the following sequence to achieve this requirement:

- a) compliance to ISO 9001 through second-party audits;
- b) certification to ISO 9001 by third-party audits;

Unless otherwise specified by KAM's customer, our suppliers must demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA member and where the accreditation body's main scope includes management system certification to ISO 17021;

- c) certification to ISO 9001 with compliance to other customer-defined QMS requirements through second-party audits;
- d) certification to ISO 9001 with compliance to IATF 16949 through second-party audits;
- e) certification to IATF 16949 through third-party audits by an IATF-recognized certification body.

### **1.3.7 Automotive Product-Related Software and Automotive Products with Embedded Software**

KAM will require suppliers of automotive product-related software, or automotive products with embedded software, to implement and maintain a process for software quality assurance for their products.

We use a software development assessment methodology to assess the supplier's software development process. Using prioritization based on risk and potential impact to the customer, we require the supplier to retain documented information of a software development capability self-assessment.

### **1.3.8 Supplier Monitoring**

KAM uses a documented process and criteria to evaluate supplier performance to ensure conformity of externally provided products, processes, and services to internal and external customer requirements.

We monitor the following supplier performance indicators:

- a) delivered product conformity to requirements;
- b) customer disruptions at receiving plant, including yard holds and stop ships;
- c) delivery schedule performance;
- d) number of occurrences of premium freight.

If provided by customer, we also include, as appropriate, in supplier performance monitoring:

- e) special status customer notifications related to quality or delivery issues;
- f) dealer returns, warranty, field actions, and recalls.

### **1.3.9 Second-Party Audits**

KAM may include a second-party audit process in our supplier management approach. We may use second-party audits for:

- a) supplier risk assessments;
- b) supplier monitoring;
- c) supplier QMS development;
- d) product audits;
- e) process audits.

Based on a risk analysis, including product safety/regulatory requirements, performance of supplier, and QMS certification level, we document the criteria for determining need, type, frequency, and scope of second-party audits. We retain records of second-party audit reports.

If the scope of the second-party audit is to assess the supplier's QMS, then the approach must be consistent with the automotive process approach.

We rely upon the guidance in IATF Auditor Guide and ISO 19011.

### **1.3.10 Supplier Development**

We determine the priority, type, extent, and timing of required supplier development actions for our active suppliers, and include these inputs:

- a) performance issues identified through supplier monitoring;
- b) second-party audit findings;
- c) third-party QMS certification status;
- d) risk analysis.

KAM will use the KAM Supplier Corrective Action Report (SCAR) 8D Appendix B to resolve open

(unsatisfactory) performance issues and pursue opportunities for continual improvement.

### **1.3.11 Information for External Providers**

We ensure the adequacy of requirements prior to their communication to the external provider. We communicate to external providers our requirements via this Supplier Quality Manual and the KAM Mold Standards both of which are available on our website at [www.kamplastics.com/suppliers/](http://www.kamplastics.com/suppliers/). KAM will pass down all applicable statutory and regulatory requirements and special product and process characteristics to our suppliers during the quoting and APQP/PPAP process. We require our suppliers to cascade all applicable requirements down the supply chain to the point of manufacture.

## **Section 2 - Purchasing Issues**

### **2.1 Quotation Process**

As you consider the opportunity to be a KAM supplier, please take into account all of the elements in this manual, especially during the quotation period. The supplier is responsible for completing a design feasibility review based on the design (print) record available at the time of quotation. (See AIAG – Team Feasibility or equivalent). Submit a record of the feasibility review along with the quotation for all firm non-MRO product quotes.

All KAM tooling suppliers are responsible for meeting the requirements detailed in the KAM Mold Standards and Specifications. Copies are available through KAM Engineering.

All quotations must include any additional costs such as delivery and packaging necessary to supply the item or service. PPAP costs must also be included for all non-MRO products.

### **2.2 KAM Plastics Terms and Conditions - Summary**

The purchase of a product or service can only be initiated by issuance of a KAM purchase order. The purchase order constitutes an offer of purchase that may only be accepted and is subject to KAM's standard Terms and Conditions (See Appendix A). Any expression of acceptance from the supplier, including shipment of product will constitute acceptance of these Terms and Conditions. Any different or additional terms contained in any response issued by the supplier shall have no effect whatsoever, unless specifically agreed to in writing by KAM. KAM specifically objects to any attempt by supplier to limit warranties or KAM's remedies.

