



Supplier Quality Manual

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Modineer Supply Chain Management Strategy and Vision

- *To develop the supply chain into a manufacturing partner emphasizing high quality and lowest possible cost.*
- *To meet and exceed all customer requirements, on-time delivery and documented processes.*
- *To maintain inventory in a just-in-time lean production environment.*
- *To maintain inventory accuracy and transaction integrity throughout the ERP process.*
- *To continually improve procedures and processes, creating smooth execution of schedules.*
- *To continuously develop and train the supply chain management team as industries and environments change.*

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1. Introduction

Modineer's Supply Chain Management (SCM) group is the suppliers' first line of communication and approval source whenever components or services are contracted or provided to Modineer. Modineer's Program Management and Quality functions coordinate supplier information and provide support to suppliers while relying upon the supplier's expertise with regards to manufacturing and quality of the product.

While Modineer may assist the supplier in achieving quality requirements and improving quality, the responsibility for supplier quality and on-time delivery remains with the supplier.

1.1 Purpose

The purpose of this Supplier Quality Standard is to specify Modineer's minimum quality system requirements for suppliers. The supplier is responsible to implement and maintain additional procedures and controls deemed necessary.

This manual is intended to communicate uniform quality requirements that Modineer expects of all suppliers, and it provides general instructions and /or procedures that are to be followed by suppliers.

1.2 Scope

This manual applies to all direct material/service suppliers. In addition, these requirements will also apply to indirect material/service suppliers when stated in the Modineer purchase order. Also included are Modineer's customer directed suppliers.

Acceptance of a Modineer purchase order constitutes acceptance of all requirements contained within this document as well as terms & conditions specified on Modineer's purchase order and/or web site. Refer to section 3 – Supplier Development and Terms & Conditions.

These requirements do not supersede any regulatory statutes, requirements of the purchase order, engineering drawing or specification requirements, or relieve the supplier of exercising independent expertise and skill in providing products or services to Modineer.

1.3 Responsibility

This manual is a quality standard and requires the formation and maintenance of a documented and effective quality system by suppliers to Modineer and its divisions / wholly owned subsidiaries. Suppliers are responsible for meeting the requirements stated in this manual. Failure to meet these requirements may result in the loss of existing and/or future Modineer business. In addition, Modineer's Supply Chain Management group will seek reimbursement of the associated costs.

This Supplier Quality Standard establishes specific minimum requirements. It shall be the supplier's responsibility to implement and maintain any additional controls deemed necessary to continually ensure "fitness for use", reliability and product conformance to stated and/or implied part print tolerances and associated specifications.

Suppliers shall adopt the standards of Zero Defects and 100% On-Time Delivery to Modineer. Suppliers shall understand that any established PPM targets greater than zero or delivery target less than 100% represents an intermediate continual improvement goal.

1.4 Governmental and Regulatory Compliance

Suppliers shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environment protection, toxic and hazardous materials, free trade, product safety, etc. Suppliers must recognize that the applicable government regulations include those in the country of manufacture, country receipt and country of sale (destination). Suppliers are also required to cascade these requirements to their Sub-Suppliers.

1.5 Reference Documents

- International Standard ISO 9001
- Technical Specification ISO/TS16949
- Technical Specification IATF / 16949
- Automotive Industry Action Group (AIAG) Advanced Product Quality Planning & Control Plan (APQP) Manual
- Automotive Industry Action Group (AIAG) Potential Failure Mode and Effects Analysis (FMEA) Manual
- Automotive Industry Action Group (AIAG) Measurement System Analysis Manual (MSA) Manual
- Automotive Industry Action Group (AIAG) Production Part Approval Process (PPAP) Manual
- Automotive Industry Action Group (AIAG) Statistical Process Control (SPC) Manual
- Automotive Industry Action Group (AIAG) Special Process: Heat Treat System Assessment – CQI-9
- Automotive Industry Action Group (AIAG) Special Process: Plating System Assessment – CQI-11
- Automotive Industry Action Group (AIAG) Special Process: Coating System Assessment – CQI-12
- Automotive Industry Action Group (AIAG) Special Process: Welding System Assessment – CQI-15
- Automotive Industry Action Group (AIAG) Sub-tier Supplier Management Process Guideline – CQI-19
- Automotive Industry Action Group (AIAG) Special Process: Plastic Molding System Assessment – CQI-23

It is the responsibility of suppliers to insure they are working and compliant to the most recent version of all standards and requirements.

