	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Preface

### Purpose

The purpose of this Supplier Development Manual (SDM) is to outline the minimum supplier quality standards and purchasing requirements for all suppliers doing business with KIRCHHOFF Automotive and the terms and conditions governing the supply arrangement between suppliers and KIRCHHOFF Automotive.

Only suppliers who can demonstrate compliance to and effective implementation of this manual and reference documents shall be considered for new and/or replacement business. The appropriate KIRCHHOFF Automotive representative (Ref. [Contact List](#)) must approve any deviation from the procedures or documents of this manual in writing.

### Summary

There are a total of five sections, and five appendices including our [Contact List](#).

The Introduction Section includes the Scope and Purpose of this manual. Three sections describe our expectations concerning Purchasing, Quality and Environmental Management Systems of suppliers. There is a section for Engineering Change Notices (ECN) – section 4.0; and five appendices with examples of required documents used during the process.

### Responsibility

KIRCHHOFF Automotive shall maintain and update the manual, which is subject to change without further notice. Therefore, it is required that suppliers or prospective suppliers shall ensure their system is updated accordingly with the latest version of the manual.


### Control

This manual is the property of KIRCHHOFF Automotive. It is solely owned by KIRCHHOFF Automotive; any use of this manual without the consent of KIRCHHOFF Automotive is not permitted. For its use, refer to the [General and Revision Control](#) sections.

### Access


This manual is accessible at our website: <https://www.kirchhoff-automotive.com/company/purchasing/downloads/north-america/>, scroll to the bottom of the page and click on the link for Supplier Manual.

**Note:** Moving forward and as a part of a Continuous Improvement effort, KIRCHHOFF Automotive has acquired a Supply Chain Software Solution called “supply WEB” which will bring both Supplier and KIRCHHOFF Automotive several benefits. Supply WEB is the most advanced solution on the market for streamlining “two-way communication of inventory control, procurement, performance and billing information between KIRCHHOFF Automotive and our suppliers. Please refer to 3.3.8 for indicators.

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Table of Content

Preface.....	1
Contact List.....	4
General and Revision Control.....	5
Section 1.0 – Introduction.....	6
1.1 Letter of Intent .....	6
1.2 Scope.....	6
1.3 Supplier Responsibility.....	6
Section 2.0 – Purchasing Expectation.....	8
2.1 Supplier Profile & Diversity / Minority Ownership .....	8
2.2 Account Information.....	9
2.3 Purchase Order Terms and Conditions .....	10
2.4 Deviation Request.....	18
2.5 Barcode, EDI, and Raw Material Shipping Information .....	20
Section 3.0 – Quality Expectations.....	24
3.1 Quality System / Manual .....	24
3.2 Supplier Selection and Approval Parameters .....	25
3.3 Supplier Performance Tracking .....	27
3.4 Supplier Performance Rating System (Table 1 & 2) .....	28
3.5 Supplier Production Part Approval Process (PPAP) .....	33
3.6 Supplier Early Production Containment.....	36
3.7 Production Parts and Material.....	36
3.8 Non-Conforming Material .....	37
3.9 Certified and Controlled Shipments.....	39
3.10 Supplier Management .....	40
3.11 Supplier Survey / Audit and Development .....	40
3.12 Document Control.....	41
3.13 International Material Data System (IMDS).....	41
Section 4.0 – Engineering Control.....	43
4.1 Engineering Change Control.....	43
4.2 Engineering Change Notice (ECN) .....	43
4.3 Engineering Change Tag.....	43

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

4.4 Special Shipment Notice..... 44

Section 5.0 – Environmental Management Program ..... 44

5.1 Environmental Management System (EMS) ..... 44

5.2 Significant Aspects ..... 44

5.3 Sign-In Policy ..... 45

5.4 Agreement and Acknowledgment..... 45


Appendix I – IATF16949 (*Latest version*) ..... 46

Appendix II – Acronyms ..... 47

Appendix III – Forms / Labels..... 48

Appendix IV – Environmental & Safety Rules ..... 50


Appendix V – Supplier Contractor Agreement & Acknowledgment..... 52

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Contact List

Plant	Phone No.
Aurora / Corporate, ON	905-727-8585
North York, ON	416-740-2656
Manchester, TN	931-461-8556
Tecumseh, MI	517-423-2400
Atlanta, GA	931-952-0220
Queretaro, Puebla, MX	011 52 442 211 3900
Waverly, OH	740-947-7769
Dallas, TX	214-553-0208
Lansing, MI	517-657-2450

SECTION #	DESCRIPTION	DEPARTMENT	FACILITY	CONTACT
Inside Cover	Amendment Confirmation Form	Procurement	Corporate Centre	Buyer / Sr. Buyer
2.1	Supplier Profile / Minority	Procurement	Corporate Centre	Buyer / Sr. Buyer
2.2	Account Info. & Code Requirement	Finance	Corporate Centre	Financial Reporting Manager
2.3	Terms & Conditions	Procurement	Corporate Centre	Buyer / Sr. Buyer
2.4	Deviation Request	Procurement	Corporate Centre Each Plant	Buyer / Sr. Buyer
2.5	Bar Code, EDI, ASN	I.T	Corporate Centre	I.T. Manager
2.6	Tool Gauges Capital and Equipment Purchase Orders and Invoice Conditions	Procurement	Corporate Centre	Sr.Buyer – Capital / Tooling
3.1	Quality System	Procurement	Corporate Centre	Supplier Development Specialist
3.2	Supplier Selection & Approval	Procurement	Corporate Centre	Procurement Manager - BIP
3.3 – 3.4	Performance Tracking / Rating	Procurement	Corporate Centre	Supplier Quality Engineer
3.5	Production Part Approval Process (PPAP)	Quality	Each Plant	Quality Specialist
3.6 – 3.7	Early Production Containment / Parts	Quality	Each Plant	Quality Manager
3.8 – 3.9	Non-conformance / Certified Shipment	Quality	Each Plant	Quality Manager
3.10 – 3.11	Supplier Management, Survey & Development	Procurement	Corporate Centre	Procurement – Expert / Sr. Expert
3.12	Document Control	Procurement	Corporate Centre	Procurement – Expert / Sr. Expert
3.13	IMDS	Engineering	Corporate Centre	Engineering Assistant
4.1 – 4.2	Engineering Change Control (ECN)	Quality	Each Plant	Quality Specialist
4.3	Engineering Change Tag	Quality	Each Plant	Quality Specialist
4.4	Special Shipment Notice	Quality	Each Plant	Quality Specialist
4.5	Engineering Specifications – Technical Specifications	CME	Corporate Centre	CME Specialist
5.0 – 5.4	Environmental (EMS)	Health, Safety and Environment	Corporate Centre	Environmental Supervisor
Appendix I – V	Miscellaneous	Procurement	Corporate Centre	Procurement – Expert / Sr. Expert

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## General and Revision Control


### General

This is a controlled document. This manual is written under the direction of KIRCHHOFF Automotive's Global Supply Chain & Logistics. Suppliers may make uncontrolled copies for internal use only. However, the supplier shall be responsible for updating/maintaining any uncontrolled copies.

### Revision Control

This Supplier Development Manual will be reviewed annually by procurement expert and if needed, revised as necessary under the direction of KIRCHHOFF Automotive's Global Supply Chain.

*Note: It is recommended that each supplier review this manual periodically.*

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Section 1.0 – Introduction

### 1.1 Letter of Intent


- 1.1.1 This supplier development manual specifies the requirements, which will ensure that supplier methods, systems, products, and services meet or exceed KIRCHHOFF Automotive and its customer's expectations.
- 1.1.2 KIRCHHOFF Automotive has fully embraced the IATF16949 (***Latest version***) Standard as its path to customer satisfaction and continuous improvement. KIRCHHOFF Automotive's IATF16949 (***Latest version***) Quality Management System (QMS) is registered by Intertek, Ontario, Canada. Any questions regarding Quality Management System should be direct to the Procurement Expert at corporate office, Canada.
- 1.1.3 As a supplier to KIRCHHOFF Automotive, you are expected to comply with the terms, conditions, intent and criteria found within this manual.

### 1.2 Scope


- 1.2.1 This manual specifically applies to new and current suppliers of material, service, tooling, equipment, fixtures, and production parts to KIRCHHOFF Automotive.
- 1.2.2 The contents of this manual, including the Purchase Order Terms and Conditions in Section 2.3, and any references to Automotive Industry Action Group (AIAG) and Original Equipment Manufacturer (O.E.M.) standards are to be considered as an addendum to, and incorporated in, any Purchase Order issued by KIRCHHOFF Automotive.
- 1.2.3 Supplier acknowledgement of the Purchase Order from KIRCHHOFF Automotive indicates that all specifications and quality requirements are fully understood and have been provided for in the supplier's pricing.

### 1.3 Supplier Responsibility

- 1.3.1 Suppliers must understand KIRCHHOFF Automotive's basic operating philosophy and quality management system requirements. The supplier's quality system shall ensure that production and service parts are supplied to KIRCHHOFF Automotive with the agreed-upon quality levels.
- 1.3.2 Supplier accepts the responsibility to check supplier development manual on a quarterly basis to determine any updates and/or changes in the manual.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

- 1.3.3 Suppliers are encouraged to establish, implement, and maintain a quality system per IATF16949/ISO9001 (latest version) Standards throughout their entire operation.
- 1.3.4 KIRCHHOFF Automotive shall not perform receiving inspection on any shipment received from a supplier site registered to IATF16949/ISO9001 (latest version) and with records of acceptable performance. No shipment certificate is required, unless requested by the facility's Quality Manager or designate. When material certificated is required, the Mill origin and specification must be visible on the certificate.
- 1.3.5 The receiver shall verify the correct part #, type (description), location and quantity has been received, using the vendors' documentation and confirm with the KIRCHHOFF Automotive's purchase order.
- 1.3.6 In the event that a supplier's IATF16949/ISO9001(latest version) registration has been revoked, suspended, or the rating is downgraded to "NBH" status, the supplier shall certify all material shipped to KIRCHHOFF Automotive until the supplier has successfully re-registered to IATF16949/ISO9001(latest version) or returned to an "Approved" rating. Quality systems for all direct material non iso supplier will be audited annually by supplier quality team.
- 1.3.7 If any nonconforming material is detected by KIRCHHOFF Automotive during production, the quality personnel or designate may contact the supplier and request that the supplier certifies any future shipments as directed by the facility Quality Manager or designate. A copy of the DMN (Defective Material Notice) of the rejection shall also be forwarded to the supplier.
- 1.3.8 In the event that a supplier has reason to believe that a nonconforming condition exists in the area of Quality or Delivery immediate action must be taken by the supplier and to contact the appropriate facility (Ref. [Contact List](#)). Contact shall be by phone/fax/e-mail.
- 1.3.9 Should you have any issues which need to be addressed, please contact your purchasing agent / buyer, and/or your quality contact (Ref. [Contact List](#)).

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Section 2.0 – Purchasing Expectation

### 2.1 Supplier Profile & Diversity / Minority Ownership


- 2.1.1 A supplier profile ([Appendix III](#) Form #P0019) can be requested by any KIRCHHOFF Automotive procurement, purchasing personnel or department manager.
- 2.1.2 It is the responsibility of the supplier to fill out and return the completed supplier profile with all requested attachments within five working days of receipt of the form. All received profiles will be reviewed for approval by the ASL team (Purchasing, Quality, Engineering, and Finance departments).
- 2.1.3 After the review process has been completed, an approved supplier will then be entered into the Approved Supplier List (ASL) by procurement expert, buyers or designate<sup>1</sup>.
- 2.1.4 Suppliers are recommended to review and update the supplier profile annually, and/or after major changes of their contact names, telephone numbers, quality management systems, etc.
- 2.1.5 When approved, the supplier will be notified via an email and/or by web communication.
- 2.1.6 If not approved, however, the profile will be kept for future reference.
- 2.1.7 Minority Policy, Classifications\* and Program\*\*:

KIRCHHOFF Automotive policy regarding the inclusion of minority and women-owned business with in the company's system as follows:

It is the policy of KIRCHHOFF Automotive to ensure equal access to contracts and business opportunities with the company to all enterprises. KIRCHHOFF Automotive will attempt to establish relationships with minority business enterprises that are capable of supplying goods and services that meet our needs.

