

# SHAWMUT CORPORATION SUPPLIER MANUAL

## SUPPLIER MANUAL OUTLINE

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## 1. GENERAL INFORMATION

Shawmut is committed to excellence in lamination and manufacturing of all interior trim for Industrial and Automotive Industries. We realize that our objectives for quality can only be achieved through the collaborative efforts of everyone involved from design realization to end-product. Suppliers to Shawmut are a key variable in our formula for success. Shawmut suppliers may be requested to join our APQP teams during the design process of projects as well as work with us during the launch and production processes on programs. Suppliers to Shawmut shall not enlist forced or child labor and must eliminate all forms of discrimination within their facilities. Suppliers are also required to implement corporate responsibility policies within their organization including at a minimum an anti-bribery policy, an employee code of conduct and an ethics escalation policy.

## SUPPLIER REQUIREMENTS

1. It is the intent of this manual to assist you with complete understanding of the Shawmut system and requirements. Every supplier, whether internal or external, must comply with these policies and procedures.
2. Any exceptions to this manual must be acknowledged and agreed to in writing by Shawmut. Suppliers are requested to complete and return the Acknowledgement Sheet at the end of this document as an indication they have read and understood the requirements herein. Shipment against a Shawmut issued Purchase Order/Release constitutes acceptance of all requirements and policies within this manual, regardless if Acknowledgement Sheet is returned.
3. Purchase Orders should be acknowledged and signed prior to acceptance of order. Once product has shipped, all conditions within this manual will apply. This document is an extension of our Purchase Orders. All requirements in the manual are to be considered terms & conditions of sale.
4. Supplier delivery performance will be 100% on time.
5. All production material suppliers must be certified to ISO-9001 by a third-party registrar as a minimum, unless other arrangements have been agreed to in writing by Shawmut representative.
6. Yearly cost reductions should be consistent with the Customer agreements.
7. Suppliers deemed critical to Shawmut's processes may be required to work with Shawmut in developing a joint quality agreement.
8. Corrective action and problem resolution must be prompt. Containment response within 24 hours of initial contact; root cause analysis and complete corrective action must follow within 14 days. Delinquent responses will result in demerit in supplier's scorecard.
9. Data requests shall be fulfilled within 24 hours, unless a Shawmut representative approves a delayed response. Delinquent responses may result in demerit in supplier's scorecard.
10. All critical suppliers will be subject to Shawmut's Performance Monitoring and Evaluation program and will be rated on their effectiveness to improve quality, cost and delivery.

## 2. Quality, Environmental and Safety Management Systems

- A. Quality systems: All suppliers are required to have a sound quality management system with goal of compliance to the requirements of IATF-16949 (current revision).
- B. Environmental Management Systems
1. IMDS-NAFTA\_MSDS Requirements on a yearly basis
  2. ISO14001 Environmental systems management – certification is not required; however, supplier should strive for development and propagation of environmentally friendly technologies and continually reduce negative environmental influences on their production processes.
- C. All products, processes and services must conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment and the country of destination.
- D. OEM requirements may be superseded if the Shawmut requirement is more stringent than that of the OEM.
- E. PPAP Requirements.
1. Every supplier is required to submit proper PPAP packages to Shawmut specifications prior to shipping. The Shawmut Quality representative will assist supplier with requirements for each submission.
  2. All PPAP packages must be complete and submitted to the latest revisions using the current AIAG format, including any additional requirements mandated by Shawmut.
  3. If, for any reason, a supplier cannot meet the requirements as specified they must notify the Shawmut Quality representative in writing detailing the deficiencies in the system and proposed resolution. Any deviation must be agreed to in writing by Shawmut.
  4. In order to comply with our customer requirements, annual validation may be required.
- F. Certificate of Analysis
1. Unless waived in writing by Shawmut, all suppliers must send with every shipment a Certificate of Analysis (CoA) stating the material meets all applicable specifications. Shawmut may request pre-shipment samples and certificates of analysis. Shawmut may request supplier to provide historical CoA data in electronic format for analysis.
- G. Notification of Rejections, SQN's, CAR and Continuous Improvement
1. In the event of a rejection, the supplier will be notified, either verbally or in writing. Depending on the severity of the rejection, a supplier representative may be required to visit the same day to address the situation.
  2. Supplier Quality Notifications (SQN) will be issued; the supplier is responsible for an initial response within 24 hours and may be requested to complete a corrective action.
    - i. If no response is received within 72 hours of notification, Shawmut reserves the right to dispose of the material in question, and deduct the cost of the rejection from the supplier's account.