2. Supplier Selection and Approval

Prospective suppliers are provided with the appropriate information by Modineer's Supply Chain Management (SCM) group in preparation of providing Modineer with a quotation for requested product and/or services used in the manufacture of products sold to Modineer's customers.

As part of the potential supplier information provided to Modineer's Supply Chain Management (SCM) group is the status of the supplier's quality system registration. Suppliers of Modineer's automotive divisions, at a minimum, must be third-party registered by an accredited third-party certification body to the current revision of the ISO 9001 standard, unless approved by the appropriate Modineer customer, with the ultimate objective of becoming certified to the Automotive AMS standard (IATF16949) The supplier's certification body should be ANAB approved.

NOTE: If at any time a supplier's registration expires or is rescinded by its registrar, Modineer's Supply Chain Management (SCM) contact must be notified immediately.



In addition, Modineer's Supply Chain Management (SCM) group typically will send a Supplier Assessment form (Reference current revision of AIAG CQI-19, Appendix F) to prospective suppliers to be completed as a self-assessment. Modineer uses a process audit format when conducting on-site assessments. **Refer to Appendix I for current revision of Modineer's Supplier Assessment Form.** Suppliers with unacceptable assessment results will be required to submit and complete corrective actions for observed discrepancies.

Completed supplier self-assessments are returned to Modineer's Supply Chain Management (SCM) group for review and analysis. Based on the Supplier Risk Assessment and supplier provided self-assessment (if required), Modineer Chief Operating Officer (COO) and Director of Quality will determine if Modineer will conduct an initial on-site assessment (2nd party) of new suppliers or new supplier locations that meet the initial sourcing criteria.

NOTE: Prospective suppliers that are third party registered IATF 16949 or ISO 9001 companies AND are determined to be minimal risk suppliers by the Chief Operating Officer (COO) and Director of Quality may not require self-assessments or on-site assessments to be completed.

Modineer's Supply Chain Management (SCM) group will approve or deny approval for new suppliers. Approved suppliers will be added to the Modineer's Approved Supplier List by Modineer's Supply Chain Management (SCM) group on a full or conditional approval status.

Suppliers are approved on a location-by-location basis. Approval of one manufacturing location does not constitute approval for any other location.

Once approved by Modineer, on-going supplier ratings (i.e. quality and delivery), costs, and other commercial factors will determine long-term business potential including new business awards. On-going assessments will be performed as determined by Modineer's Chief Operating Officer (COO) and Director of Quality.

Modineer's Supply Chain Management (SCM) group will perform a cross-functional Supplier Risk Assessment (refer to AIAG CQI-19, Appendix E).

3. Supplier Terms & Conditions

Modineer's Supply Chain Management (SCM) group at the direction of Modineer Chief Operating Officer (COO) is responsible for the development and communication of Modineer's purchase order terms & conditions. These terms & conditions will be revised to meet changing business / supplier requirements by Modineer's Supply Chain Management (SCM) group as directed by Modineer Chief Operating Officer (COO).

Refer to Appendix II for current revision of Modineer's Terms & Conditions.

Modineer's purchase order terms & conditions will be provided to applicable suppliers. One of the conditions is the supplier's acceptance of all the terms listed within the current revision of the Modineer Supplier Quality Manual. Modineer's Supply Chain Management (SCM) group will send out to new suppliers a current copy of Modineer's purchase order terms & conditions. Suppliers will be required to return a receipt / acknowledgement form to Modineer Supply Chain Management (SCM) group who will track supplier acknowledgements. Once a supplier is provided a copy of Modineer's purchase order terms & conditions, it will be the responsibility of the supplier to verify

documented changes to the terms & conditions by checking for updates posted on the Modineer web site. Modineer Supply Chain Management (SCM) may provide a supplier with a documented part and / or process specific modification / update to the supplier's current purchase order terms & conditions instead of utilizing a general update posting to Modineer's web site.