In order to carry out this policy we have established a baseline goal of having 5% of our overall spend be with recognized Diversity Council (NMSDC, CAMSC, WBE).



	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

<p><b>*Definition: Minority Classifications</b>          To qualify as a MBE a business must be at least 51% owned, controlled and operated by one or more...          web</p>	
<p><b>US citizens who are:</b></p> <ul style="list-style-type: none"> <li>▪ African American</li> <li>▪ Hispanic American</li> <li>▪ Native American</li> <li>▪ Asian Pacific American</li> <li>▪ Asian Indian American</li> <li>▪ Women (WBENC)</li> </ul> <p>Certified by the National Minority Supplier Development Council (NMSDC) or 1 of its 39 state /regional councils</p> <p>Minority classifications determined by U.S. Government</p>	<p><b>Canadian Citizens who are:</b></p> <ul style="list-style-type: none"> <li>▪ Aboriginal peoples</li> <li>▪ Visible minorities, which includes persons other than Aboriginal peoples, who are non-Caucasian in race white in color.</li> </ul> <p>Certified by the Canadian Aboriginal and Minority Supplier Development Council (CAMSC)</p> <p>Minority classifications determined by Canadian Government</p>

**\*\*Supplier Diversity Program:**

Participate in organizations that provide interactions with minority owned enterprises (NMSDC, CAMSC and Small Business Administration).

Certification / Registration – Verification of M/WBE status, conferences

Qualifications – Compare potential supplier capabilities with current and future procurement needs, and potential risks

Reporting – Providing KIRCHHOFF Automotive customers with feedback on spend data


KIRCHHOFF Automotive will look for minority suppliers for all goods and services procured. We will track the minority spend. Will attempt to achieve 5% baseline goal of total minority spend. We will continue to seek out opportunities with minority suppliers until our goal is achieved. KIRCHHOFF Automotive will assign a person that has primary responsibility for monitoring and reporting our Minority efforts. KIRCHHOFF Automotive encourages our suppliers to also utilize M/WBE businesses.

**2.2 Account Information**

The supplier information form ([Appendix III Form # P0030](#)) must be filled out by the person requesting the add, and forwarded to **procurement** department.

Packing slip and invoice numbers are to be the same.

CODES:

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

All future documents must reflect KIRCHHOFF Automotive's unique part code number (KA#). It is the responsibility of the supplier to comply with this request. Any omissions will result in delaying the process of setting up the necessary documents on supplier information.

## 2.3 Purchase Order Terms and Conditions

The following Terms and Conditions are incorporated into and form an integral part of every purchase order (herein, the "Purchase Order") issued by KIRCHHOFF Automotive, KIRCHHOFF Automotive Mexico, S.A. de C.V., KIRCHHOFF Automotive Manchester Inc. (doing business with KIRCHHOFF Automotive Manchester), KIRCHHOFF Automotive Tecumseh Inc. (doing business with KIRCHHOFF Automotive Tecumseh) or any subsidiary of the foregoing, each of which (as applicable) is referred to in these Terms and Conditions as the "Buyer". The supplier to whom a Purchase Order for goods and/or services is issued is referred to interchangeably in these Terms and Conditions as the "Seller", or as the "Supplier".

If there is any conflict between these Terms and Conditions and the unique terms set out in the purchase order (such as terms relating to description, specifications and other non-standard provision), then such unique terms set out in the Purchase Order govern.

### 1) AMENDMENTS

Buyer may amend these Terms and Conditions from time to time, and Seller agrees that the posting of Terms and Conditions as amended from time to time on Buyer's website (supplier. KIRCHHOFF Automotive .com) shall be sufficient notice of all such amendments and that these Terms and Conditions as amended shall take effect on the date of posting to this website and thereafter govern the relationship of the Buyer and Seller with respect to all goods shipped or to be shipped, or services to be performed, after the date of such posting.


### 2) ACCEPTANCE

The Seller's commencement of work on the goods or performance of the services which are the subject to the Buyer's Purchase Order or shipment of such goods or provision of such services, whichever occurs first, shall be deemed an acceptance of the Buyer's Purchase Order. Without limiting the foregoing, when the Purchase Order is issued by Buyer, and is not rejected by Seller within five (5) working days from the date of issue, Seller is deemed to have accepted the Purchaser Order and Buyer may rely on such deemed acceptance.

### 3) PAYMENT TERMS

Subject to paragraph **14** below headed OEM FINANCIAL DIFFICULTIES, Purchase Order payment terms for goods that are components, supplies for maintenance repair and operations, office supplies, raw materials, and services shall be net 2<sup>nd</sup> day 2<sup>nd</sup> month. Purchase Order payment terms for goods that are tooling (as tooling is defined in the paragraph below which is headed "TOOLING") equipment or fixtures shall be as follows:

100% of payment net 60 days after PPAP approval by Buyer's customer

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

#### 4) SET-OFF

All amounts due by Buyer to Seller for goods shipped or services performed under a Purchase Order are net of Seller's indebtedness or other amounts owing by Seller to Buyer. In addition, Buyer and its affiliates may deduct and set off any amounts due or to become due from Seller or its affiliates to Buyer or its affiliates, or any amounts held by Buyer or its affiliates, from any sums or accounts due or to become due from Buyer or its affiliates. Buyer and its affiliates may exercise such right to deduct and set off regardless of whether the set-off amounts are liquidated or unliquidated or arise in a related or unrelated transaction. Buyer and its affiliates have the right to collect amounts due from Seller to Buyer from Seller and its affiliates.

#### 5) SHIPPING AND DELIVERY

Deliveries are required to be 100% on time and in quantities specified in the Purchase Order or as specified in a release in the case of blanket Purchase Orders, or if not specified, at such times as are specified in the Buyer's written instructions. If the Seller's deliveries fail to meet schedule, the Buyer without limiting its other rights or remedies may direct expedited routing and any excess cost incurred thereby shall be charged to the Seller. The Buyer may, in accordance with the paragraph below which is headed "TERMINATION FOR CAUSE", cancel all or part of a Purchase Order, or all or part of Release in the case of blanket Purchase Order, if the Seller fails to deliver the goods as scheduled. The Buyer shall not be liable for the Seller's commitments or production arrangements in excess of the amount, or in advance of the time, necessary to meet the Buyer's delivery schedule. Goods delivered in advance of the scheduled delivery date may, at the Buyer's option, either:

- be returned at the Seller's expense for delivery at the scheduled time;
- have payment thereof withheld by the Buyer until the date on which payment would have been due if the goods had been delivered at the specified time; or
- be placed in storage, which may be within Buyer's premises or at the premises of a third party, until the scheduled delivery date, and the costs of such storage, including costs of trans-shipment and handling, shall be for the Seller's account.
- A current Material Safety Data Sheets (MSDS) must accompany shipment paperwork and all required Workplace Hazardous Material Information System (WHMIS) labeling must be clearly visible on the product.

#### 6) F.O.B.


Title and risk of loss of all goods supplied to the Buyer hereunder pass to the Buyer upon delivery to the Buyer, F.O.B. place of destination.

#### 7) QUANTITIES

If the Purchase Order is for a stated quantity, the Buyer shall not be obligated to pay for any additional quantity delivered to Buyer.

#### 8) BLANKET PURCHASE ORDERS

Blanket Purchase Orders serve to confirm pricing and specifications for both production and service requirements *and*, unless specified otherwise by Buyer, Releases are issued by Buyer pursuant to

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

Blanket Purchase Orders will confirm 2 weeks' firm order quantities also authorize 2 weeks' fabrication and 2 weeks' material quantities.

Any other quantities indicated, if any, are solely for planning purposes and there is no legal obligation on Buyer to purchase such quantities without a further purchase order or release in that regard.

Suppliers are required to keep 6 weeks of inventory for raw material (non-resale suppliers) and in local warehouses for overseas BIP parts. Domestic BIP suppliers are required to keep a minimum of 3 days inventory at their locations.

The Seller agrees to furnish the Buyer's requirements for the goods and services covered by the Purchase Order to the extent and in accordance with Buyer's releases, or in accordance with the delivery schedule or written instructions supplied to Seller, and the Buyer shall have no obligation to accept delivery of goods or services fabricated, rendered, or delivered other than according to Buyer's Releases, delivery schedules and written instructions.

Blanket Purchase Orders are not exclusive to the Seller, and the Buyer shall be entitled to make other purchases from other suppliers at its discretion.


All blanket Purchase Orders must be acknowledged by the Seller to the Buyer within five (5) working days, failing which they will be deemed accepted as-is.

#### 9) TAXES

Unless otherwise indicated, the prices set forth in the Purchase Order do not include applicable taxes. All applicable taxes shall be stated separately on the Seller's invoice. Neither the prices stated in the Purchase Order, nor any invoice of the Seller will include any tax with respect to which an exemption is available or indicated. In case it shall ever be determined that any tax included in the prices within the Purchase Order was not required to be paid by the Seller, the Seller agrees to notify the Buyer and to make prompt application for the refund thereof and to take all steps to procure the same and when received to pay the same including interest, if any, to the Buyer.

#### 10) APPROVAL AND INSPECTION

Goods, other than prototypes and samples, are subject to Production Part Approval Process (PPAP) and the PPAP submission must conform to Automotive Industry Action Group (AIAG) requirements. All goods (including parts, material, and workmanship) will be subject to inspection, testing, and counting by the Buyer at all times and places, including the place of manufacture at the discretion of the Buyer. If necessary, the Buyer's agents, employees or customer will exercise the right to verify quality on site at the Seller. The Seller will provide all tools, facilities, and assistance reasonably necessary for such inspection at no additional cost to the Buyer. All tools and inspection equipment used must be calibrated per the Seller's quality program requirements. This will include the Seller's subcontractors where applicable. Such goods will be subject to final inspection and acceptance by the Buyer after delivery to the Buyer. It is expressly agreed that inspection and or payment prior to delivery will not constitute final acceptance. When requested by Buyer, raw material shipments must include material certification/chemical analysis and be capable of producing the part(s) for which such raw material was purchased. All component shipments must include a certificate of compliance or the shipment will be subject to Buyer's rejection procedure (Defective Material Notice). If the goods delivered do not meet the specifications or otherwise do not conform to the requirements of the Purchase Order, the Buyer shall have the right to reject such goods and charge the Seller all

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

costs, expenses and liabilities incurred or suffered by Buyer including the cost of returning the goods to the Seller or costs of other disposition. Acceptance or failure to inspect by the Buyer shall not relieve the Seller of any responsibilities or warranties with respect to such goods.

#### 11) WARRANTY


The Seller warrants that all goods which are the subject of the Purchase Order will conform in all respects to applicable specifications, drawings, and samples and will be merchantable and free from any defects (zero defects) in material, design, and workmanship, and will be provided to Buyer free and clear of any and all liens or encumbrances. The Seller further warrants that all goods shipped to Buyer pursuant to the Purchase Order will be in accordance with the required description and specifications and shall be fit and sufficient for the purpose for which they are intended by Buyer. In the case of services, the Seller warrants that the services will be provided competently and in a professional and workmanlike manner using personnel with the appropriate level of skill, training and expertise. The Seller warrants that all goods and services shall be provided in accordance with and comply with applicable laws, rules and regulations.