All non-MRO suppliers must submit and receive PPAP approval prior to shipments unless a deviation is received from KAM Quality.

The payment terms shall be net 60 unless otherwise specified on the purchase order. Freight terms shall be ExWorks or EXW (Previously referred to as FOB) destination-freight prepaid unless otherwise specified on the purchase order.

### **2.3 Prices**

**KAM requires all supplier invoice prices to match KAM purchase order prices exactly**, to ensure timely processing. To achieve this, any price change must be documented by the issuance of a modified purchase order. The KAM purchase order defines what we understand as the agreed price. Invoices that do not match will be returned to the supplier. Payment terms will apply when KAM receives a conforming invoice. It should be noted that KAM's computer system recognizes per unit pricing to three (3) decimal places.



## **2.4 Delivery Responsibility and Cost**

The order price includes packaging and delivery cost to the address specified (EXW point), unless KAM specifies other delivery conditions on the purchase order. The responsibility for goods in transit rests with the supplier unless KAM agrees to other conditions on the purchase order.

## **2.5 Continuity of Supply**

Every supplier is faced with the possibility of production being interrupted by unforeseen circumstances, such as power loss or machine breakdown. Because any interruption in supply may result in substantial damages, particularly if it results in KAM not being able to meet customer demands, we require each of our component suppliers to develop a contingency plan for continuity of supply. This plan must be immediately available on request.

## **2.6 Service Part Requirements**

By accepting a production order from KAM, the supplier agrees to maintain the tooling, facilities, etc. required to manufacture the contracted component(s) for at least 10 years following the end of production. Service part quality expectations are consistent with production requirements. Service order pricing parameters should be agreed upon during the production launch process.

## **2.7 Tooling Payment Terms**

Tooling payment terms will be 100% upon PPAP approval at KAM unless otherwise specified on the tooling purchase order.

- Non-MRO
- Tooling

## **Section 3 - Quality**

An essential element of our final product quality is the quality of our purchased products and services. This section reflects the KAM requirements for initial and ongoing quality of supplied products and services. We have adopted the standards set by the Automotive Industry Action Group (AIAG) for quality assurance. Many of the elements in this manual reflect the guidelines set in the AIAG Advanced Product Quality Planning, SPC, FMEA, MSA and PPAP manuals (AIAG manuals can only be purchased directly from AIAG at 810-358-3003). It is our intention to choose suppliers who understand and effectively utilize these AIAG tools. Therefore, this manual will only refer to how these apply to KAM's expectations for using the AIAG tools.

### **3.1 Submission Package**

As evidence of the supplier's commitment to providing KAM with a quality product or service, we require that the supplier provide KAM with a sample part submission package and receive approval BEFORE beginning production. The Quality department at KAM will review this package, and will give approval to fill orders. KAM has adopted the AIAG PPAP standard format for this submission package. There are five levels of submission. Each level requires different documented evidence to be submitted to KAM. New product introductions or changes to existing Proprietary Critical (P) or Critical Products (C) will be verified and approved using the AIAG PPAP process. Newly developed bulk plastics must also be approved through the PPAP process prior to use in production. It is important to note that ALL documentation must be completed for any submission level and retained by the supplier. Releases for initial production or revision level changes will not be issued until the required submission has been completed and approved.

### **Submission Level:**

**LEVEL 3 IS THE DEFAULT LEVEL TO BE UTILIZED FOR ALL SUBMISSIONS IF IT IS NOT SPECIFIED OTHERWISE BY QUALITY DEPARTMENT.**

Tooling suppliers are exempt from the PPAP requirement but must meet the approval requirements of the KAM Mold Standards & Specifications.

KAM Supplier Quality will determine the submission level required. Be sure to note the submission requirement with each print received. Several factors are considered when determining the submission level. They may include:

- Supplier compliance with ISO 9001, QS-9000, and or IATF 6949 requirements
- Supplier quality recognition status (e.g., Chrysler Quality Excellence, Ford Q1, GM Supplier of the year)
- Part criticality
- Experience with prior part submissions
- Supplier expertise with the specific commodity

The KAM PPAP Checklist will be used to evaluate the submission.