4. Supplier Development and Performance Ratings

Modineer's Supply Chain Management (SCM) group is responsible for the development of relationships with supply chain partners. A supplier profile will be developed by Modineer Supply Chain Management (SCM) group utilizing such criteria as follows:

- Supplier grouping (automotive, defense, non-automotive)
- Registration status (IATF 16949, ISO9001, other applicable, not registered)
- AIAG special process status
- Modineer's customers' specific requirements
- Supplier ranking (A, B, C, D, E) – can be determined by quantity of incoming material / products / service and/or dollars spent annually.
- Material / Product / Service Uniqueness (commodity, specialty, one-of-a-kind)
- Customer directed supplier
- Supplier performance

Based on a supplier's profile, the identified supplier relationship developmental action plans will be generated, as required, by Modineer Supply Chain Management group (SCM) and implemented as directed Modineer Chief Operating Officer (COO). Modineer requested meetings such quarterly or annual supplier reviews conducted by Modineer Supply Chain Management group (SCM) as directed Modineer Chief Operating Officer (COO) can be utilized to continually develop supplier relationships. Based on a supplier's profile, Modineer Supply Chain Management (SCM) group can utilize a SWOT (Strengths, Weakness, Opportunities, Threats) methodology to analyze its supply chain partners.

Modineer's Supply Chain Management (SCM) group at the direction of Modineer Chief Operating Officer (COO) is responsible for the development and communication of Modineer's supplier performance metric. Zero Defects and 100% On-Time Delivery are cornerstone Modineer expectations for purchased parts and/or services. Modineer's Supply Chain Management (SCM) group reviews supplier performance and updates supplier status accordingly based upon ratings and other related criteria.

Supplier performance is based upon, but not limited to, the following criteria:

- Rejected product dollar value as a percentage of total purchase value.
- Defective Parts per Million (PPM). Supplier PPM ratings are computed on returned/scrapped units per million units shipped ratio. Suppliers that do not support on-site containment at Modineer and its customers will be subjected to a full shipment PPM calculation as opposed to the standard PPM calculation consisting of actual number of defective units.
- On-Time Delivery
- PPAP Approvals

5. Supplier Improvement Program

Suppliers' whose performance fails to meet one or more of Modineer's supplier expectations such as *Zero Defects* or *100% On-Time Delivery* will be subject to an improvement program. Repetition of deficient performance or a single catastrophic breakdown from a supplier can start this process. Based on the recommendations of Modineer's Supply Chain Management (SCM) group, suppliers will be selected as directed by Modineer Chief Operating Officer (COO) and Director of Quality.

5.1 Stage One - Warning Status

Suppliers that exhibit inadequate quality performance will be placed on *Warning Status*. Listed below are some reasons for suppliers being placed on *Warning Status*:

- Quality spill
- High monthly PPM
- Containment break
- Cumulative rejection rating reaches 3% of purchased value

This is typically the starting point of the supplier improvement process. Suppliers will be invited to attend a Quality Performance meeting at Modineer. The supplier will be required to present corrective action plans to Modineer's Plant Management, Quality and Supply Chain Management (SCM) representatives.

Stage One Review requires the attendance by the supplier's Plant Manager and Quality Manager to review corrective action plans in detail with Modineer personnel.

5.2 Stage Two – Action Status

Suppliers that continue to exhibit inadequate quality performance will be escalated to *Action Status*. Listed below are some reasons for suppliers being placed on *Action Status*:

- Failure to resolve issues as previously committed during Stage One Review
- Additional Quality spill
- Additional containment break
- Cumulative rejection rate reaches of 5% of purchased value.

Achieving Stage Two status requires a Quality Performance meeting at Modineer attended by the supplier's Operations and Quality Executives to review corrective action plans in detail.

Once a supplier reaches *Action Status*, Modineer's Supply Chain Management (SCM) group will impose "New Business Hold" status. The supplier will not be allowed to quote on new business until the issues are resolved and closed by Modineer's Supply Chain Management (SCM) group.

5.3 Stage Three – Last Chance Status

Additional infractions and/or failure to completely resolve issues as previously committed during the Stage Two Review will elevate suppliers to *Last Chance Status*.

Achieving Stage Three status requires a Quality Performance Meeting attended by the supplier's top executive management (President) to review systemic reasons for corrective action failure and plans for resolution.

Once a supplier reaches Stage Three, Modineer's Supply Chain Management (SCM) group will consider de-sourcing the supplier. The supplier will continue to be not



allowed to quote on new business until the issues are resolved and closed by Modineer's SCM group as directed by the Chief Operating Officer (COO) and Director of Quality.

Failure by the supplier's executive management to successfully implement the necessary improvement actions outlined at the Stage Three Review will result in loss of business with Modineer.

NOTE: Modineer's Supply Chain Management group reserves the right to place suppliers at Action and/or Last Chance status without following the progressive steps listed above.