#### 12) CHANGES TO PURCHASE ORDERS

All changes to the Purchase Order must be made by an approved Purchase Order Change issued by Buyer to be valid and binding on Buyer. Paragraph 2 headed ACCEPTANCE, interpreted with the necessary change in context, applies to acceptance by Seller of an approved Purchase Order Change. The Buyer may at any time by a written order make changes within the general scope of a Purchase Order, including changes with respect to any one or more of the following:

- applicable drawings, designs, or specifications of goods subject to the Purchase Order;
- method of packing, or shipping to Buyer;
- place of delivery; and
- materials, methods, or manner of production,
- Price change

If any such change causes a decrease or increase in the cost of or the time reasonably required for performance by Seller, a negotiated adjustment may be made in the price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly. Any claim by the Seller for adjustment must be asserted within ten (10) days from the date of receipt by the Seller of notification of the change, except that such period may be extended upon the written approval of the Buyer. Any attempt by the Seller to increase prices during the production life of the part, plus six years of service afterward, will be rejected with the exception of all contracts that are negotiated with KIRCHHOFF Automotive for a specific time period. If Seller pursues an increase a market test of all parts supplied by Seller to any/all KIRCHHOFF Automotive locations will be done. The Buyer will request the Sellers ASL status be changed to a “NBH “(New Business Hold/Risk), effecting all KIRCHHOFF Automotive locations. Also if Seller pursues an increase Seller has potential to lose “Last right of Refusal” status as the blanket supplier. If negotiations are required as a result of any change, the Seller agrees that it will not suspend, abandon, terminate or otherwise delay performance and/or shipment to Buyer pending completion of such negotiations.

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

### 13) TERMINATION FOR CONVENIENCE OF THE BUYER


The Buyer reserves the right to terminate the Purchaser Order or any part thereof, or any Release issued in connection with a blanket Purchase Order, for its sole convenience. In the event of such termination, the Seller shall immediately stop all work, return any Tooling or other property of the Buyer to the Buyer or as Buyer directs, and otherwise observe any instructions from the Buyer as to work-in-process. The Seller shall not be paid for any work done by Seller, or its subcontractors or suppliers after receipt of the notice of termination, nor shall Buyer be responsible for any liabilities incurred by Seller to its suppliers. Seller acknowledges that it is Seller's sole responsibility to make arrangement with its suppliers, subcontractors and other third parties to similar effect to avoid such liabilities.

### 14) OEM FINANCIAL DIFFICULTIES

If the Purchase Order is for goods or services which the Buyer requires to directly or indirectly fulfill and deliver or perform Buyer's orders from a major automotive OEM, and such customer has temporarily or permanently ceased remittance of payments to all or most of its suppliers for its manufacturing and assembly operations generally or for certain platforms or programs for which the goods and services are designed and/or intended, by reason of insolvency or inability to pay on the part of such customer, or due to general economic conditions (whether or not such customer has been adjudged a bankrupt, or made application(s) pursuant to the *Companies Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), or chapter 11 of the Uniform Commercial Code in the United States or other similar legislation), then regardless of whether Buyer has exercised its rights of termination under the foregoing paragraph headed, "TERMINATION FOR CONVENIENCE OF THE BUYER", the Buyer shall not be required to make any further payments to the Seller for goods sold and delivered or services performed pursuant to the Purchase Order until such time as payments are made or resumed by such customer or by such customer's receiver, liquidator, bankruptcy trustee or other like official in respect of such good and services which Seller has delivered or performed and not received payment. In such event, Buyer and Seller agree that they will not take any action against each other, but will instead cooperate in good faith to the extent that it is commercially reasonable to do so to resolve the circumstances in their mutual benefit and/or to mitigate their respective losses. If and when such payments resume in whole or in part for goods or services delivered or performed by the Seller or are made in part only, the Buyer's obligation will be, to the extent of such receipts, to make a fair and reasonable allocation of such part payments among the Seller, and Buyer and all of the other affected sellers to Buyer.

### 15) TERMINATION FOR CAUSE

The Buyer may terminate all or any part of a Purchase Order, or all or any part of a release in the case of a blanket Purchase Order, without liability to the Seller if the Seller: (a) ceases doing business as a going concern; (b) institutes or has instituted against it any proceedings under any bankruptcy or insolvency law; (c) makes an assignment for the benefit of creditors; (d) consents to the appointment of a trustee or receiver or if a trustee or receiver is appointed for Seller or for a substantial part of its property; (e) all or any part of tooling which is the property of Buyer or buyer's customer is, or is in imminent danger of being, confiscated, sequestered or seized under process of law or otherwise or if such tooling becomes subject to any lien, charge or encumbrance in favor of any person other than Buyer; or (f) after receipt of written notice of

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

default, the Seller fails to perform any of its material obligations under the Purchase Order as specified or in accordance with its terms (including these Terms and Conditions and the specific category agreements). In the event of the Seller's default or apparent inability to perform in accordance with the requirements of the Purchase Order in all respects, the Seller agrees upon demand by the Buyer to deliver to the Buyer the raw materials and work-in-process. The Buyer may then complete the work deducting the cost of such completion from the price or in the alternative pay to the Seller the reasonable cost of such raw materials and work-in-process.

#### 16) SUBCONTRACTING

The Seller shall not subcontract any of its obligations under any Purchase Order without the prior written approval of the Buyer. In the event any such obligations are subcontracted, the Seller shall be liable for all acts and omissions of its subcontractors.

#### 17) INDEMNITY

The Seller shall defend, indemnify, and hold harmless the Buyer and its directors, officers, and employees against all judgments, orders, damages, claims, liabilities, and expenses (including legal fees) arising out of or resulting in any way from any act or omission of the Seller, or its directors, officers, agents, employees or subcontractors, in any way relating to or arising out of the Purchase Order and Seller's performance or purported performance of its obligations under the Purchase Order.


#### 18) PATENTS AND COPYRIGHTS

The Seller warrants and guarantees that the sale or use of the goods furnished under a Purchase Order will not infringe upon, contribute to the infringement of or misappropriate any patents, patent rights, trademarks, copyrights, trade secrets or other intellectual property rights and agrees to indemnify and hold harmless the Buyer and its directors, officers and employees and Buyer's customers and agents from any and all judgments, orders, damages, claims, liabilities and expenses (including legal fees), which they or any of them may incur or suffer or to which they or any of them may be subjected as a result of, or arising out of, any infringement or misappropriation or claimed infringement or misappropriation. The Seller will, if requested by the Buyer, defend any and all such actions at the Seller's expense.

#### 19) COMPLIANCE WITH LAWS

In performance of work under a Purchase Order, the Seller agrees to comply with all applicable laws, rules, and regulations relating to the manufacture, storage, sale, and delivery of the goods to which the Purchase Order relates, including but not limited to occupational health and safety laws and all applicable statutory and regulatory requirements and special products and special characteristics within the entire supply chain. The Seller agrees to defend, protect, indemnify, and hold the Buyer harmless against all judgments, orders, damages, claims, liabilities, penalties and expenses (including legal fees) arising out of the Seller's violation of such laws, rules, and regulations. Seller will ensure that all representatives of Seller are required, when on Buyer's premises, to adhere to safety rules, and personal identification policies of Buyer.

#### 20) PRODUCT LIABILITY

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

The Seller agrees to indemnify and hold harmless the Buyer, its successors, assigns, customers, and users of its products, against any and all judgments, orders, damages, claims, liabilities and expenses (including legal fees) which are founded in whole or in part on the design, manufacture or use of the goods, or on any alleged defects in manufacture or use of the goods or in any other way relating to the quality, use or quantity or other condition of the goods (“product liability claims”).

#### 21) NON-DISCLOSURE OF CONFIDENTIAL MATTER

Goods manufactured pursuant to the Buyer’s specifications or drawings shall not be quoted for sale or sold by the Seller to third parties without the Buyer’s prior written authorization. All specifications, drawings, samples, or other data furnished by the Buyer, or any other information gained by the Seller in connection with this order, shall be treated as confidential information by the Seller, shall remain the Buyer’s property, and shall be returned to the Buyer upon request.

#### 22) PURCHASE ORDERS FOR TOOLING

If the Purchase Order is for the construction of tools, dies, jigs, gauges, fixtures, patterns, molds, testing apparatus, machinery and equipment, together with all manufacturing aids, (hereinafter called “tooling”), the following additional provisions shall apply to the Purchase Order:


- (a) While in Seller’s possession, the Seller agrees to tag or stamp the tooling in its then current state of completion by reference to this Purchase Order or in such other manner as Buyer may otherwise direct to identify and associate it with this Purchaser Order and to identify it as not being the property of the Seller.
- (b) If the Buyer terminates the Purchase Order for convenience, the Seller will be entitled to payment only to the degree of completion of the tooling, expressed as a percent, times the full price, payable by Buyer promptly after receipt of reimbursement to Buyer from its customer.
- (c) If Seller terminates the Purchase Order for cause, then Buyer may take immediate possession of the tooling in its then current state upon payment of the *lesser* of: (i) the degree of completion of the tooling, expressed as a percent, times the full price; and (ii) 50% of the full price. The maximum payment of 50% on termination for cause is a genuine pre-estimate of liquidated damages suffered Buyer to complete the tooling, to obtain PPAP and to compensate for the effective loss of Seller’s warranties.
- (d) If the Seller remains in possession of the tooling after completion and acceptance of the tooling by Buyer, the Seller shall not in any way alter the tooling or perform any material repairs thereto (other than normal maintenance) without the prior written consent of Buyer.

#### 23) TOOLING FOR PRODUCTION PURCHASE ORDERS

In the case of a Purchase Order for the production of goods with tooling provided by Buyer or Buyer’s customer, or is furnished by the Seller and paid for by the Buyer pursuant to a Purchaser Order for tooling, so long as such tooling is in the Seller’s possession:

- (a) the Seller agrees to tag or stamp the tooling as the property of Buyer or in such other manner as Buyer may otherwise direct to identify it as not being the property of Seller.



	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

(b) Seller holds possession of the tooling as bailee for Buyer, and title to the tooling (regardless of state of completion) at all times belongs to Buyer. The Seller shall not release custody of the tooling to any third party without the prior written consent of Buyer and will not encumber the tooling in any manner whatsoever. Subject only to payment to Seller of any amount which is then due and payable in accordance with the terms of this Purchase Order, the Seller waives any liens it may have in the tooling and agrees that Buyer or its agent shall have the right to enter the premises of the Seller and remove the tooling during usual business hours. These provisions are in addition to Buyer's rights pursuant to sections 28(1.1),(1.2)( and (1.3) of the Personal Property Security Act (Ontario) or the Uniform Commercial Code.

(c) The Seller shall use all reasonable care to protect and preserve the tooling from loss or damage and shall be liable for any such loss or damage which may occur while the tooling is in the Seller's possession. The Seller will inform Buyer in writing of any loss of, or damage to, the tooling forthwith upon becoming aware of such loss or damage. The Seller agrees to use or operate the tooling for no other purpose than that which is authorized in writing by Buyer. All use, operation, storage and transporting of the tooling shall be in accordance with industry standards.

(d) the Seller shall not in any way alter the tooling or perform any material repairs thereto (other than normal maintenance) without the prior written consent of Buyer.

(e) The Seller agrees to keep the tooling fully insured at Seller's own expense so long as Seller shall have possession of the tooling to an amount not less than the full insurable value thereof with loss, if any, payable to Buyer the Seller with forthwith on demand obtain and deliver evidence of such insurance to Buyer.

All other tooling required for the manufacture of the goods pursuant to the Purchase Order shall be furnished by and at the expense of the Seller.

#### 24) NOTICE OF LABOUR DISPUTES


Whenever an actual or potential labor dispute is delaying or threatening to delay the timely performance of this order, the Seller will immediately inform the Buyer of such dispute and furnish all relevant details. The Seller will include a provision identical to the above in every contract with its suppliers and subcontractors and agree to notify the Buyer in written format of all contract expiry dates not less than six (6) months prior to such expiry dates. The Seller will accept the responsibility of any costs suffered or incurred by Buyer as a direct result of a labor dispute.

#### 25) INSURANCE

The Seller agrees, and will at its own expense procure, carry, and provide proof of insurance on material, work-in-process, tooling, and any furnished items.