- ii. Suppliers are required to disposition rejected material on issued SQN as quickly as possible, and within a maximum of two (2) weeks of notification. Failure to comply may result in additional fees for storage of rejected materials.
3. The initial Corrective Action response is required within 24 hours of notification and must have at a minimum the immediate action taken and a containment plan.
4. Any open or repeat non-conformances will be reflected in your quarterly supplier rating.
5. Suppliers may be placed on Controlled Shipping for repeated or chronic issues or failure to improve quality performance.
  - i. Level 1 – 100% additional inspection performed by supplier
  - ii. Level 2 – in addition to Level 1 requirements, supplier will be required to have approved 3<sup>rd</sup> party inspection of products prior to shipping to Shawmut. Supplier is responsible for payment of the 3<sup>rd</sup> party sorting charges.
6. Suppliers placed on Controlled Shipping must ensure resources are available to meet the containment requirements without jeopardizing on-time delivery. No deviations to delivery schedule or quantity requirements will be granted to suppliers on Controlled Shipping Status. Requirements for ending controlled shipping status will be detailed in letter provided to supplier by Shawmut Quality.
7. All charges incurred as a result of a supplier non-conformance will be the responsibility of the supplier.
8. Shawmut's Nonconformance Recovery Policy, which explains all associated costs, is included in this manual.

## H. Supplier Performance Monitoring and Evaluation

In order to fulfill the goals of the Shawmut Quality Policy and further establish our position in today's Automotive and Industrial markets, we have instituted a program to establish a continual improvement environment to monitor supplier performance. Strategic suppliers based on volume and criticality of material supplied, have been chosen for monitoring using this program. Other suppliers are instituted on an as-needed basis, pending supply and quality issues that may affect Shawmut's customer product or delivery.

### Evaluation Period

A monthly evaluation of suppliers is conducted with input from Purchasing and Quality. The overall average of points will determine each vendor's status in our supplier rating publication. We distribute after the end of each quarter unless specific issues arise inside a quarter that would cause Shawmut to distribute at an accelerated rate.

### Quality Rejections / Packaging

Any non-conformance in the material that varies from the specifications outlined on the purchase documents will be deemed a quality rejection.

Measurement of rejections will be calculated by total yards or pieces, whichever applies, and calculated into PPM rating. All suspect roll goods that are un-flagged will be deemed a quality rejection. Point deductions for pre-approved material deviations are subject to waiver. This authorization must be obtained in writing from Shawmut Quality and/or Purchasing department

prior to manufacturing and/or shipping of the material. If Shawmut is not informed of the deviation prior to the material arrival, points will be deducted from the quality section of the supplier's evaluation. This may remain true even if material is useable at Shawmut by means of alternate processing.

Material that is suspect and labeled as nonconforming that has already been produced into customer parts or must be produced into customer parts to support production may be allowed a supplier sort option if applicable. This option allows a supplier to provide the labor or accrue charges to sort production parts. If the sort option is taken, only those specific parts determined to be nonconforming would be counted. If the sort option is not taken, all parts will be included in the rejection by yards/pieces and PPM will be accrued. Any additional freight cost incurred due to a quality rejection and/or past due delivery status will be considered premium freight, and are the financial responsibility of the supplier.

#### Packaging

Any nonconformance relating to, but not limited to, the packaging of the product, discrepancies in packing list, missing packing list or ASNs and/or bill of lading, incorrect or missing labels, or any items that are specific to an individual supplier, are considered a nonconformance in packaging.