6. Production Part Approval Process (PPAP)

Submission packages differ depending upon Modineer's end customer requirements. Parts and/or services provided for Military / Defense programs are based upon the requirements of those customers. Suppliers should verify requirements with Modineer Program Management and/or Quality group as required.

Suppliers for those programs that are not for Military / Defense programs are required to complete the Production Part Approval Process (PPAP) in accordance to the current revision of associated Automotive Industry Action Group (AIAG) requirements as well as Modineer and end customer specific requirements.

PPAP submissions are required for proto-type, pre-production and production parts and/or services, unless otherwise specified by Modineer's Supply Chain Management (SCM) group.

Unless otherwise specified by Modineer's Supply Chain Management (SCM) group, PPAP packages are required to be submitted to Modineer's Quality Department for review and approval prior to shipment.

Modineer requires its suppliers to provide a Level 3 PPAP submission based on a sample size of six (6) parts taken from a production lot of 300 parts or more, unless otherwise specified by Modineer's Quality Department.

Proprietary documents may be excluded from PPAP submissions upon approval of Modineer Quality Department. When such conditions exist, the supplier shall include a letter in the PPAP submission stating the reason the document is proprietary and stating that the document is available for review by Modineer at supplier's location.

Suppliers shall ensure that PPAP requirements are met before submission to Modineer. Supplier submission of a nonconforming PPAP package will be recorded as a supplier performance failure and will affect the supplier's performance rating.

Once PPAP approval is received by suppliers from Modineer, no changes to production process(es) nor material(s) / product(s) without prior notification and associated approval by Modineer Supply Chain Management (SCM) and Quality Department. Refer to section 7 – Process Change and the current revision of associated Automotive Industry Action Group (AIAG) Production Part Approval Process (PPAP) requirements as well as Modineer's customer specific requirements.

6.1 Advanced Product Quality Planning (APQP)

Advanced Product Quality Planning is the recommended process for establishing quality objectives and for establishing the plans for meeting or exceeding these objectives.

Advanced Product Quality Planning should be completed for the following:

- During the development of new processes and / or products
- Prior to significant changes to processes and or products (as determined by Modineer)
- Prior to tooling being transferred to new producer or facilities.

Suppliers should form quality-planning teams for every new or changed product. These teams should use throughout the quality process development and pre-production phases the planning techniques identified in the current revision of the Automotive Industry Action Group (AIAG) APQP manual as well as Modineer's specific requirements.

At Modineer's request, supplier APQP teams may include Modineer Supply Chain Management (SCM), Program Management and/or Quality representatives.

6.1.1 Process Flow Diagrams

Process Flow Diagrams are required for PPAP approval. These diagrams should depict the associated manufacturing process and be tied numerically to the Control Plan and Process Failure Modes and Effects Analysis (PFMEA).

Modineer may require a preliminary Process Flow Diagram to be provided for review prior to PPAP submission.

Refer to the current revision of the Automotive Industry Action Group (AIAG) APQP and FMEA manuals for specific details on creating Process Flow Diagrams.

6.1.2 Failure Mode and Effects Analysis (FMEA)

FMEA's are required for PPAP approval. These documents should list potential failures and the associated actions required to prevent these failures from causing nonconforming material / product from being received at Modineer and its customers. FMEA's are considered the base documents from which the associated Control Plans are derived.

FMEA's are required for new or changed products or processes. FMEA's are "living documents" and are required to be updated for design or process changes due to corrective actions, continual improvement activities, lessons learned, etc. throughout the product life.

Modineer may require a preliminary PFMEA to be provided for review prior to PPAP submission.

Refer to the current revision of the Automotive Industry Action Group (AIAG) APQP and FMEA manual for specific details on creating Failure Mode and Effects Analysis (FMEA) Diagrams.

6.1.3 Control Plans

Control Plans are required for PPAP approval. Modineer relies on the expertise of their suppliers regarding the manufacturing and quality of the products they produce.

A Control Plan must list the following items:

- Key Product Characteristics (KPC) and Critical Characteristics (CC) identified on Modineer supplied engineering drawings and associated specifications as well as end customer requirements.
- Product or process characteristics identified in Modineer's supplier quality planning meetings.

- KPC's and CC's identified by the supplier based on product and process knowledge.
- Product or process characteristics identified during the APQP process and FMEA development.

Once control characteristics have been identified, control methods must be established and documented in the control plan. Control Plans shall detail controls from receipt of raw materials through finished product shipment.