#### 26) QUALITY SYSTEMS

Where applicable, the Seller will confirm title, number, and issue of *its* quality system standards as confirmed by the Buyer's quality department.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## 27) SURVIVAL

These paragraphs and provisions which by their nature are intended to survive the termination of the Purchase Order survive to the extent reasonably necessary to give effect thereto, and without limiting the foregoing, the following paragraphs of these Terms and Conditions will survive performance, completion and termination (for any cause or reason):

- #4 SET-OFF
- #11 WARRANTY
- #17 INDEMNITY
- #17 PATENTS AND COPYRIGHT
- #18 COMPLIANCE WITH LAWS
- #19 PRODUCT LIABILITY

## 28) APPLICABLE LAW

A Purchase Order will be governed by and construed in accordance with the laws of the Province of Ontario without reference to principles in Ontario law relating to conflict of laws.<sup>2</sup>

## 29) HEADINGS

The headings of the paragraphs in these Terms and Conditions are for reference only and do not affect the interpretation of these Terms and Conditions or the Purchase Order.

## 30) ASSIGNMENT


The Seller shall not assign the Purchase Order or any of its rights or obligations thereunder without the prior written approval of the Buyer.

## 31) SERVICE PART DELIVERIES

The Seller is obligated to ship the service part requirements, as communicated thru Buyer releases, until fifteen (15) years after the End of Program life (EOP)

## 2.4 Deviation Request


- 2.4.1 The Supplier will formally request a deviation through *its* contact at KIRCHHOFF Automotive (Ref. [Contact List](#)) when *its* product does not meet what is stated on the purchase order.
- 2.4.2 The Supplier will fill in the required information on the request for planned/unplanned change for raw material/components/equipment Deviation Form (Appendix III Form # P0017) and scan to *its* contact at KIRCHHOFF Automotive (Ref. [Contact List](#)).

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

2.4.3 Deviation recipient (Buyer, Sr Buyer or designate) will lead deviation disposition (Approved – Not Approved) activity.

2.4.4 The table below explains each type of change that require notification:

<b>Change Type</b>	<b>Examples</b>
1) Design Change	<ul style="list-style-type: none"> <li>- new part</li> <li>- change to existing part</li> </ul>
2) New Supplier	<ul style="list-style-type: none"> <li>- addition of a new supplier</li> <li>- change of supplier or sub-supplier</li> <li>- outsource (internal/external)</li> <li>- new delivery location</li> <li>- change in factory location</li> </ul>
3) Material change	<ul style="list-style-type: none"> <li>- composition or substance of concern (SOC) change</li> <li>- change of material supplier</li> <li>- material supplier changed from outside to self-supplied (or vice versa)</li> <li>- change in material composition (including anti-rust oil or lubrication oil)</li> </ul>
4) Manufacturing Method change	<ul style="list-style-type: none"> <li>- any changes that effects the way parts are produced as reflected in the control plan</li> <li>- any process standards or setting method change</li> </ul>
5) Process Order change	<ul style="list-style-type: none"> <li>- manufacturing process order is changed or deviates from the control plan or adding or deleting process steps</li> <li>- change a temporary process to a permanent one (or vice versa)</li> </ul>
6) Machine change	<ul style="list-style-type: none"> <li>- when the machine initially used to produce the parts during the approval process has been changed or replaced by another machine plus inactive tool (12 months or more)</li> <li>- equipment relocation within same plant</li> <li>- equipment relocation outside plant or building</li> <li>- initial use of a new machine</li> <li>- major/minor repair or modification of a machine</li> <li>- changes to machine control logic (e.g. software upgrade or replacement that affects machine function)</li> </ul>

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

7) Jig/Tool Change	<ul style="list-style-type: none"> <li>- new or modified jigs and tools (except perishable tools)</li> <li>- change of cycle time</li> </ul>
8) Die/Mold change	<ul style="list-style-type: none"> <li>- new or renewed die or mold</li> <li>- revision or repair of the die or mold</li> </ul>
9) Inspection method change	<ul style="list-style-type: none"> <li>- new or modified inspection equipment</li> <li>- measuring method change or measuring instrument type change</li> </ul>
10) Transportation/Packaging change	<ul style="list-style-type: none"> <li>- change in delivery method, packaging materials or containers</li> </ul>

2.4.3.1 Above changes must be communicated to KA prior to implementation. KA may require pre-approval from OEM customer.

2.4.3.2 Confirm change – the supplier shall confirm that parts meets all quality customer specific requirements before shipping.

2.4.3.3 The supplier shall notify customer of first delivery of any change listed above.

2.4.3.4 The supplier shall properly identify the first shipment with an engineering change tag, refer to section 4.3.1.

2.4.5 The purchasing buyer or designate will scan/email the completed form back to the supplier. The supplier will proceed with the deviation if approved, or continue efforts to obtain the product as specified on the purchase order if denied.


2.4.6 All related costs noted on the deviation request shall be charged back to the supplier.

## 2.5 Barcode, EDI, and Raw Material Shipping Information

### 2.5.1 BAR CODE

It is mandatory that all products be identified with a scan able bar code label, which shall include, at a minimum:

- KIRCHHOFF Automotive's Part Number
- Quantity of Product (lbs. & kgs)
- Description of Product
- Date of Manufacture
- Lot Traceability
- Unique Serial Number
- Supplier Name & Shipping Address
- Supplier Number

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

- Engineering Change Level of Product

### 2.5.2 EDI

KIRCHHOFF Automotive requires all of our suppliers to be capable of receiving and transmitting release requirements electronically

### 2.5.3 RECEIVING

Material release (EDI code: 830) Material release (J.I.T.) (EDI code: 862)

### 2.5.4 TRANSMITTING

Advance shipment notification (ASN) (EDI code: 856)

Additional information on EDI is available through the Automotive Industry Action Group (AIAG).

### 2.5.5 Standard Receiving Information for Coil Steel


The following are the standard receiving requirements for coil steel:

	I.D.	O.D.		MAX LIFT
		Min.	Max.	
Richmond Hill	20"	N/A	60"	15,000 lbs. rear forklift unload (No crane lift)
North York	20"	N/A	56"	6,000 lbs. rear forklift unload (No crane lift)
Mexico	20"	54"	72"	30,000 kg with crane
Lenawee (LSC)	24"	N/A	N/A	Refer to Material Spec Data Sheet for additional requirements

Aurora	Presses (TON)	800	1600	1200	500
	Max coil weight lbs.	35,000	35,000	35,000	35,000
	Max. coil O.D. (inches)	68	60	60	60
	Coil I.D. (inches)	19-20	19-20	19-20	19-20
	Max coil width (inches)	42	63	60	42

Manchester	Presses (TON)	600	300	400	176
	Max coil weight lbs.	20,000	10,000	10,000	5,000
	Max. coil O.D. (inches)	72	72	72	72
	Coil I.D. (inches)	20	20	20	20
	Max coil width (inches)	54	30	30	18

Manchester	Work Centre	513,517,534	544,550	520,526,532	535,539,542
	Max coil weight lbs.	7,500	7,500	7,500	7,500
	Max. coil O.D. (inches)	60	60	60	60
	Coil I.D. (inches)	20	20	20	20
	Max coil width (inches)	18	18	12	12
	Cardboard ID insert Required	Yes	Yes	Yes	Yes

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

Receiving requirements by Slit Width

Eye to the Sky:

Any coils that are less than 15% of total height - e.g.: 64" tall coils must be a minimum of 9.6" wide

Standing: Coils that are wider than 9.6" can be received standing

Note 1: Class "A" exposed material must be wrapped "Eye to the Sky" on skids

Note 2: Suppliers are responsible for ensuring that all shipments arrive at KIRCHHOFF Automotive safely

Note 3: If two or more "Eye to the sky" coils are wrapped on a skid, the distance between coils should be 4 inches.

Note 4: For Hot Rolled Steel Coils, Thickness measurement location per SAE J1058, not less than 25mm (1") from the cut edge.

## **2.6 Tooling and Gauge, Capital and Equipment purchase orders and invoice conditions**

### **2.6.1 TOOLING AND GAUGES PURCHASE ORDERS**

The purchase order is subject, in whole, to the KIRCHHOFF Automotive and all its affiliated companies applicable Global Technical Standard Tooling Cold Forming (GTS) and Design Specifications for Gauges and GOM Measuring Fixtures Specifications and requires evidence or proof of bill of materials to verify compliance to the current applicable specifications.

The contract shall be constituted by the following document;


1. Purchase Order
2. Terms and Conditions for the Acquisition of Capital Good, Production Equipment and Tools

### **2.6.2 CAPITAL AND EQUIPMENT PURCHASE ORDERS / ORDER LETTERS**

This purchase order is subject, in whole, to the KIRCHHOFF Automotive and all its affiliated companies applicable Global Technical Standard Assembly (GTS) and requires evidence or proof of bill of materials to verify compliance to the current applicable specifications.

The contract shall be constituted by the following document;

1. Order Letter/Purchase Order
2. Contract Protocol
3. Terms and Conditions for the Acquisition of Capital Good, Production Equipment and Tools
4. Signed Technical Specification I-100.5
5. GTS KANA Approved Component List

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

### 2.6.3 GENERAL

Reference details "Terms and Conditions for the Acquisition of CAPEX" - to be downloaded under following link:

<https://www.kirchhoff-automotive.com/company/purchasing/downloads/north-america/>

Once agreed on a technical specification and pricing through a purchase order, KIRCHHOFF Automotive will not accept any price increases.

The only time KIRCHHOFF Automotive will accept a price increase (after PO is issued) will be when KA requests specific technical changes and such technical changes result in a price increase.

Once PO is issued, supplier assumes responsibility to absorb additional costs due to any changes or improvements other than those requested and approved by Kirchhoff Automotive.

Unless specified on this purchase order the vendor is responsible for the support of the tooling for plant buy off and is included in the price on this Purchase Order/Order letter.

Unless specified otherwise on this Purchase Order the Vendor is responsible for delivery of Tooling/Gauge/Capital Equipment to the address destination on this Purchase Order

### 2.6.4 COMMUNICATION

KANA primary language for communication with the supply base is English. Suppliers are required to use English in all the forms of communication with all KANA personnel or departments at all times.

## 3. INVOICE CONDITIONS

For Capital and Tooling invoicing to follow PPSO process; documents available by download from;


[\(https://www.kirchhoff-automotive.com/company/purchasing/downloads/north-america/\)](https://www.kirchhoff-automotive.com/company/purchasing/downloads/north-america/)

1. Supplier Guidelines (for Invoice approval and Payment Release)
2. PPSO Sheet
3. PPSO Step by Step Guidelines

Invoice dates must be after Signed PPSO date.

The email contacts of Accounts Payable at the various KIRCHHOFF Automotive plants are:  
 KIRCHHOFF Automotive Canada and US Operations: [tld.toolcap@kirchhoff-automotive.com](mailto:tld.toolcap@kirchhoff-automotive.com)  
 KIRCHHOFF Automotive Mexico Operations: [tooling.capital@kirchhoff-automotive.com](mailto:tooling.capital@kirchhoff-automotive.com)

## 4. DAMAGES CLAUSE<sup>3</sup>

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

Unless otherwise mutually agreed and authorized in writing by Quality Manager and/or Materials Manager, suppliers are responsible for all damages in the form of extra cost, customer penalties, expedited costs, airfreights arising from delays caused by the suppliers or subject to the terms and conditions of the agreed Contract Protocol. KIRCHHOFF Automotive will notify such additional cost and expenses caused by the supplier related delays and the amount will be debited from the final invoice due to supplier.