Shawmut must approve in writing any deviation from the established packaging requirements. Failure to receive approval prior to deviating packaging may result in point deductions and administration charges.

Shawmut reserves the right to issue a Supplier Quality Notification report (SQN) to any supplier who does not meet Shawmut's packaging standards, and deductions will be taken on supplier's scorecard. Shawmut's Purchasing and Quality departments reserve the right to charge suppliers not responding in a timely manner.

#### On-Time Delivery

Any material not received into Shawmut's system in the correct quantities and by the date specified on the weekly release is considered as past due. Each delivery will be considered as one shipment regardless of the quantity or variety of materials in the shipment. Any one material missing from the shipment will deem that shipment incomplete.

#### Service & Responsiveness

Shawmut requires each supplier to be responsive and treat each incident with promptness and professionalism. At first notification of corrective action request, the supplier is required to react with initial containment response within 24 hours. If the issue creates a safety concern in Shawmut's facility, the supplier must react within the first hour of notification, and have an onsite representative within 24 hours if required by Shawmut. Each supplier's score will be affected for the following: Request for Quote (RFQ), Engineering Change Requests (ECR) Timeliness of data request fulfillment, corrective action responses and rejected material replacement.

All correspondence regarding the supplier evaluations will be made with one contact from each supplier. It is the responsibility of the supplier to include any persons involved with the Shawmut account when resolving issues. Shawmut is only responsible for providing one evaluation report per supplier.

Evaluation Criteria

Critical suppliers are evaluated using the criteria outlined below.

**QUALITY**

PPM scoring will be based on commodity per the chart below:

Ply 1		Ply 2		Ply 3	
PPM	Score	PPM	Score	PPM	Score
0-750	25	0-500	25	0-200	25
751-1000	20	501-700	20	201-400	20
1001-1500	10	701-900	10	401-500	10
>1500	0	>900	0	>500	0

Number of SQN's issued – Maximum 10 points

- 0 to 1 Notifications = 10 points
- 2 to 3 Notifications = 5 points
- Greater than 3 Notifications = 0 points

Total Number of Repeat and Past Due CAR's – Maximum 15 points

- 0 Repeat & Past Due CARS = 15 points
- 1 to 3 Repeat & Past Due CARS = 10 points
- Greater than 3 Repeat & Past Due CARS = 0 points

Number of CAR's issued – Maximum 15 points

- 0 Corrective Action Requests = 15 points
- 1 to 3 Corrective Action Requests = 10 points
- Greater than 3 Corrective Action Requests = 0 points

Number of Field Failures – Maximum 10 points

- 0 Failures = 10 points
- 1 Failure = 5 points
- Greater than 1 Failure = 0 points

**DELIVERY**

On-Time Delivery – Maximum of 15 points

- 0 Missed Shipments = 15 points
- 1 to 3 Missed Shipments = 5 points
- Greater than 3 Missed Shipments = 0 points

**CUSTOMER SERVICE / RESPONSIVENESS**

Service / Responsiveness – Maximum 10 points

- 0 Incidents = 10 points
- 1 Incident = 5 points
- More than 1 Incident = 0 points

### TOTAL SUPPLIER RATING

100 – 95	= Preferred Supplier
94 – 80	= Good Supplier
79 – 70	= Acceptable Supplier
Below 70	= Unacceptable Supplier

Shawmut Corporation expects all suppliers to maintain a minimum of 70 total points for each quarterly evaluation. In the event that a supplier receives a score that is less than acceptable, or if a downward trend in rating occurs, the following actions may be taken.

#### First Infraction

Corrective action requests or Supplier Improvement Plan may be issued based on the individual circumstances leading to the unacceptable rating.

#### Second Infraction

In addition to above actions, supplier representatives may be requested to meet with Shawmut representatives at Shawmut to discuss any further action that may be taken.