Changes of significance (fit, form, function, durability, appearance or level of control) are to be submitted for approval to Modineer Quality Department. In addition, updates to Control Plans are required in the event of a process change due to a corrective action or continual improvement activity. Changes of no significance (document format, spelling, etc.) do not require Modineer approval. Contact Modineer Quality Department if there are questions concerning approval requirements.

KPC's and CC's must be referenced in the Control Plan. KPC's should have error proofing / mistake proofing to ensure 100% quality is received at Modineer. Mistake proofing control must be referenced in the Control Plan, including the suppliers' method of verification to ensure continued function of established controls.

When Modineer orders service parts from a supplier, at a minimum, the same controls as documented on most recent Control Plan approved for production must be utilized. Modineer's Quality Department must approve in advance any changes made to Control Plan used in the manufacture of service parts.

Modineer may require a proto-type and/or pre-launch Control Plan to be provided for review prior to PPAP submission.

Refer to the current revision of the Automotive Industry Action Group (AIAG) APQP and FMEA manual for specific details on creating Control Plans.

NOTE: Modineer approval of a supplier's Control Plan is in no way to be interpreted as unconditional approval of the process or quality of the materials / products supplied under the control plan. The responsibility of the supplier remains with the supplier.

6.2 Gauging and Measurement System Analysis (MSA)

Suppliers are responsible for developing and utilizing the appropriate gauging required to measure supplied components in accordance to the associated Control Plan. This gauging may consist of general use types of gages such as micrometers, calipers, gage pins, etc. as well as specialized check fixtures that are designed to check parts specific features.

All gauges must be certified before use. Associated records of certification / calibration must be maintained by the supplier and made available upon request of Modineer. Independent 3rd party certification is required of part specific check fixtures. The certification lab shall be A2LA or IEC 17025 recognized unless waived by Modineer's Quality Department.

Product and process conformance must be determined by measurements made with appropriate test equipment and gages. The supplier must establish the error of measurement to specification ratio since the test equipment or gauge is a significant part of the process. Any error in these measurements, whether known or unknown, has a direct effect on the ability to judge process / product conformance and capability.

Modineer requires that test equipment and gauges used to evaluate Control Plan characteristics have gauge R & R studies conducted which meet the requirements of the



AIAG MSA manual or be removed from service and be replaced with a conforming gage. Variable gauging should be used wherever possible.

At a minimum, GR&R studies must be submitted for KPC and CC items as part of the PPAP approval process.

Refer to the current revision of the Automotive Industry Action Group (AIAG) MSA manual for specific details on performing Measurement System Analysis.

6.3 Statistical Process Control (SPC)

Statistical process control (SPC) should be used as an integral part of the supplier's process to provide the necessary information for the key process parameters and product characteristics identified as KPC or CC characteristics. In addition, suppliers are expected to utilize the data from the control charts to identify opportunities for improvement to continually reduce the variation in process output. Variable control charts are the preferred method of SPC.

Accepted statistical analysis utilizes Pp / PpK values for short-term data and Cp / CpK data for long-term data, when the data is normally distributed. Refer to the current revision AIAG SPC manual for clarification of what calculation to use.

Pp / Ppk studies for KPC and CC designated characteristics must be submitted as part of the PPAP package. Although variable data is the preferred method, attribute studies can be utilized. Attribute characteristics require a statement of conformance of a minimum of 300 consecutively passed parts.

On normally distributed processes, Modineer requires an initial PpK of 1.67 minimum and to maintain in production a 1.33 CpK minimum. When such indices are below these minimum requirements, reaction conditions that are specified by AIAG in the PPAP manual must be implemented.

Cp / CpK values for KPC and CC characteristics may be required to be submitted as part of certification packages for on-going production shipments, or at any time upon request.

When unique process condition, historical data, or other factors suggest an exception to the use of statistical controls, supporting rationale must be provided with a proposed Control Plan to Modineer's Quality Department for approval.

Refer to the current revision of the Automotive Industry Action Group (AIAG) SPC manual for specific details on performing Statistical Analysis.

7. Process Changes

Modineer encourages process improvements to enhance quality and reduce cost. However, any changes in process require Modineer approval. Suppliers shall submit a written request to Modineer's Supply Chain Management (SCM) group for product or process change.