## 5. CHANGES TO PURCHASE ORDERS

Any change to the following require a purchase order amendment or a new Purchase order


- 1: Change in price
- 2: Change in delivery
- 3: Change in specification

## Section 3.0 – Quality Expectations

### 3.1 Quality System / Manual

- 3.1.1 KIRCHHOFF Automotive has fully embraced the IATF16949 Standard (***Latest version***). As an approved supplier of KIRCHHOFF Automotive, we highly recommend that you develop, utilize, and document a comprehensive quality management system (QMS), which includes all A.I.A.G./IATF16949/ISO9001 (latest version) requirements.
- 3.1.2 If you are currently registered to IATF16949/ISO9001 (latest version) Standards, please forward a copy of your certificate to the Corporate Supplier Development Specialist (Ref. [Contact List](#)). Regular submission of quality management system certificates are required as proof that compliance is maintained.
- 3.1.3 In the event you are not registered, please advise us on your progress in implementing IATF16949/ISO9001 (latest version) Standards at your facility. This information should include the following:
  - Proposed date of registration to IATF16949/ISO9001(latest version) Standards
  - Name and position of company IATF16949/ISO9001(latest version) Coordinator
  - Results of self-assessment and corrective action on any nonconformities found: if a self-assessment has not yet been performed, please advise proposed date
  - Name of the accredited registrar selected – if a registrar has not been selected, please advise proposed date of selection
- 3.1.4 Attaining these standards will enable us to work together as a team and re-enforce KIRCHHOFF Automotive’s commitment to long-term partnerships with our customers, suppliers, and our employees. This will secure our future.



	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

3.1.5 The above requirements are applicable to suppliers of direct materials to our products only (Raw Material, Components, and Services).

## 3.2 Supplier Selection and Approval Parameters

3.2.1 Based on the Supplier's response to KIRCHHOFF Automotive's supplier's profile form (Appendix III Form # P0019) and the Request for quote packages, the procurement department or plant may elect a team to visit the new supplier's facility for evaluation.

3.2.2 For those new suppliers with an IATF16949/ISO9001 (latest version) Quality Management System registered with an accredited registrar, a general survey, focusing on those areas pertaining to the purchasing and manufacturing capabilities may be performed.

3.2.3 For those new suppliers without a registered IATF16949/ISO9001 (latest version) quality management system, a complete survey/assessment will be performed by the supplier quality team. The team may recommend the supplier for approval after satisfactory completion of the survey/assessment.


3.2.4 A supplier may qualify to be included in the Approved Supplier List (ASL) through the following process:

3.2.5 When a Customer Directed Supplier is the selected source for a specific part or commodity, the approval process will be initiated. There will be no special exemptions for these suppliers and all requirements must be met in order to be approved. Should the supplier not be approved, a letter will be required from the Customer instructing the use of the supplier. Details surrounding these circumstances will be handled on a case-by-case basis.

3.2.6 An Approved Supplier List (ASL) is maintained by the procurement department. This list will contain suppliers of production-related materials and services. The Approved Supplier List will be updated on a continuous basis in order to reflect input from the assessment, development, and performance monitoring system. This data will be used to establish a supplier management as well as to aid the assessment of suppliers for future business.

3.2.7 KIRCHHOFF Automotive Social Responsibility:

KIRCHHOFF Automotive expects our supplier's actions must be compatible with the interests of society make voluntary contributions to the sustainable development of society going above and beyond the legal requirements. This includes supporting and

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

promoting charitable projects and supporting your employees' volunteer work where possible.

- Code of Conduct

Our suppliers are expected to comply with KIRCHHOFF Automotive's code of conduct guidelines. Please refer to web link for the details of guide line, under corporate governance.

Web link:

<https://www.kirchhoff-automotive.com/corporate-governance/code-of-conduct/>

Where applicable KIRCHHOFF Automotive expects necessary foundations to develop, educate and train your employees, a commitment to the principle of lifelong learning.

- Environmental Responsibility

KIRCHHOFF Automotive expects our suppliers to preserve nature and biodiversity for future generations and protect the environment by using resources consciously and by meeting strict environmental standards in all our production processes.

This includes training your employees regularly to help them act in an environmentally friendly manner and comply with safety regulations. This will encourage your employees to act with intent to avert harm towards people and the environment.


- Cultural Responsibility

KIRCHHOFF Automotive expects our suppliers are committed to supporting and promoting cultural values acknowledge and promote the cultural distinctiveness and traditions of the countries in which you are operating.

- Trust & Respect


KIRCHHOFF Automotive expects our suppliers to trust one another, should be reliable, accountable and law-abiding. We trust in the honesty of our suppliers and in the validity and truthfulness of what you do or believe.

KIRCHHOFF Automotive expects our suppliers recognize value, appreciate and respect each individual. This also includes sincere attention, appreciation, and deference for each and every one and respects him, regardless of their national or ethnic background, sex, religion, age, or handicaps and also independent from private lifestyles. NOTE: A list of protected Human Rights might be different for each country.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

### 3.3 Supplier Performance Tracking

- 3.3.1 KIRCHHOFF Automotive plant quality will track and report supplier's performance indicators on a monthly basis for material, components and service suppliers (as per attached tables #1 and #2).
- 3.3.2 The facility quality department will issue and maintain the monthly supplier performance rating reports for suppliers with DMN's.
- 3.3.3 All other suppliers without DMN's will be classified as having a 100% rating.
- 3.3.4 When required/requested the monthly supplier performance rating reports will be forwarded to the supplier. Only direct material suppliers are rated.
- 3.3.5 The quality indicators tracked and reported at minimum are:
- Delivery Performance (including PPAP submissions)
  - Defective Parts Per Million (PPM)
  - Number of DMN & Reoccurrences
  - Customer Disruptions
- 3.3.6 When required, members from Global Supply Chain & Logistics, Supplier Quality, Supplier development and the Facility Quality department will determine if development and/or further corrective action is necessary.
- 3.3.7 The Supplier Quality will coordinate the Incoming Quality Meeting (IQ) with the supplier. Supplier Development and/or facility is also responsible for following up on actions identified during the Incoming Quality Meetings.
- 3.3.8 New supply WEB performance metrics (Table 3 & 4)
- 3.3.9 New supply WEB conditions and supplier responsibilities
- If you are EDI capable you must contact your material analyst to set up supply WEB
  - If you are not EDI, and already on supply WEB, supplier must check the releases through supply WEB every week
  - Supplier must send Advance Shipping Notifications (ASN's) either thru EDI or supply WEB directly at the time of shipment – prior to truck leaving your facility
  - Labels must be attached to both Detail and Master containers with the following information: Part#, Serial#, P.O#, Supplier ID and Quantity. supply WEB allows you to print these labels
  - Failure to comply with any of these above conditions/responsibilities will result in DMN being issued


	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

- Fee of fifty dollars (\$50.00) will be charged to the supplier for a) Missing ASN, b) Missing label on any shipment

### 3.4 Supplier Performance Rating System (Table 1 & 2)

Table #1 (Prior to supply WEB)

Category	Target	Measurable	Action Needed
Early/Late Deliveries (Including PPAP Submissions)	0	Maximum = 40  40% or more = 0 21% to 39% = 10 11% to 20% = 20 01% to 10% = 30 00% = 40	See Table #2

	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

PPM (For Components)	0	Maximum = 30 0 = 30 001 to 150 = 25 151 to 250 = 20 251 to 500 = 15 501 to 1000 = 10 1001 to 1250 = 5 1251 or more = 0	See Table #2
PPM (For Raw Material) Unit: lbs	0	Maximum = 30 0 = 30 001 to 5,000 = 25 5001 to 10,000 = 20 10,001 to 15,000 = 15 15,001 to 20,000 = 10 20,001 to 25,000 = 5 25,001 or more = 0	See Table #2
No. of Reoccurrence	0	Maximum = 30 0 = 30 1 = 15 2 or more = 0	See Table #2

### 3.4 Overall Supplier Performance Rating System (Table 1 & 2)



	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

Table #2 (Prior to supply WEB)

RATING	COMMENT
OUTSTANDING 100-95	Thank-you for your firm's performance during this evaluation period. This will ensure your firm's quoting status for new business.
SATISFACTORY 85-94	Please be advised of your firm's marginal performance during this evaluation period. Development or corrective action may be requested, after review, by the A.S.L. team.
DEVELOPMENT 81-84	Please be advised of your firm's performance during this evaluation period. Corrective action may be requested, after review by the A.S.L. team. Continuous Improvement is recommended to achieve an Outstanding status.
UNSATISFACTORY Below 80	Supplier performance rating below 80% for three continuous months will result in changing the supplier's status from "A" approved to "ND" no quote status. In the event that a supplier's rating remains under 80% for longer than three continuous months, the supplier executive level managers and any other appropriate personnel will be invited to attend an Incoming Quality Meeting (IQ).


**NOTE:** The requirement for the Quality/Delivery is 100%.

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

3.4 Supplier Performance Rating System (Table 3 & 4)

Table #3 (supply WEB)

Total Points Allocated: 100				Rankings					
Category	Ranking	Group Points	Use?	Test Name	Test Points	Unacceptable		Acceptable	
						0%	94%	95%	100%
<b>On Schedule</b>									
Schedule Adherence by Date	20.0%	20	Y N N	On Schedule	15	0	14	15	15
				Unacceptable		Acceptable			
				0%	94%	95%	100%		
Group Sub-Total					15	0	15		
<b>On Qty</b>									
Schedule Adherence by Quantity	20.0%	20	Y N N	On Time	15	0	14	15	15
				Unacceptable		Acceptable			
				0%	94%	95%	100%		
Group Sub-Total					15	0	15		
<b>Receipts with no ASN</b>									
Receiving Accuracy	10.0%	10	N N Y	Receipts with no ASN	10	0	19	20	20
				Unacceptable		Acceptable			
				100%	6%	5%	0%		
Group Sub-Total					10	0	20		
<b>Parts Per Million</b>									
Parts Per Million	25.0%	25	Y	PPM	25	0	24	25	25
				Unacceptable		Acceptable			
				1,000,000	26	25	0		
Group Sub-Total					25	0	25		
<b>Issued</b>									
Defective Material Notices	25.0%	25	Y N N N	Issued	25	0	24	25	25
				Unacceptable		Acceptable			
				1,000,000	1	0	0		
Group Sub-Total					25	0	25		
Check:	100.0%	100		Total	90	0	94	95	100

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		


### 3.4 Overall Supplier Performance Rating System

Table #4 (supply WEB)

RATING	COMMENT
ACCEPTABLE 81-100	Thank-you for your firm's performance during this evaluation period. This will ensure your firm's quoting status for new business.
UNACCEPTABLE Below 80	<p>Development or corrective action may be requested Supplier performance rating below 80% for three continuous months will result in changing the supplier's status from to "NBH" (New Business Hold), negative impact to potential future business, be subjected to random audits, asked to submit Corrective Action Plan and interim step toward removal from "ASL" Approved Supplier List</p> <p>If unacceptable performance does not improve after three months, the suppliers executive level managers will be invited to attend an "IQ" Incoming Quality review meeting at KA and/or at supplier's facility</p> <p>Persistent unacceptable performance will result in resourcing and removal from the "ASL" Approved Supplier List</p>

**NOTE:** The requirement for the Quality/Delivery is 100%.



	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

### 3.5 Supplier Production Part Approval Process (PPAP)

#### 3.5.1 General Requirements

3.5.1.1 All submissions must conform to Production Part Approval Process (PPAP) procedural requirements developed by the Automotive Industry Action Group (AIAG). References are also made per Chrysler Corporation, Ford Motor Company, General Motors Corporation, and minimum IATF16949/ISO9001 (latest version) specific requirements. The supplier shall obtain all pertinent publications and manuals.

3.5.1.2 Suppliers shall not ship production parts to KIRCHHOFF Automotive without prior establishment of an interim, limited, or full production/engineering approval following a PPAP submission.

3.5.1.3 The requirements are limited to production intent parts only.

#### 3.5.2 Control of Documentation

3.5.2.1 Suppliers are required to submit a complete PPAP package (Electronic or upload in website) to the related plant as identified in Purchase Order or buyer's instruction for approval and are expected to maintain and update the documents upon revision of part, change of process, or material sources as outlined in the AIAG PPAP manual. The default PPAP package submission is Level III. It shall include a Process Flow Diagram, Process Failure Mode and Effects Analysis (PFMEA), Control Plan, Packaging Agreement Form, and all pertinent reports and certifications as outlined in the AIAG PPAP manual.