#### Third Infraction

The supplier may be put on new business hold as a result of repeated infractions.

#### Response Requirements

Any supplier requested to submit a corrective action or improvement plan must complete and return by the deadline stated on the scorecard. Extensions may be granted when requested, within reason.

### 3. Engineering Change Management System

- A. All engineering changes must be submitted in writing and approved by Shawmut prior to implementation of change by the supplier. Any change to a supplier process, product or any of its characteristics (including packaging, shipping characteristics) is considered an Engineering change, whether that characteristic was expressly specified in the product specification or not. *Supplier timing of changes must meet customer timing requirements.*
1. Shawmut will not accept cost increases due to an engineering change unless it is authorized and approved in writing by Shawmut.
  2. If Shawmut requires changes that will result in a reduction of price, in either tooling or manufacturing costs, Shawmut will expect component price/roll goods price to be reduced to reflect the entire amount of the reduction.
  3. If a supplier requests a change, the supplier will be responsible for any and all associated expenses, including expenses that may be incurred downstream. Shawmut will not participate in any price increases, only VAVE cost reductions.
  4. Any vendor requesting to move any program to a different facility for any reason, must complete a tool/program movement form and submit it to Shawmut Purchasing and Quality representatives.
  5. Shawmut reserves the right to request PPAP submission for any vendor changes.



## 4. Shipping

### A. Delivery Performance.

1. Delivery performance will be monitored through our Supplier Performance module. It is important that suppliers are aware of transportation and delivery requirements, as it is one of the key performance metrics by which they will be assessed.
2. All suppliers are required to deliver 100% on-time to all of our locations.
3. All products must be shipped to accommodate the due date at the Shawmut location.
4. Early or late deliveries will result in penalty unless your associated Shawmut buyer or representative has previously approved it in writing.
5. Suppliers need to maintain sufficient safety stock and finished goods inventory to accommodate 100% on-time delivery.
6. Suppliers shall maintain the ability to absorb a 15% volume increase at all times.

### B. Advance Shipping Notification (ASN)

1. Prior to each shipment an ASN sent via EDI, email or fax to the appropriate buyer is required.
2. Missed, late or short shipments must be approved in writing by Shawmut prior to shipping.
3. Suppliers are responsible for all expedited charges unless pre approved by Shawmut.
4. Shawmut will not accept over shipments of any kind unless pre approved with your Shawmut representative.

### C. Any material shipping from outside the USA must have “Country of Origin” marked on the Invoice and any other pertinent paperwork.

### D. Shipping Windows

1. Each supplier will receive routing instructions and preferred carriers.
2. Routing instructions with delivery window must be met with every shipment.
3. All costs incurred as a result of missed, early or late shipments and are deemed the responsibility of the supplier will be charged back accordingly.

### E. Packaging/Label Specification.

1. All products shipped to Shawmut must be properly packaged to assure that all products arrive at our locations in good condition. All packaging must be pre approved prior to shipping production material.
2. All material must be properly identified with the following information on a readable bar code label using standard AIAG format unless otherwise approved by Shawmut.
  - A. Shawmut Item Number
  - B. Description
  - C. Serial / Roll Number
  - D. Lot / Batch Number
  - E. Date
  - F. Supplier number
  - G. Engineering change code
  - H. Quantity: net and gross
  - I. Purchase Order number

**NOTE: MUST SHIP UNIQUE SERIAL / ROLL NUMBERS – NO DUPLICATION  
ALLOWED REGARDLESS OF SHAWMUT SHIPMENT LOCATION**

#### F. Packing Slips and Bills of Lading

1. All packing slips and bills of lading must have the following information
  - A. Sold to Address
  - B. Ship to Address
  - C. Purchase Order number for every item shipped
  - D. Invoice and Packing slip number
  - E. Shawmut stock item number with description
  - F. Lot / Batch number for each stock item number shipped
  - G. Quantity shipped: net and gross
  - H. Number of rolls/cartons or containers shipped
  - I. Total weight
  - J. Date of shipment
  - K. Shipping Class. The Supplier shall use the shipping class on Shawmut's Purchase Order if indicated.
  - L. BOL # and Pro # if applicable

#### G. Contingency Plan

The Supplier shall have a contingency plan in place to ensure continuation of supply and 100% on-time delivery in case of equipment failure, labor shortage or utility interruption.