### **3.2 IMDS Entry**

The supplier must enter all components and raw plastics into the IMDS data base prior to shipment of production quantities and/or PPAP submission in accordance with Directive 2000/53/EC of the European Parliament and the Council on End-of-Life Vehicles. Supplier PPAP's will not be approved without completing the IMDS entry. Please use KAM's part number and IMDS identification number (#9809) when entering your product information. General IMDS information is available at [www.mdssystem.com](http://www.mdssystem.com).

### **3.3 Supplier's Quality System Requirements**

KAM requires that its products and raw material suppliers are third party certified to the current version of ISO 9001, IATF 16949 or equivalent international standard. As such, your business shall have a clearly defined quality function. This function should report to upper management. In addition, your business shall have some form of a quality manual or documented system. All personnel who might affect product quality shall be properly trained to perform their functions.

If the supplier has stated that they operate to an internationally recognized quality standard (e.g., ISO 9001, IATF 16949), then KAM will expect the supplier to adhere to this standard unless otherwise agreed to in writing.

### **3.4 Incoming Inspection**

3.4.1 All materials furnished must conform to contractual and design requirements. Incoming products are subject to inspection and approval. KAM uses a sampling of parts to determine acceptability at receiving inspection.

3.4.2 Material certifications for ongoing shipments of materials such as resins and adhesives should be sent to [certs@kamplastics.com](mailto:certs@kamplastics.com)

3.4.3 If fault is found with the product, KAM reserves the right to withhold payment. KAM also reserves the right to reject and/or return at the risk and expense of the supplier, all or any portion(s) of shipment(s), which fail to comply with KAM requirements/specifications.

### **3.5 Supplier Requests for Temporary Product Specification Changes**

To receive a temporary product specification change, the supplier:

- Must contact their KAM Quality representative and get a written deviation **prior to shipment**. This will state the maximum quantity or period for which the deviation shall apply.
- Must include a copy of the signed deviation with each shipment of nonconforming product.
- Will be fully exposed to all warranty claims and rework or rejects costs for shipments of product that do not conform to specification.

### **3.6 Rejects/Charge Back Policy**

This policy is intended to encourage zero defects and offset KAM costs if supplier rejections do occur. If KAM rejects material due to nonconformance with agreed specifications then the following table will be used to determine actions and charge backs.

<b>Situation</b>	<b>Potential Actions</b>	<b>Cost debited to Supplier</b>
A. Rejection in Receiving Inspection	<ol style="list-style-type: none"> <li>1. Return lot to supplier</li> <li>2. Lot sorted by supplier at KAM</li> <li>3. KAM personnel sort</li> </ol>	<ol style="list-style-type: none"> <li>1. Supplier is responsible for associated shipping costs</li> <li>2. Supplier is responsible for associated shipping costs</li> <li>3. \$50.00 per hour plus associated shipping</li> </ol>
B. Rejection in KAM Manufacturing	<ol style="list-style-type: none"> <li>1. Rework/Sort performed by supplier at KAM</li> <li>2. KAM personnel sort and/or rework</li> </ol>	<ol style="list-style-type: none"> <li>1. Associated shipping costs</li> <li>2. \$50.00 per hour plus associated shipping</li> </ol>
C. Rejection in KAM Manufacturing causing downtime	<ol style="list-style-type: none"> <li>1. Rework/Sort performed by supplier at KAM</li> <li>2. KAM personnel sort and/or rework</li> </ol>	<ol style="list-style-type: none"> <li>1. \$750 per shift of down time</li> <li>2. \$50.00 per hour plus \$750 per shift of down time</li> </ol>
D. Rejection at KAM customer due to supplied material	<ol style="list-style-type: none"> <li>1. Supplier support necessary for sorting/rework</li> </ol>	<ol style="list-style-type: none"> <li>2. All related costs charged back to KAM by our customer</li> </ol>

The supplier will be responsible for directing and funding any third party inspection services used in a rejection. All of the above rejection situations would generate a \$250 debit for administrative fees.