Change approval may take an extended period when Modineer's customer approval is required. Changes will not be implemented prior to the receipt of written approval from Modineer. VERBAL REQUESTS WILL NOT BE ACCEPTED.

Note: Suppliers' must receive written PPAP approval from Modineer's Quality Department prior to shipping product produced from incorporating a change as

defined above. If there is any doubt regarding approval requirements of a change, contact Modineer's Quality Department for assistance. Failure to obtain approval in advance of shipment will result in product rejection and financial liability for affected product inventory regardless of completion status.

8. Quality System

Suppliers must maintain a documented Quality System that ensures Modineer that product conforms to requirements listed on Modineer's purchase order, part drawings, specifications (customer, Modineer, industry, etc.), and/or other provided documents.

8.1 Procedures

Suppliers must maintain documented procedures that shall provide for the control of quality of all contracted parts and/or services, either provided by the supplier or procured by the supplier from a sub-supplier. These procedures must describe, at a minimum, the following activities:

- Calibration
- Control of Nonconforming Material and/or Product
- Corrective and Preventive Actions
- Inspection and Testing (receiving, in-process, final)
- Product Traceability and Lot Control
- Record Retention
- Training

8.2 Inspection and Testing

Suppliers must maintain a document inspection and test procedures to ensure Modineer that product has been inspected and tested prior to shipment. These procedures must include activities from the various phases of the suppliers' process such as receiving, in-process, and final inspection and testing. Results of the required inspection and tests must be documented as well as the associated product status (accept or reject). Inspection and test records must be retained.

8.3 Gauge Calibration

Suppliers must maintain a documented calibration system to control the accuracy of devices used to measure, gauge, test, inspect or otherwise examine items to verify acceptability of products and/or services. Gauges must be calibrated at designated intervals with records of the calibration process retained. Calibration records must include the actual gauge readings "as received" for calibration as well as the corresponding "after adjustment" readings when an adjustment to the gauge is required to be made. Standards used for this calibration system must be traceable to national or international standards.

9. Supplier Control of Special Processes

Suppliers must implement and document the appropriate process controls necessary to achieve the required results. Process validation and verification records must be maintained to ensure process control is monitored.

Suppliers must provide Modineer, unless otherwise specified, with a Certificate of Conformance (C of C) for each lot certifying that the material/product contained within

that lot meets the applicable specifications. Certificate of Compliances must exhibit the actual values of the test results taken from the associated lot. Test records must be retained and available for review.

9.1 Heat Treated Parts

Modineer requires that heat treat suppliers meet heat treating requirements in accordance to the associated purchase order, part print(s), specification(s) (Modineer, Modineer's customer, industry, etc.), and/or other provided documents. Process and inspection/test documentation and records are required to be retained for review.

Unless otherwise specified by Modineer's Quality Department, heat treat suppliers need to ensure compliance to AIAG (Automotive Industry Action Group) Special Process: Heat Treat System Assessment. Heat treat suppliers are required to maintain a current evaluation of their heat treat process utilizing a completed CQI-9 assessment form. Heat treat suppliers shall provide Modineer with a copy of their CQI-9 assessment annually. Also, heat treat suppliers shall provide Modineer and customers of Modineer access to their facilities to complete an on-site CQI-9 assessment, if requested.

In addition to Modineer system requirements and requirements imposed by the associated AIAG special process system assessment, suppliers must adhere to customer specific requirements of Modineer's customer (Ford, GM, Fiat-Chrysler, etc.).

Suppliers of heat-treated parts are responsible for reviewing parts for the susceptibility to hydrogen embrittlement and, at a minimum, be compliant to be standards listed below:

- SAE/USCAR 5 Avoidance of Hydrogen Embrittlement of Steel
- SAE/USCAR 7 De-embrittlement Verification Test

Suppliers shall ensure that parts identified as being susceptible to hydrogen embrittlement follow, at a minimum, the process parameters listed below:

- Maximum acid clean time is 10 minutes.
- All parts acid cleaned shall be baked.
- Parts should be transferred to the baking oven no more than 1 hour after plating to ensure the part's core is at temperature within 2 hours of plating.
- Parts with a hardness between 353 HV and 390 HV need to bake for 4 hours.
- Parts with a hardness greater than 390 HV need to bake for 8 hours.

Modineer requires heat treat operators and inspectors receive the appropriate training and validation of skills. Training records and validation test results must be available for review.