## 5. Materials Management

Automotive releases are transmitted based on CYTD (Cumulative Year to Date) quantities and adjusted only using this format. When shipping only ship to the CYTD associated to the dated bucket.

#### 1. Release Interpretation

- A. Releases are generated on a weekly basis and transmitted via EDI, fax or email.
- B. Each release will have the following information.
  - a) Release Date
  - b) Release Number
  - c) P.O. Number
  - d) Item Number & Description
  - e) Fabrication Authorization
  - f) Material Authorization
  - g) Planning Numbers
  - h) Release Buckets
  - i) CYTD (Cumulative Year to Date) Shipped
  - j) CYTD required

#### 2. Ship Schedules

1. Some suppliers will be responsible to ship according to our shipping schedule plan that may or may not be detailed in the release. Releases may only have the weekly macro bucket with separate daily ship schedules that are generated based on our production floors run schedule.
2. If you are required to ship from a ship schedule you must notify your Shawmut buyer if any daily schedules will be delayed in any way.

3. Suppliers may also be required to ship according to Shawmut shipping windows, with 2 or more trucks in one day. These windows must be strictly adhered to or sharp penalties may be assessed.
3. Purchase Orders
  1. Purchase orders will be issued to all approved suppliers.
  2. All suppliers must be prepared to provide any information required by Shawmut to substantiate the capacity to provide the necessary products, commodities and services.
  3. All suppliers must comply with all requirements of the purchase order including terms and conditions. We have separate Quality Agreements with all strategic suppliers; they are considered an extension of the production purchase order. All requirements will be enforced.
  4. Any additional requirements above and beyond the standard will be stated in the body of the purchase order.
  5. MSDS is required on all products prior to shipping.
  6. All products shipped for production purpose must have PPAP approval, unless the Supplier has obtained a written deviation from Shawmut.
4. Spot Buy Purchase Orders  
Suppliers receiving spot buy Purchase Orders must comply with the ordered quantity and date required on the order. If there is any deviation whatsoever to this order it must be communicated immediately to your Shawmut associated buyer or purchasing agent, where approvals may or may not be granted.

## 6. Obsolescence Claims

- A. Shawmut will notify each supplier when a program end has been announced.
- B. It will be the responsibility of the supplier to control their raw materials and reduce any possible obsolescence exposure.
- C. All obsolescence claims must be filed within two weeks of program ending date.
- D. Claims will be reviewed immediately and acceptance will be issued only when Shawmut's customer has approved all findings.
- E. Payment of claims will not take place until 30 days after customer payment to Shawmut.
- F. Shawmut will provide each supplier with an approved form for filing claims. If a supplier chooses to use their own form it must show Shawmut item numbers high fabrication and high material authorizations. Planning numbers are not a claimable number.

## 7. Service Orders

- A. Production pricing must be held for all future service orders for a minimum of 3 years.

## 8. Yardage Measurement

- A. Suppliers that supply roll goods to Shawmut must measure yards/meters on a roll, using a method that is equivalent to "tru-meter" measurement under ZERO (0) tension. A correction factor may be used on the Supplier's measurements to achieve that equivalence.

- B. Shawmut will conduct yardage audits from time to time. The Supplier accepts that if shortages are found during such audits, statistical methods can be used to support a shortage claim.

## 9. Cost Savings

- A. When Shawmut carries out a Cost Saving initiative resulting in cost savings at the Supplier, the Supplier shall give back to Shawmut 100% of such cost savings.

## 10. Price Increases

- A. In case of raw material increases, the Supplier commits to working with Shawmut to obtain Shawmut Customers' acceptance prior to increasing the prices to Shawmut.
- B. The Supplier will provide Shawmut with a minimum of 2 months notification on specific product price increase prior to the increase being effective.