In the event of a rejection, KAM will communicate the problem to the supplier and discuss necessary actions. When time permits, the supplier's personnel should come to the receiving location to sort, rework or replace the components and resolve the problem. If the rejection exceeds our internal threshold for corrective action, a Supplier Corrective Action Request (SCAR) (see Appendix B) will be issued requiring documented corrective actions to resolve that particular issue. A SCAR may also be issued if a historical trend toward a particular failure mode is identified at KAM. The supplier may use the KAM SCAR or another 8D equivalent form to document the corrective action.

### **3.7 Supporting Data**

As evidence that our suppliers are checking critical part characteristics on an ongoing basis, KAM may require periodic certification of critical characteristics or materials as described on the print. The determination as to when certifications are required is dependent on the component part makeup and criticality. A Request for Certification will be issued as part of the submission request. It will specify characteristics requiring certification as well as frequency of certification. KAM Supplier Quality and the supplier will determine the level of certification required and the format of the certifications.

When requested Certificate of Analysis, capability studies, and/or SPC data must be supplied. Failure to do so may delay payment. For all raw plastics, the supplier will need to provide certification that meets the following requirements:

- Certification of analysis (C of A), which includes actual test data and not simply a statement of compliance (C of C).
- Analysis data showing compliance to the pertinent OEM specification.
- Dated (Less than one year old to be valid)
- Approval signature
- Supporting test lab accreditation (ISO9001, A2LA or equiv.)

### **3.8 Annual Validations**

All automotive products require annual validation according to IATF 16949 8.6.2. In order to meet this requirement KAM's automotive component suppliers may be requested to provide data showing the completion of this activity. Data will include:

- Full dimensional layout of at least two samples per cavity or process stream (one per cavity for tooling with 5 or more cavities)
- Current material certification meeting print requirements.
- Level One Part Submission Warrant

Annual validations must also be noted as a process step on the supplier's control plan.

### **3.9 Verification of Suppliers Product and Services at Supplier's Premises.**

When required, KAM or KAM's customers shall be afforded the right to verify at the supplier's premises that the product or services supplied to KAM conform to specified requirements.

### **3.10 Supplier Performance Rating**

KAM has instituted a system for tracking supplier quality and delivery performance in PPMs (Parts Per Million). Quality PPMs will be based on the total number of parts found defective. Out of fairness to our suppliers KAM will typically give the supplier the option to sort parts and respond back with actual reject numbers. If you choose not to sort, or fail to respond with that information, the entire lot quantity will be counted as rejects. A similar method is used to track delivery performance. The formula for delivery is based on the promise date from the supplier and how accurately the product is received compared to that date. The window for delivery will be increasingly tightened as a part of continuous improvement. The current window will be communicated by KAM Purchasing (see Section 5.2 Delivery Schedules) The information gathered for quality and delivery performance is reviewed monthly by KAM management and will be used for continuous improvement and awarding future business.

KAM will be issuing performance score cards to our key/high risk suppliers by 2019.

Negative trends in quality, cost and/or delivery performance may require organizational corrective action beyond part specific SCARs (8D). A lack in responsiveness and improvement can lead to a loss of business.

## **Section 4 - Documentation**

One pack slip and one invoice are required per delivery.

You must include the following information on each invoice: KAM order number, part number, quantity, price and delivery location. If invoices do not meet these requirements, KAM may return them to the supplier for correction. The unit of measure and price must match the purchase order exactly.

Please refer to the Packaging & Shipping Requirements in Section 5 for information that must be included on pack slips and labels.

Suppliers whose pack slips and labels do not meet the requirements listed in the Packaging & Shipping Requirement section may be debited \$100.00 for each occurrence.

## **Section 5 - Packaging and Shipping Requirement**

### **5.1 Packaging Requirements**

KAM requires all suppliers to maintain consistent packaging that was established at the beginning of the program, and was approved through PPAP. Any packaging changes after PPAP require a written deviation from the Quality or Purchasing department and then subsequent PPAP approval.

### **5.2 Delivery Schedules**

It is the supplier's responsibility to ensure goods are received at the required location on the date/time specified on KAM's shipping releases. (KAM's acceptable time frame for shipments; 1 day early to 0 days late.) KAM expects 100% on time delivery performance. Suppliers may be required to provide corrective action whenever this requirement is not being met. If late deliveries cause damages, the supplier will be debited accordingly, (e.g. if late delivery causes downtime in KAM's process/plant, the supplier will be debited an amount based on our Rejects/ Charge Back Policy in 3.5).