3.5.2.2 All Drawings for PPAP are to be provided by KIRCHHOFF Automotive or the OEM. Part/component drawings provided by the supplier must be approved and signed-off by the designated. KIRCHHOFF Automotive Program Coordinator/Manager prior to the submission.


3.5.2.3 If supplied by KIRCHHOFF Automotive, the checking fixture including the critical items shall be reviewed with the supplier.

3.5.2.4 If supplied by the supplier the checking fixture including the critical items shall be approved by KIRCHHOFF Automotive.

#### 3.5.3 Intent

3.5.3.1 A PPAP submission is required as per the outline in the PPAP manual "When Submission is NOT required". A waiver to submit a PPAP shall be obtained, from KIRCHHOFF Automotive part approval activity.

3.5.3.2 A sample run shall be a minimum of 300 units from each die or mold cavity, unless notified in writing by KIRCHHOFF Automotive APQP team that a deviation from these quantities is permitted.

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

Submission Warrant with Level 3 as default for all submissions unless specifically advised or agreed upon by the Corporate Supplier Development/Facility Quality Departments.

3.5.3.3 Submission Warrant with Level 2 is required for all Raw Material and Bulk Material submissions unless specifically advised or agreed upon by the Corporate Supplier Development/Facility Quality Departments. Where OEM PPAP approval of a Bulk Material exists, evidence of that approval is sufficient as the PPAP submission and is to be considered as approved (examples of Bulk Materials: Chemicals, Paint, Rinses, Primers, Coils, etc.)

#### 3.5.3.4 Run at Rate

The supplier may be requested by the KIRCHHOFF Automotive Engineering/Quality department to perform a “witness Run at Rate” or “self-conducted Run at Rate”.

#### 3.5.4 Submission Package Inclusions

3.5.4.1 A full dimensional layout report shall include a detailed map of the location checked / laid out by utilizing a Coordinate Measuring Machine.

3.5.4.2 Minimum quantities of six randomly selected samples, for each part number and from each cavity of a multiple cavity tool or die, are to be laid-out and shall be produced from production tooling.

3.5.4.3 Material certification and mill certification per drawing specification or as specified by a Procurement Representative or a Facility Quality Representative of KIRCHHOFF Automotive, shall be included in the submission package.


Material must be verified for conformance by an accredited laboratory facility through either the American Association for Laboratory Accreditation (A2LA) or the Standard Council of Canada (SCC) or to the ISO17025 (latest version) accreditation. A letter of conformance is not acceptable.

3.5.4.4 Submission of IMDS shall be completed prior to PPAP. Refer to section 3.13

3.5.4.5 Engineering Specification testing and performance verification shall be completed as specified in the drawing on CFG-1005 and the test data shall be clearly reported indicating the results as passed/failed status.

3.5.4.6 Appearance Approval Report (AAR) per CFG-1002 shall be approved and submitted prior to this submission and the approval shall be included in the package.

3.5.4.7 A capability study is required on any nomenclatures of special characteristics to ensure they meet the Ppk index of greater than or equal to 1.67 and shall be taken from a

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

minimum quantity of 125 consecutive pieces, and at least 25 subgroups, unless otherwise specified by KIRCHHOFF Automotive . For parts produced from multiple cavity tools, the process capability study shall be performed on each cavity with Ppk's calculated on each individual cavity.

3.5.4.8 All testing results, data and documentation contained in PPAP's submitted to KIRCHHOFF Automotive must be less than one year old.

3.5.4.9 All pass-through characteristics from suppliers must be verified at the supplier as per supplier Control Plan to ensure that zero defects reach the customer assembly plant.

3.5.4.10 Gauge Repeatability and Reproducibility studies on variable characteristics shall demonstrate an Index of 10% or less and shall be performed using standard accepted practices. GR&R results above 10% require written approval from KIRCHHOFF Automotive Quality personnel or designate prior to submission.

3.5.4.11 Annual Revalidation: Unless otherwise specified, a complete annual layout inspection, including all sub-components is required for all parts. All suppliers shall annually revalidate their respective production components and be able to provide within 48 hours of the request. Also revalidation shall be documented on their production control plan for all parts supplied regardless of the product. Revalidation package shall include PSW, valid material certificate (less than 12 months old), full dimensional report and capability study for all print designated special characteristics

### 3.5.5 Location of Sample Submission Activity

3.5.5.1 The sample submission package shall be forwarded to the attention of the respective KIRCHHOFF Automotive facility that is purchasing the component.


### 3.5.6 References:

3.5.6.1 Copies of all publications of procedural manuals are obtainable from:

**[www. AIAG.org](http://www.AIAG.org).**

3.5.6.2 Refer to PPAP manual for CFG-1001 to CFG-1005 formats.

### 3.5.7 Master Sample


	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

3.5.7.1 Supplier must maintain Master Samples unless waived in writing/e-mail by the KA facility that is purchasing component. Suppliers are to submit plan/process on how they will maintain Master Supplier.

### 3.6 Supplier Early Production Containment

- 3.6.1 The purpose of early production containment identifies the supplier's efforts to gain control of its processes during start-up and acceleration, so that any quality issues that may arise are quickly identified and corrected at the supplier's location.
- 3.6.2 The supplier is required to develop and submit for approval a pre-launch control plan which is a significant enhancement to the supplier's production control plan consisting of additional controls, inspection audits, and testing.
- 3.6.3 The pre-launch control plan is not a substitute for the production control plan but is over and above the production control plan and is used to validate the control plan.
- 3.6.4 The pre-launch control plan must be used for all pre-production requirements and for the production ship quantity or duration specified by KIRCHHOFF Automotive. If a quantity or duration is not specified, the default quantity is 5000 parts or 500,000 lbs. as a minimum in addition to any pre-production quantities.
- 3.6.5 Procurement Expert and/or the Facility Quality personnel will develop, review the Inspection and Early Production Containment expectations and exit criteria with the supplier.
- 3.6.6 Both the Procurement Expert and Facility Quality departments monitor supplier's progress to plan.
- 3.6.7 Once the supplier has met the exit criteria, an Early Production Containment Letter will be issued to the supplier.
- 3.6.8 Proper identification, in the form of a green dot, which should be 1 inch - 2 inches in diameter, is required for all parts shipped and inspected to the pre-launch control plan.  
  
(The Early Production Containment is referenced in GM's GP-12, Ford's Safe Launch, procedure.)
- 3.6.9 It is recommended that the supplier send a product/quality representative to KIRCHHOFF Automotive during the launch and early production period to ensure that no start-up problems or issues occur.


### 3.7 Production Parts and Material

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

- 3.7.1 Suppliers shall provide material certifications and/or specified statistical data only when requested by KIRCHHOFF Automotive attached to the packing list for each shipment.
- 3.7.2 Suppliers shall clearly identify the first shipment of parts sent to KIRCHHOFF Automotive containing an approved engineering revision.
- 3.7.3 Suppliers of production parts shall have Statistical Process Control (SPC) methods implemented in their production process for all identified controlled characteristics. Specified key characteristics are identified in drawings or per agreement with KIRCHHOFF Automotive's Corporate Supplier Development and/or Engineering departments.
- 3.7.4 Suppliers shall submit Statistical Process Control (SPC) data on all agreed controlled characteristics on each shipment or monthly as per the agreement with KIRCHHOFF Automotive's facility Quality Manager or designate.
- 3.7.5 Suppliers shall maintain the tools and equipment in such a manner as to ensure quality products and ongoing capability for the life of the production and service requirements.
- 3.7.6 Ongoing maintenance and repair of tooling and equipment is the responsibility of the supplier. Suppliers shall advise KIRCHHOFF Automotive in writing, in advance, when the condition of the tooling will not allow the production of a part conforming to established quality and capability levels. This notice should allow for adequate response time for rework and repair while assuring continuity of supply.
- 3.7.7 Suppliers must receive written approval from the KIRCHHOFF Automotive quality representative prior to shipment of any nonconforming products or material. (Appendix III Form # P0017)
- 3.7.8 Suppliers shall have a process to ensure that governmental and safety constraints on restricted, toxic, and hazardous substances are complied with relative to purchased products and the manufacturing process Workplace Hazardous Material Information System (WHMIS).
- 3.7.9 All Material Safety Data Sheets (MSDS) are to be forwarded directly to the Corporate Health, Safety and Environmental department located in the Corporate Centre.

### 3.8 Non-Conforming Material

- 3.8.1 When defective material/products (direct material) are discovered at KIRCHHOFF Automotive a non-conformance report (DMN = Defective Material Notice) is issued. (Appendix III Form # QA0120)

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

3.8.2 All in-house parts are quarantined.

3.8.3 Once the non-conforming report is issued, a copy will be sent to the supplier responsible. At this time it is the responsibility of the supplier to contain and initiate immediate corrective action.

- An initial response is required within 24 hours.
- A final disposition within 48 hours.
- A final corrective action response within 10 working days.

KIRCHHOFF Automotive may request that the corrective action be submitted using an 8D format.

3.8.4 KIRCHHOFF Automotive's quality department and the supplier will jointly determine the *root* cause and disposition of the defective raw materials, components, or services.

3.8.5 Once the disposition has been carried out, the Quality Manager or designate will sign, date, and complete the non-conforming report (DMN). The supplier shall receive a copy of the DMN by scan and email.


3.8.6 KIRCHHOFF Automotive reserves the right to send the appropriate representative(s) to visit the supplier's facility in order to establish 100% compliance and ensure that corrective action has and is currently taking place. When RMA # (For returning material or scrap authorization) is requested from the supplier, RMA # must be provided within 10 business days. If after 10 business days there is no documented response from the supplier, suspect parts will be dis-positioned at KA's discretion and the full value of the suspect delivery will be charged back to the supplier plus administration fees.

3.8.7 Our customer must also have the right to accompany any KIRCHHOFF Automotive representative(s) into the supplier's facility for 100% compliance and ensure that corrective action has and is currently taking place.

3.8.8 Where applicable, rejected material must be picked up from the receiving KIRCHHOFF Automotive facility within seven (7) working days otherwise a storage fee of up to \$500.00 will apply.

3.8.9 An administrative fee of five hundred dollars (\$500.00) will be charged for each non-conformance report issued. In addition, the cost for machine/process downtime, sorting, reworking and disposition of non-conforming product will be charged. The standard rate of KIRCHHOFF Automotive personnel, in sorting, reworking and disposition is fifty dollars (\$50.00) per hour.

Note: Supplier liabilities for sort, rework/repair, scrap, freight, customer charges, etc. are detailed in the Defective Material Notice (DMN)

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

### 3.9 Certified and Controlled Shipments

3.9.1 The supplier must certify their shipments as specified by the receiving KIRCHHOFF Automotive facility's Quality department. When a corrective action is required, the containment must continue until the corrective action has been closed and/or as required by the receiving plant. (Ref. Sec. 1.4-Pg.8)

3.9.2 The supplier shall ensure purchased products are labelled/identified as such.


#### 3.9.3 CONTROLLED SHIPPING LEVELS

3.9.4 KIRCHHOFF Automotive has the authority to place a supplier on Controlled Shipping for any quality concern. Based on the severity of the issue, the facility shall determine the level of inspection (CS1 or CS2). Controlled Shipping may be determined by one or more of the following reasons:

- Repeat Quality Issues or failure to correct an issue through resolution of a corrective action.
- Severity of a quality nonconformance.
- Incapable process
- Disruption to the KIRCHHOFF Automotive or OEM facility.