### **Vendor Non-Conformance Recovery Policy**

• For use of Shawmut auditing equipment:	\$20.00 per hour
• For use of Shawmut Labor	\$17.00 per hour
• For use of Quality Technician Support	\$32.00 per hour
• For use of Engineering or Supervisory Support	\$39.00 per hour
• For use of Management support	\$47.00 per hour
• Customer returned Board Disposal	\$1.50 per board
• Administration Fee for Material Handling and Documentation	\$100.00
• Overseas Duty/Tariffs applicable	17%

### Notes

In addition to the above charges the following will apply:

- Administration Fee will be applied for each SQN / Field Failure incident in addition to each request for corrective action. Late responses to corrective action requests will also be subject to administration fees.
- All hourly fees as noted above are subject to standard overtime rules including “time and one-half”, over eight hours, double time on Sundays, and triple time on paid holidays.
- All freight for product return or replacement, due to vendor related defect, including expedite, when required by Shawmut will be the responsibility of the applicable vendor. Shawmut reserves the right to charge vendor for the original freight charges for the shipment of the defective materials to Shawmut.
- In the spirit of cooperation and teamwork, Shawmut will warehouse suspect and nonconforming material related to vendor defects at no cost for the first 48 hours after notification. If material is not dispositioned within 48 hours, a storage trailer will be brought in at vendor expense. Cost for Storage Trailer is \$300.00 with a \$175.00 per month rental. Moving fees of \$50.00 will also apply.
- Shawmut Customer Charges including administration, overtime, downtime, sort, disposal, testing, etc., due to vendor related issues will be charged to the applicable vendor without additional penalty.
- Applicable fees for technical support and equipment usage will not apply if audited material is defect free or within accepted standards.

## ACKNOWLEDGMENT SHEET

Please retain this sheet and return a signed copy to the appropriate contact, indicating that you have received, reviewed, and accepted in principle the contents of this manual. All communications with respect to the contents of this guideline are to be addressed initially in writing to your designated Purchasing and/or Quality Contact. If you have any comments or concerns please note them below prior to returning your acknowledgement sheet copy.

Supplier Name, Address, Telephone Number, E-mail Address (Please Type)

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COMMENTS: (Please Type)

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I certify that materials shipped comply with all applicable Statutory and Regulatory requirements; including but not limited to, Conflict Minerals / REACH / RoHS / GADSL (SOC) in country of origin, country of receipt and country of destination.

Authorized Signature \_\_\_\_\_

Name and Title \_\_\_\_\_

Date Signed \_\_\_\_\_

## Supplier Contacts

Position	Name	Phone	Email Address
Plant Manager	_____	_____	_____
Quality Manager	_____	_____	_____
Sales	_____	_____	_____
Materials Manager	_____	_____	_____
Purchasing	_____	_____	_____
Engineering Mgr	_____	_____	_____
Warehouse	_____	_____	_____
2 <sup>nd</sup> Shift Contact	_____	_____	_____
3 <sup>rd</sup> Shift Contact	_____	_____	_____

## Revision History

Revision	Description of change	By	Date
Rev 01	Initial issue		
Rev 02			
Rev 03			
Rev 04			
Rev 05			
Rev 06			
Rev 07	Clarification on packaging & labeling requirements	L Wilson	08/26/14
Rev 08	Incorporation of SUP-002 into manual	L Wilson	05/18/16
Rev 09	Clarification of supplier scoring	L Wilson	05/18/16
Rev 10	Error correction	L Wilson	06/23/16
Rev 11	Updated requirements IATF-16949 requirements Made Shawmut contact list separate addendum	L Wilson	10/30/17
Rev 12	Update to PPM requirements for supply base	L Wilson	01/26/18
Rev 13	Added specific section requiring compliance to all applicable statutory and regulatory requirements logo updated	L Wilson	02/15/19