\*It should be noted that these charges would be invoked only when a supplier's product is received late per the contractual requirements.

It is the supplier's responsibility to inform KAM's Purchasing department immediately of any potential difficulties in meeting shipping release requirements. Alternative plans may be available which would avoid downtime and the corresponding costs.

KAM's expectation is that all shipping releases will be adhered to (including during holiday or other supplier shutdown periods), unless prior written arrangements are made.

### **5.3 Delivery Times**

KAM's delivery hours are from 6:00 am – 5:00 p.m. Eastern Standard time. If unable to deliver during these times, then you must contact KAM to make alternative arrangements.

## **5.4 Labels on Packaging**

5.4.1 Labels must contain the KAM Part #, Revision Level, Quantity, and supplier lot control. Please ensure that there are no old labels left on packaging. Suppliers must put their label over or remove the old label. to avoid confusion.

5.4.2 Special Labels are required to identify the first shipments of

- A. Newly PPAP approved products,
- B. Certified products,
- C. First production after process change,
- D. Samples

**Contact KAM Quality and/or Purchasing to agree on Special Labels for these circumstances.**

## **5.5 Standard Quantities**

A standard pack quantity is to be supplied per box, pack, or pallet, unless otherwise specified on the shipping release.

## **5.6 Hazardous Material**

Follow all relevant Health, Safety and Environmental regulation. MSDS sheets must be provided in accordance with state and federal regulations. Ensure all proper markings are on containers and proper paperwork is supplied to KAM's office manager before you deliver.

We reserve the right to refuse any delivery that does not conform to these delivery conditions

## **Section 6 -Visitors and Delivery Personnel**

The safety of KAM employees and visitors is of supreme importance. When visiting KAM we require that you follow a few basic safety rules.

- Smoking is allowed only in designated areas.
- Sign in at the Visitor's Entrance and receive a visitor's badge
- Follow standard safety practices when on the production floor including:
  1. No open toe shoes
  2. Safety glasses with side shields

We hope this manual clearly communicates our expectations. Your comments and suggestions for improvements are always welcome. For additional information or feedback please contact the following:

Commercial issues:

Tim Klingenberg

KAM Plastics - Materials Manager

616-355-5943

[tklingenberg@kamplastics.com](mailto:tklingenberg@kamplastics.com)

Quality issues:

Eric Olson

KAM Plastics - Quality Director

[eolson@kamplastics.com](mailto:eolson@kamplastics.com)

## APPENDIX A

### KAM Plastics Corp. Terms and Conditions

Purchase orders issued by KAM or any of its subsidiaries or affiliates (“Buyer”) constitute an offer of purchase which may only be accepted subject to the following terms and conditions of sale. **Any expression of acceptance from Seller will constitute acceptance of these terms and conditions.** Any different or additional terms contained in any response issued by Seller shall be of no effect whatsoever, unless specifically agreed to in writing by Buyer.