The Controlled Shipping Process is as follows:

- Corporate Supplier Development will review supplier quality concerns and shall have the authority to initiate Controlled Shipping.
- Corporate Supplier Development will notify the supplier of their Controlled Shipping (CS1 or CS2) status via the Controlled Shipping letter.
- Supplier Controlled shipping status will be reflected in the Supplier Performance Report.
- Corporate Supplier Development and the Facility Quality departments will develop and review the inspection and controlled shipping expectations and exit criteria with the supplier.
- Corporate Supplier Development and Facility Quality monitor supplier's progress to plan.
- Once supplier has met exit criteria, a Controlled Shipping Removal Letter will be issued to the supplier.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		


### 3.10 Supplier Management

- 3.10.1 Parts with pass-through characteristics that will impact the KIRCHHOFF Automotive customer's end-item quality, reliability or production are considered HIGH RISK products.
- 3.10.2 The Supplier must be made aware of which parts and/or characteristics of parts, which are critical to the final vehicle operation. KIRCHHOFF Automotive shall communicate drawing and fixture requirements to the supplier(s) through APQP meetings.
- 3.10.3 Establish the critical characteristics by using the Product/Process Quality checklists. The results of the review shall be communicated to the supplier.
- 3.10.4 If the part is already in production a team from KIRCHHOFF Automotive shipping plant personnel shall review the drawing requirements and processes of the part being manufactured by the Supplier and establish the critical characteristics by using the Process FMEA and Product/Process Quality checklists. The results of the review shall be communicated to the Supplier.
- 3.10.5 Suppliers shall be invited to participate in the APQP process.
- 3.10.6 Suppliers shall be responsible for the quality of their products and assure that the products meet all specifications established by KIRCHHOFF Automotive purchase order, engineering drawings, quality requirements and standards.
- 3.10.7 Suppliers shall be subject to a random audit to ensure that the capability of the parts and processes are maintained as per Customers/KIRCHHOFF Automotive requirements using the Supplier Audit checklist (s) and/or any other Customer Specific Checklist.
- 3.10.8 Supplier's with "Special Processes" (Heat Treating, Plating, **Welding** and Painting) shall be subject to random assessments/audits to determine its process effectiveness according to AIAG CQI-9, CQI-11, CQI-12, CQI-15, **CQI-23**. KIRCHHOFF Automotive will maintain an annual audit plan/schedule, which identify frequency and audit criteria. KIRCHHOFF Automotive personnel shall select the Special Process Assessment as appropriate. Annual self-assessment reports must be submitted prior to PPAP approval.

### 3.11 Supplier Survey / Audit and Development

- 3.11.1 Supplier surveys/audits will be conducted by KIRCHHOFF Automotive based on the following criteria:
- Follow-up to an action from an IQ meeting
  - Quality Systems breakdown



	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

- Performance issues (quality, delivery, including dealer returns, warranty, field actions, recalls, customer disruptions at the receiving plant, including yard holds, and stop ship)
- Process validation
- New supplier
- Potential Risks
- Capacity Issues

3.11.2. KIRCHHOFF Automotive believes strongly in the development of its suppliers and encourages suppliers in establishing a quality system meeting minimum IATF16949/ISO9001 (latest version) Standard.

3.11.3 It is in the best interest of everyone to work together improving our relationships and lines of communication in order to achieve world class status, thus ensuring a secured future.

3.11.4 KIRCHHOFF Automotive encourages suppliers to participate in in-house workshops planned to develop and enhance supplier awareness to the procedures and systems currently used by KIRCHHOFF Automotive.

3.11.5 KIRCHHOFF Automotive promotes suppliers to monitor performance of their manufacturing processes. Manufacturing performance shall be demonstrated during PPAP submission and when required capability results shall be available, and/or verified at the supplier's facility by KIRCHHOFF Automotive's personnel.

### 3.12 Document Control


3.12.1 KIRCHHOFF Automotive requests that all supplier documents be controlled and records maintained to meet the IATF16949/ISO9001 (latest version) Standards. The following documents as a minimum shall be available for review and be controlled:

- Purchase orders
- Engineering references - drawings, changes, requirements
- Schedules – delivery, identification
- PPAP packages
- Packaging information
- Quality records

### 3.13 International Material Data System (IMDS)


#### 3.13.1 INTRODUCTION

IMDS is an Internet-based application that allows auto makers, and part suppliers to record/store/access data using a Web browser. In September 2000, the European Union

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

(OEM) issued a directive to all of their suppliers to report substances of concern and recycled content information for all END-OF-LIFE VEHICLES.

- 3.13.2 Suppliers are responsible for reporting all restricted, prohibited and reportable substances for each product/service provided to KIRCHHOFF Automotive.
- 3.13.3 The method of reporting is through the International Material Data System (IMDS). The IMDS is only accessible via the Internet at [www.mdsystem.com](http://www.mdsystem.com).
- 3.13.4 Enclosed you will find the Supplier Input Form (No Internet Access) which must be completed, and submitted prior to and/or at the time of your PPAP submission to KIRCHHOFF Automotive.
- 3.13.5 Charges/costs incurred by KIRCHHOFF Automotive due to failure to comply with the IMDS requirements will be passed on to the supplier via the Defective Material Notice (DMN) process. Corrective Action will be requested, the Supplier will be placed on a “No Quote Status”, and overall performance downgraded to an unsatisfactory status.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Section 4.0 – Engineering Control

### 4.1 Engineering Change Control


4.1.1 During the life of a program, engineering changes may be required. The suppliers are requested to implement the changes correctly and in a timely manner in order to meet or exceed the customer timing plan. All suppliers must also comply with the Production Part Approval Process (PPAP) whenever a change is required (Ref. [Section 3.5](#)).

### 4.2 Engineering Change Notice (ECN)

- 4.2.1 The ECN will be initiated by the KIRCHHOFF Automotive Engineering department.
- 4.2.2 When the request for Quote (RFQ) is required, the purchasing agent/buyer will submit to the supplier all the necessary information/documents (Cad, forms, timing, etc). The supplier shall provide an estimated cost (including itemized cost breakdown) back to KIRCHHOFF Automotive’s purchasing agent/buyer (Ref. [Contact List](#)). Returned quotes are to be reviewed and approved by the appropriate manger on merits of the quote.
- 4.2.3 Quotes (s) are to be supplied in accordance to the requirements of section 2.0 of this manual (Ref. to Terms & Conditions). All the information collected for the quote remains in the quotation file for future reference.
- 4.2.4 Changes shall only be processed with an issuance of a P.O., or an amendment of a current P.O. related to the engineering change.

### 4.3 Engineering Change Tag

4.3.1 When required, after final approval for the engineering change has been given to the supplier, it is the responsibility of the supplier to clearly identify the new part with an additional tag prominently identifying the change. The supplier is to submit a scanned copy (by email) of the tag(s) to the engineering department before the first shipment. Five (5) shipments or lots or as requested, must be identified with this engineering change tag.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

#### 4.4 Special Shipment Notice

4.4.1 The first shipment of parts that has a part specification change must have a tag of the supplier's choice prominently displayed on all BOXES/COILS/CONTAINERS. The supplier must notify the Engineering Assistant with a scanned emailed copy of this

#### 4.5 Engineering Specifications - Riders

4.5.1 Design specification Gauges/GOM Fixture

4.5.2 Global Tooling Standards

4.5.3 Global technical Standards Assembly

## Section 5.0 – Environmental Management Program

### 5.1 Environmental Management System (EMS)

#### 5.1.1 INTRODUCTION

KIRCHHOFF Automotive has an ongoing commitment to meet the requirements of the ISO14001 Standard and customer EMS requirements. The ISO14001 Standard is intended to provide organizations with the elements of an effective Environmental Management System. The success of an effective environmental management system requires commitment from all of KIRCHHOFF Automotive suppliers/contractors.

#### 5.1.2 SUPPLIER “EMS” EXPECTATION

Suppliers/Contractors shall satisfy the current environmental and safety legislative requirements related to controlled, restricted or hazardous materials as well as environmental considerations applicable to the country of end use.

Are you certified to ISO14001 (latest version) Standard or equivalent?


Please attach your certificate(s) along with the PPAP package to the Plant Quality Department.

#### 5.1.3 ENVIRONMENTAL POLICY

KIRCHHOFF Automotive has a stated and published Environmental Policy that complies with the ISO14001 (latest version) Standard.

### 5.2 Significant Aspects

5.2.1 Following is a list of activities considered to pose a significant impact on the environment at KIRCHHOFF Automotive :

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

- Use of Electricity
- Use of Natural Gas
- Lubricant Use
- Oily Wastewater Generation and Storage
- Use of Compressed Air
- Recycling Systems
- Use of Corrosive Material and its Storage
- Foam Line (includes isocyanates) Aurora 2 facility only.

5.2.2 To help reduce some of these impacts KIRCHHOFF Automotive has established environmental objectives:

- Reduce consumption of natural resources (natural gas and lubricant reductions).
- Pollution prevention (electricity and waste oil reductions).

5.2.3 While working in our facility, we expect you to consciously support our environmental objectives and help reduce significant impact.


### 5.3 Sign-In Policy

5.3.1 The Supplier/Contractor is to read and comply with any posted Environmental, Health and/or Security information prior to sign in. (See appendix V).

5.3.2 A Manager/Supervisor or designate is responsible to sign for the supplier/contractor when entering KIRCHHOFF Automotive's facilities through the reception and/or shipping areas.

### 5.4 Agreement and Acknowledgment

Supplier/Contractor Agreement and Acknowledgement shall be read, signed and scanned and sent by email back to KIRCHHOFF Automotive to the attention of the Corporate Supplier Development Specialist.

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		


## Appendix I – IATF16949 (*Latest version*)

**GOAL:** The goal of quality management system requirements IATF16949/ISO9001 (latest version) is the development of a fundamental quality management system that provides for continuous improvement, emphasizing defect prevention, and the reduction of variation and waste in the supply chain.

**PURPOSE:** IATF16949 (Latest version) defines the fundamental quality management system expectations of DaimlerChrysler, Ford, General Motors, Truck Manufacturers, and other subscribing companies (OEM) for internal and external suppliers of production parts, service parts, and materials. These companies are committed to working with suppliers to ensure customer satisfaction beginning with conformance to quality requirements, and continuing with reduction of variation and waste to benefit the final customer, the supply base, and themselves.


**APPROACH:** International Automotive Task Force (IATF) IATF16949/ISO9001 (latest version), quality management system particular requirements for the application of IATF16949/ISO9001 (latest version) for the automotive production and relevant service part organizations.

The word "shall" indicate mandatory requirements. The word "should" indicates mandatory requirements with some flexibility in compliance methodology. Suppliers choosing other approaches must be able to show that their approach meets the intent of IATF16949 (Latest version). Where the words "typical" and "examples" are used, the appropriate alternative for the particular commodity or process should be chosen. Paragraphs marked "NOTE" are for guidance.

	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

## Appendix II – Acronyms

A2LA	American Association for Laboratory Accreditation
AAR	Appearance Approval Report
AIAG	Automotive Industry Action Group
APQP	Advanced Product Quality Planning
ASL	Approved Supplier List
ASN	Advance Shipment Notice
ASQ	American Society for Quality
DMN	Defective Material Notice
ECN	Engineering Change Notice
EDI	Electronic Data Interchange
EW8D	Corrective Action Report
FOB	Free On Board
GR&R	Gauge Repeatability & Reproducibility
IQ	Incoming Quality
IATF	International Automotive Task Force
ISO	International Organization for Standardization
JIT	Just In Time
KA	KIRCHHOFF Automotive
KANA	KIRCHHOFF Automotive North America
MRO	Maintenance Repair & Operating
MSDS	Material Safety Data Sheets
PFMEA	Process Failure Mode and Effects Analysis
PPAP	Production Part Approval Process
PPM	Parts Per Million

	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

WHMIS

Workplace Hazardous Materials Information System


CDB

CIM Database

## Appendix III – Forms / Labels

REFERENCE FORM #	DESCRIPTION
<a href="#"><u>P0019</u></a>	<i>Supplier Profile</i>
QA0120	<i>Defective Material Notice</i>
<a href="#"><u>P0017</u></a>	<i>Request For Deviation</i>
K>NET /CDB	<i>Engineering Change Notice</i>
E0058	<i>IMDS – Supplier Input Form</i>
<a href="#"><u>P0030</u></a>	<i>Supplier Information</i>
QA0117	<i>Supplier Performance Rating</i>
<a href="#"><u>PPSO</u></a>	<i>Progressive Payment Sign-off</i>
<u>T-500 LAR DAR</u> <u>T-700 TAR</u>	<i>Die Design / Buy-off Approval Checklist</i>
<u>I-700.PA</u>	<i>Equipment Sign-off Sheet and Checklist</i>
<u>QPP Checklist</u>	<i>Fixture Check Sheet</i>
<a href="#"><u>P0079</u></a>	<i>Delivery Note</i>




	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	TITLE: <b>Supplier Development Manual</b>	

<i>DT0000142.01</i>	<i>Supplier Packaging Agreement Form</i>
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*Note 1: For above forms, request from your KIRCHHOFF Automotive contact*

*Note 2: For Labels, refer to: [www.aiag.org](http://www.aiag.org) (AIAG - Automotive Industry Action Group)*

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Appendix IV – Environmental & Safety Rules

### 1. SECURITY:

Before starting any work, those working on behalf of KIRCHHOFF Automotive as a supplier or contractor must sign in at the Reception Area. You must comply with the posted Environmental requirements and the established Safety Rules. This would include using the facility's sign-in process. You will then receive a Visitor's Badge to allow access to your work location.