1. **PACKING, MARKING, AND SHIPPING** – All goods shall be properly packed, marked, and shipped in accordance with the requirements of the carrier and any instructions from Buyer, including Buyer’s Supplier Guidelines Manual. Seller shall reimburse Buyer for all expenses, including demurrage, incurred by Buyer as a result of improper packing, marking, or shipping. Upon Buyer to obtain the lowest transportation rates. No charge will be made by Seller for shipping, packing, drayage, storage, or other similar costs unless Buyer specifically agrees in writing, in which case Seller shall list said items separately on its invoice, accompanied by a receipted freight bill or other appropriate supporting data. If a delivery date is specified by Buyer, Seller’s performance shall be made at the time(s) specified, time of the essence in every case. If because of failure of Seller to meet delivery requirements, Buyer finds it necessary to require shipment of goods by a method of transportation other than the standard method, Seller shall be responsible for any added cost.
2. **DOCUMENTATION** – Each packing slip, bill of lading, and invoice shall bear the applicable purchase order number and the location of the plant to which goods are shipped. Packing slips shall be accompanied by applicable materials certifications. Unless otherwise specified in writing invoices shall be submitted as directed on the applicable shipping release issued by Buyer. In the case of international shipments, Seller shall include a priced invoice with the master packing slip and all other documents for export and import, and shall identify the country of origin of the materials used in the goods and the value added thereto in each country. Export credits shall belong to Buyer unless otherwise agreed in writing, and upon Buyer’s request, Seller shall furnish all documents required to obtain export credits and duty drawbacks.
3. **INSPECTION/RISK OF LOSS** – Buyer reserves the right to inspect and test goods and conduct performance tests prior to shipment or upon receipt. If goods fail to meet the purchase order requirements, including any incorporated drawings or specifications, Buyer shall have the right to reject the goods or retain and correct the goods at Seller’s expense. Defects not discovered upon initial inspection are not waived by such inspection or any payment made by Buyer. Notwithstanding any delivery terms herein, risk of loss shall pass to Buyer only upon delivery and acceptance of the goods at Buyer’s facility.
4. **WARRANTY** – the goods and services covered by a purchase order will conform to the specifications, drawings, samples, or other descriptions furnished or specified by Buyer, and will be free from defects in design, material and workmanship, of any kind, quality and quantity, of merchantable quality, and fit for the purpose intended. This warranty shall extend for the longer of:
  - The period indicated in the purchase order specification, or one-year if none is indicated.
  - The term of any warranty extended by Buyers to its customer for any product into which the goods or services which are the subject of a purchase order are incorporated
5. **REMEDIES** – There shall be no exclusion of Seller’s liability or consequential damages. The warranties and remedies provided herein shall be cumulative, in addition to those implied by or available at law, and applicable notwithstanding the acceptance by Buyer of any part of the goods with respect to which such warranties and remedies apply.
6. **PATENTS** – Seller:
  - Warrants that the goods and services ( and their sale or use, alone or in combination, according to Seller’s specifications or recommendations, if any) will not infringe any United States or foreign patents
  - Agrees to indemnify and hold harmless Buyer and anyone selling or using any of Buyer’s products against all

judgments, decrees, cost, and expenses resulting from any alleged infringement

- Agrees that Seller shall, upon request of Buyer or those selling or using any of Buyer's products by reason of any such alleged infringement. Seller agrees that Buyer shall have a nonexclusive, royalty free, irrevocable license to repair, rebuild, and relocate the goods (or to have the goods repaired, rebuilt, and relocated). All inventions (whether or not patentable), designs, drawings, copyrights, know-how, data, and other information developed by Seller specifically in response to a purchase order shall be furnished to Buyer without restriction on use or disclosure, and Buyer shall have a nonexclusive, royalty free, irrevocable license, with a right to sublicense, to use such inventions, designs, drawings, copyrights, know-how, data and other information.

7. **CANCELLATION AT OPTION OF BUYER** – Performance of work under purchase order may be canceled by Buyer at its option, in whole or in part, at any time, by delivery of a written notice of cancellation to Seller.
8. **CHANGES**- Buyer may make changes in a purchase order at any time by written notice, including changes in:
  - (a) the drawings, designs, and/or specification applicable to the goods and/or services;
  - (b) the method of shipment and packing; and
  - (c) the place of delivery.

Any claim by Seller for a price adjustment resulting from said change shall be made within ten (10) days of Buyer's notice, and changes in the design, composition, packaging or point of shipment of any goods without the Buyer's prior written approval.

9. **BAILED PROPERTY**- Unless otherwise agreed in writing, all supplies, materials, facilities, tools, jigs, dies, fixtures, patterns and equipment furnished to Seller by Buyer to perform a purchase order, or for which Seller has been reimbursed by Buyer, shall remain the property of Buyer.
10. Seller shall bear the risk of loss of and damage to such property, normal wears and tears excepted. Such property shall at all times be properly stored and maintained by Seller, shall be deemed to be personal property, shall be marked "Property of KAM Industries or KAM Truck Components" by Seller, shall not be commingled with the property of Seller or with that of a third person, shall not be moved from Seller's premises without Buyer's prior written approval, and shall, upon request of Buyer by Seller, FREE CARRIER (INCOTERMS 1990) cars or trucks at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or shall upon request of Buyer, be immediately delivered to Buyer by Seller at any location designated by Buyer, in which event, Buyer shall pay to seller the cost of delivery such property to such location. Buyer shall have the right to enter onto Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto.
11. **MODIFICATION OF PURCHASE ORDER AND NONASSIGNMENT**- No agreement or other understanding in any way purporting to modify the terms and conditions of any purchase order shall be binding upon Buyer unless agreed to by it in writing. Seller shall not delegate the performance of any of its obligations or duties under a purchase order unless otherwise agreed in writing by Buyer. Seller may assign monies due or to become due under a purchase order; provided, however that Buyer shall be entitled to assert against the assignee all rights, claims, and defenses of every type (including, without limitation, rights of setoff, recoupment, and counterclaim), which Buyer could assert against Seller, whether acquired prior or subsequent to such assignment.
12. **APPROVAL OF SPECIFICATION**- If specification, include component materials, are to be approved by Buyer prior to fabrication by Seller, Seller shall be responsible for any costs associated with modifications to the goods necessitated by its failure to obtain said approval.
13. **COMPLIANCE WITH THE LAW**- From time to time, Buyer serves as a contractor or Subcontractor to the United States Government. Accordingly, Seller agrees to comply with all federal, state, and local laws, Executive Orders, rules, regulation, and ordinances which may be applicable to Seller's performance of its obligations under a purchase order, including the Fair Labor Standards Act of 1938, as amended, and the following requirements, if applicable, relating to equal employment opportunity and affirmative action: Equal Opportunity Clause (41 CR § 60-1.4); Certification of Non-segregated Facilities (41 CFR § 60-1.8); Standard Form 100 (EEO) and Affirmative Action for Handicapped Workers(41




CFR § 60-1.40); Affirmative Action for Handicapped Workers (41 CFR § 60-741.4); Affirmative Action for Disabled Veterans and Veterans of Vietnam Era(41 CFR § 60-250.4);Utilization of Small or Disadvantaged Business Concerns (48 CFR §52.219.8).Contract clause require by law in such circumstances are incorporated in any reference in any purchase order and available from Buyer upon request.

14. **FRIGHT RATES, DUTIES, TAXES-** Seller shall reduce the price of goods by the amount of any reduction in Seller's costs resulting from a reduction in freight rates, customs duties, import taxes, excise taxes, and/or sales taxes from those in force on the date of a purchase order.
15. **EXCUSABLE DELAYS-** Neither Buyer nor Seller shall be liable for failure to perform arising from causes or events beyond its reasonable control and without its fault or negligence. In the event of a delay in performance resulting from such an event, Buyer may cancel a purchase order pursuant to paragraph 7, or without cancellation, arrange for substitute performance during the period of delay by taking possession of all finished goods, work in progress, tooling, parts, and materials produced or acquired by Seller for performance under a purchase order.
16. **SERVICES-** To the extent a purchase order provides for consulting agrees to assign to Buyer all right, title, and interest in and to any and all ideas, inventions, designs, drawings, improvements, materials, copyrightable materials, or the like, conceived or made by consultant as a result of or relating to work done for Buyer purchase order. Such assignment includes all proprietary right appurtenant thereto, and consultant will sign any documents necessary to confirm such assignment.
17. **CONFIDENTIALITY-** All information concerning the products manufactured by Buyer, including but not limited to samples, patterns, drawings, and specification, which are made available to Seller in connection with a purchase order (the "Information"), shall remain the property of Buyer. Seller shall hold the Information without Buyer's prior written consent, except for the purpose of performing the applicable purchase order. Unless otherwise agreed in writing, technical information and data furnished by Seller to Buyer in connection with a purchase order are disclosed on a non-confidential basis.
18. **SHIPPING RELEASE-** If delivery dates are not specified in a purchase order, Seller is authorized to procure materials and fabricate, assemble, and ship goods only as authorized in written releases issued by Buyer. Only those releases with a delivery date within 30 days of the date of a release are authorized for shipment. Releases with a delivery date 31-60 days of the date of the release are released for raw material procurement and expected delivery. All other releases are for planning purposes only and are not released for shipment or raw material procurement. In the event of any conflict between the terms of releases, the most recent release will prevail.
19. **CONDUCT IN BUYER'S PREMISES-** In the event Seller's employees or agents or other persons under its control enter Buyer's premises in connection with the performance of a purchase order, Seller assumes all risks injury to such persons and agrees to hold Buyer harmless from any liabilities, costs or expenses attributable to injury to such persons, unless caused by the negligence of Buyer. Seller also agrees to hold Buyer harmless from any liabilities, costs or expenses attributable to injury to person or property caused by its employees or agents or persons under its control while in Buyer's premises. Seller shall maintain, at its expense, all necessary and appropriate insurance for Seller and its employees who may be physically present at Buyer's premises, including, but not limited to, worker's compensation, employer's disability, unemployment and comprehensive general liability insurance. Seller shall provide Buyer with evidence of such insurance upon request.
20. **APPLICABLE LAW-** Purchase orders shall be construed and governed according to the laws of the state and/or country of Buyer's place of business from which they are issued, not including the U.N. Convention for the International Sale of Goods, and litigation related to a purchase order shall be brought only in that jurisdiction.