### 2. PROTECTION (PPE):

Safety Glasses, Hearing protection and Safety footwear must be worn at all times while in the Manufacturing areas. Protective arm guards and gloves must be worn at all times when handling manufactured parts in the facility.

Suppliers/contractors are responsible for providing their employees with all related PPE to complete their work safely.

### 3. SMOKING:

Smoking is permitted in designated areas only.

### 4. FOOD and DRINK:

Eating and drinking in the building is restricted to designated areas. ie: Cafeteria, conference/boardroom and training rooms.

### 5. ENVIRONMENTAL/CHEMICAL HAZARDS:

As a supplier/contractor hazards are required to be communicated to KIRCHHOFF Automotive prior to starting the work if:

- chemicals brought onto the premises are hazardous,
- work that is to be done is considered to have a significant environmental impact,
- the work generates waste (hazardous or construction debris).


Copies of MSDS for hazardous products must be provided. Contractors are responsible for the removal and proper disposal of all wastes, according to legislation and related regulation activities which contravenes KIRCHHOFF Automotive's policies or legislative requirements is prohibited.

### 6. EQUIPMENT/BARRICADES:

Contractors are responsible to provide the tools and equipment necessary to perform their work. Contractors are also responsible for placing warning signs and/or barricades in effective locations to alert individuals of an area of construction or other existing hazards.

### 7. SUBSTANCE ABUSE:

While on the premises of KIRCHHOFF Automotive no-one may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs.


	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

#### 8. SAFETY RULES:

All supplier or contract employees require orientation if they will be performing work or will be unescorted inside a KIRCHHOFF Automotive facility. Orientation will cover specific hazards, safety rules, safe practices, and emergency response. Your KIRCHHOFF Automotive contact and you are responsible for your and your employee's orientation, understanding and compliance with the KIRCHHOFF Automotive's safety requirements. Failure to comply with KIRCHHOFF Automotive's safety requirements can result in removal and denial of access to KIRCHHOFF Automotive facilities.

#### 9. GENERAL SAFETY RULES:

- Walk, do not run
- Personal protective equipment must be worn
- When entering an aisle, always stop and look both ways
- Use authorized aisles, walkways and stairways only
- Do not enter a barricaded or restricted area
- Do not enter confined space unless trained and/or authorized to do so
- Do not remove or tamper with guards or other safety devices
- Do not operate machinery or use tools unless authorized by your KIRCHHOFF Automotive contact (e.g. lifting devices, welders).
- Ride moving vehicles only when a passenger seat is provided

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

## Appendix V – Supplier Contractor Agreement & Acknowledgment

### SUPPLIER/CONTRACTOR

#### Agreement and Acknowledgement


Last revised: March, 21 2006

#### Regarding Compliance with Environmental and Safety Rules

KIRCHHOFF Automotive (“KIRCHHOFF Automotive”) applies a set of Environment and Safety Rules as part of the Health, Safety and Environmental Management System. All suppliers and contractors on the premises of KIRCHHOFF Automotive are required to familiarize themselves with these Environmental and Safety Rules and to comply with them. The undersigned (the “Supplier/Contractor”) is a supplier or contractor to KIRCHHOFF Automotive.

IN CONSIDERATION of KIRCHHOFF Automotive’s engagement of the Supplier/Contractor, and other good and valuable consideration which has been received, the Supplier/Contractor acknowledges to, and agrees with, KIRCHHOFF Automotive as follows:

- 1 Receipt of a copy of the Environmental and Safety Rules is acknowledged by the Supplier/Contractor. The Supplier/Contractor acknowledges that the premises of KIRCHHOFF Automotive contain machinery, equipment and manufacturing operations that are inherently dangerous, and that full compliance with the Environmental and Safety Rules is essential to minimize and control such dangers. The Supplier/Contractor agrees that it will fully comply with the Environmental and Safety Rules, and that it will also cause each of its employees and representatives for whom it is responsible to comply with the Environmental and Safety Rules. If there is any part of the Environmental and Safety Rules which the Supplier/Contractor does not understand or is unclear about, it will make appropriate enquiries of KIRCHHOFF Automotive’s authorized personnel and cause its employees and representatives to do the same.
- 2 The Supplier/Contractor shall maintain, and when required, provide a copy of their current Clearance Certificate to declare that they are registered with the Workplace Safety & Insurance Board (WSIB), if applicable, and to assure that they have an account in good standing. They must also show that the certificate is valid (60 days) to ensure continual protection. The Supplier/Contractor shall also comply with all applicable standards, rules and regulations of the Occupational Safety and Health Administration (OSHA), if applicable.
- 3 The Supplier/Contractor acknowledge that KIRCHHOFF Automotive does not guarantee that its premises are entirely safe and free from risk. The Supplier/Contractor assumes the sole risk of any damage or destruction to its property or the property of its employees and representatives and the sole risk of injury, including death, to the person of any of its employees or representatives, save and except where such is directly the result of the wilful and intentional

	PROCEDURE No.	<b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

conduct of KIRCHHOFF Automotive and/or KIRCHHOFF Automotive's employees and representatives. All claims which the Supplier/Contractor now or hereafter has against KIRCHHOFF Automotive, its directors, officers, employees and representatives for damage, destruction, loss or injury, including death, to the property or person of the Supplier/Contractor or any of its employees or representatives are hereby unconditionally and irrevocably waived and released, except where such is directly the result of the wilful and intentional conduct of KIRCHHOFF Automotive and/or KIRCHHOFF Automotive's employees and representatives.


4 Provided that KIRCHHOFF Automotive does not act arbitrarily, the Supplier/Contractor agrees that KIRCHHOFF Automotive may terminate any agreement, contract or other arrangement that KIRCHHOFF Automotive has with it if the Supplier/Contractor does not comply with the Environmental and Safety Rules and that any such termination shall be without any liability whatsoever on the part of KIRCHHOFF Automotive other than payment for goods and services provided to the date of termination.

5 Any waiver or failure on the part of KIRCHHOFF Automotive to take action with respect to any non-compliance with the Environmental and Safety Rules, or consent on the part of KIRCHHOFF Automotive, to anything that may be in contravention of the Health, Safety and Environmental Rules does not constitute a waiver, consent or agreement to any further acts or conduct that are not in compliance with the Health, Safety and Environmental Rules.


6 This Agreement & Acknowledgement is collateral to and in addition to all other agreements which the Supplier/Contractor now or hereafter has with KIRCHHOFF Automotive, and all such existing and/or future agreements between the Supplier/Contractor shall be read and interpreted as being subject to the terms hereof, even if such other existing or future agreements state that they are the entire agreement between the parties.

7 All suppliers/contractors shall be aware of related activities that are considered to pose a significant impact on the environment at KIRCHHOFF Automotive. KIRCHHOFF Automotive has established goals and objectives to help reduce significant environmental impact. While working at KIRCHHOFF Automotive, we expect you to consciously support our environmental objectives and our efforts to reduce environmental impact. To access the list of these activities refer to section 5.0 of the Supplier Development manual.

8 This Agreement is binding upon the Supplier/Contractor and its successor and assigns. A facsimile signature below shall be deemed to be an original signature.

	PROCEDURE No. <b>SDM</b>	
	ISSUED: 05/08/97	REV: February 16, 2024
	REV: 048	
TITLE: <b>Supplier Development Manual</b>		

Name of Supplier/Contractor (Please print):	Address:
Signature:	Title :
Date :	

	PROCEDURE No. <b>SDM</b>		
	ISSUED: 05/08/97	REV: February 16, 2024	REV: 048
	TITLE: <b>Supplier Development Manual</b>		

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Date	DCN	Approved by:	Details:
Sep 24, 2014	CQPC201892414419	De Freitas	2.4.3 (2/3/4/5/8) Deviation request examples updates as per bold/italics
June 24, 2015	CQPC20150624160031	De Freitas	Sec 3.5.3.3 Sub Warrant level 2 is required for all raw/bulk material submissions. Where OEM PPAP approval of material exists, it is sufficient evidence as PPAP submission & approval (eg of Bulk Matls: Chemicals, Paint, Rinses, coils etc.)
Oct 26, 2015	CQPC20151026153957	De Freitas	Add 3.8.6 When RMA # requested from supplier, response must be provided within 10 business days, otherwise, suspect parts will be dis-positioned at KVR's discretion and full value of the suspect delivery will be charged back to the supplier plus admin fees.
Apr 14, 2016	CQPC20160414104427	De Freitas	3.8.9 Admin fee of non conf report changed to \$500.00
Oct 10, 2017	PUPC2017101911337	Dutta	Update logo/company name Add Lansing/Dallas facility information Add 3.2.4 Social Responsibility clause
Dec 17, 2017	PUFC20171215105630	Dutta	2.3 #19: add and all applicable statutory and regulatory requirements and special products and special characteristics within the entire supply chain
Feb 23, 2018	PUPC2018223153045	Dutta	3.4 Table 2 over-all Supplier Perf. Rating Change 84-70 to 81-84 Change 70 to 80
Apr 16, 2018	PUFC2018420171511	Dutta	2.4.2 add Planned/ unplanned change for raw material/components/equipment Deviation Form
May 10, 2018	CQPC2018510114814	De Freitas	Add 1.3.2 Supplier to review SDM quarterly Add 2.4.3 Examples of changes requiring notification
Jun 4, 2018	CQPC201864135846	De Freitas	2.4.3 #6 added 3 items Add 2.4.3.1/2/3/4
Sep 14, 2018	PUFC201891417733	Dutta	2.3 # 4 Set-off clause - rephrased
Jun 19, 2019	COFC201961913226	Dutta	Section 2.6 modify process description; 4.5 update specification names; Update Appendix forms.
Oct 21, 2019	PUFC20191022131946	Dutta	2.6.4 Add Communication 3.2.4 Add Code of Conduct
Jan. 6, 2020	PUPC202016141729	Dutta	Various updates/changes applied on this document for title changes, SQE roles addition, document audit frequency based on IATF audit
Jan 18, 2021	PUPC202111881232	Dutta	3.11.1 Supp survey Audits addl items added under performance issues and add capacity issues
Mar.16, 2021	PUPC2021316133058	Dutta	Added stock retention instruction in 2.3 (8) Blanket Purchase Order. Removed RIC/HER ; add ATL plant from contact list.
May 5, 2021	PUPC202155142816	Dutta	Updates : Purpose, scope, Purchase Order Terms and Conditions-various clauses, Damages clause and Appendix V (2); update to footer
Dec 12, 2022	PUPC20221213103010	Dutta	3.3.5 Add customer disruptions
Jan 24, 2023	PUPC2023124816	Dutta	Add 31) Service Part Deliveries under Purchase Order Terms and Conditions
Aug 22, 2023	PUPC2023822135738	Dutta	Added IATF (latest version)
Feb.16.2024	PUFC202421610859	Dutta	Added Verbiage in supplier management clause# 3.10.8