# APPENDIX B

## Supplier Corrective Action Request (SCAR)

### Form # F-143-2

 <p><b>SUPPLIER</b> <b>CORRECTIVE ACTION REQUEST (SCAR)</b></p> <p style="color: red; font-size: small;">Form Instructions: Shaded fields should be complete and returned within 48 hours. Attach supporting information as appropriate. Send completed copy to KAM Plastics - Quality FAX 616-355-5939 or email.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>SCAR NUMBER:</b></td> </tr> <tr> <td style="height: 20px;"> </td> </tr> </table>	<b>SCAR NUMBER:</b>	
<b>SCAR NUMBER:</b>			
SUPPLIER CHAMPION: _____ PHONE/EMAIL: _____			
TEAM MEMBERS: _____			
<b>PRODUCT INFORMATION</b>			
PART NUMBER:	DESCRIPTION:		
TOTAL QUANTITY OF PRODUCT INVOLVED:	FINAL RESPONSE DUE:		
DATE CODE(S):	RMA NO.:		
<b>PROBLEM DETAILS</b>			
DESCRIPTION OF THE PROBLEM: _____			
ACTION KAM IS EXPECTING: _____			
SHORT TERM CONTAINMENT:	DUE DATE: _____		
(See KAM Supplier Quality Manual at <a href="http://www.kamplastics.com">www.kamplastics.com</a> for possible administrative and sorting charges.)			
SORT RESULTS:	OWNER: _____		
	COMPLETE: _____		
ROOT CAUSE ANALYSIS:	DUE DATE: _____		
Primary: _____			
Secondary: _____			
	OWNER: _____		
	COMPLETE: _____		
CORRECTIVE ACTION:	DUE DATE: _____		
_____			
	OWNER: _____		
	COMPLETE: _____		
CORRECTIVE ACTION VERIFICATION:	DUE DATE: _____		
_____			
	OWNER: _____		
	COMPLETE: _____		
PREVENT RECURRENCE: _____			
_____			
_____			
KAM Approval:	DATE:		
LESSONS LEARNED UPDATED	CONTROL PLAN UPDATED		
	FMEA UPDATED		

Form F-143-2 Revised 1.15.14

### KAM Plastics Supplier Manual Revision History

Date	Page and Paragraph	Revision Summary	Responsibility
2/7/2012	Page 5, para 3.1	PPAP Supplier PPAP requirements	E. Olson
5/6/2014	Page 3, para 1.4	“third party certification”	E. Olson
	Appendix B	Updated SCAR	
	Appendix C	Updated PPAP Checklist	
8/20/2014	1.2.1 and 1.2.2	Quality systems & Social And Environmental	E. Olson
11/12/2014	Page 8, 3.10	Supplier performance; negative trends	E. Olson
9/12/2016	Page 8, para 3.8	Annual Validations	E. Olson
7/18/2018	1.3, 2.6, 3.4.2, 3.10, and 5.4.2	IATF requirements, Service part quality, Material certifications, Supplier score cards, Special labels	E. Olson
10/26/2022	1.2.2	Added RMAP and EMRT	E. Olson

M:/Quality/Supplier Quality Issues/KAM Supplier Quality Manual 10/26/2022