Suppliers are required to perform inspection and testing per the Modineer approved Control Plan. At a minimum, suppliers are required to perform testing to verify mechanical properties (hardness, tensile, elongation, etc.) on each lot of material/product as well as de-embrittlement verification testing on parts identified as being susceptible to hydrogen embrittlement.

9.2 Plated Parts

Modineer requires that plated components and subcomponents meet plating requirements in accordance to the associated purchase order, part print(s), specification(s) (Modineer, Modineer's customer, industry, etc.) and/or other provided documents. Process documentation and records are required to be retained for review. Plating material and other chemicals are required to be purchased from approved sources as specified by Modineer and/or its customers.

Unless otherwise specified by Modineer's Quality Department, plating suppliers need to ensure compliance to AIAG (Automotive Industry Action Group) Special Process: Plating System Assessment. Plating suppliers are required to maintain a current evaluation of their plating process utilizing a completed CQI-11 assessment form. Plating suppliers shall provide Modineer with a copy of their CQI-11 assessment annually. Also, plating suppliers shall provide Modineer and customers of Modineer access to their facilities to complete an on-site CQI-11 assessment, if requested.

In addition to Modineer system requirements and requirements imposed by the associated AIAG special process system assessment, suppliers must adhere to customer specific requirements of Modineer's customer (Ford, GM, Fiat-Chrysler, etc.).

Modineer requires plating operators and inspectors to receive the appropriate training and validation of skills. Training records and validation test results must be available for review.

Suppliers are required to perform inspection and testing per the Modineer approved Control Plan. At a minimum, suppliers are required to perform testing to verify plating properties (thickness, adhesion, hardness, etc.) on each lot of material/product.

When applicable, plated parts will be subjected to appearance approval and / or color match to a master standard.

9.3 Painted Parts

Modineer requires that painted and plated components and subcomponents meet painting requirements in accordance to the associated purchase order, part print(s), specification(s) (Modineer, Modineer's customer, industry, etc.) and/or other provided documents. Process documentation and records are required to be retained for review. Paint and other chemicals are required to be purchased from approved sources as specified by Modineer and/or its customers.

Unless otherwise specified by Modineer's Quality Department, paint suppliers need to ensure compliance to AIAG (Automotive Industry Action Group) Special Process: Coating System Assessment. Paint suppliers are required to maintain a current evaluation of their painting process utilizing a completed CQI-12 assessment form. Paint suppliers shall provide Modineer with a copy of their CQI-12 assessment upon request. Also, paint suppliers shall provide Modineer and customers of Modineer access to their facilities to complete an on-site CQI-12 assessment, if requested.

In addition to Modineer system requirements and requirements imposed by the associated AIAG special process system assessment, suppliers must adhere to customer specific requirements of Modineer's customer (Ford, GM, Fiat-Chrysler, etc.).

Modineer requires painting operators and inspectors receive the appropriate training and validation of skills. Training records and validation test results must be available for review.

Suppliers are required to perform inspection and testing per the Modineer approved Control Plan. At a minimum, suppliers are required to perform testing to verify paint properties (thickness, adhesion, hardness, gloss, etc.) on each lot of material/product.

When applicable, painted parts will be subjected to color match to a master paint chip and/or part.

9.4 Welded Parts

Modineer requires that welded components and subcomponents meet welding requirements in accordance to the associated purchase order, part prints, specifications



(Modineer, Modineer's customer, industry, etc.) and/or other provided documents. Process documentation and records are required to be retained for review. Weld wire and shielding gas are required to be purchased from approved sources as specified by Modineer and/or its customers.

Unless otherwise specified by Modineer's Quality Department, welding suppliers need to ensure compliance to AIAG (Automotive Industry Action Group) Special Process: Welding System Assessment. Welding suppliers are required to maintain a current evaluation of their welding process utilizing a completed CQI-15, *version 2* assessment form. Welding suppliers shall provide Modineer with a copy of their CQI-15, *version 2* assessment annually. Also, welding suppliers shall provide Modineer and customers of Modineer access to their facilities to complete an on-site CQI-15, *version 2* assessment, if requested.

In addition to Modineer system requirements and requirements imposed by the associated AIAG special process system assessment, suppliers must adhere to customer specific requirements of Modineer's customer (Ford, GM, Fiat-Chrysler, etc.).

When no specification is stated on the purchase order, suppliers shall conform to the current revision of the appropriable AWS (American Welding Society) standard based on criteria such as type of weld, weld process, material, etc.

Modineer requires weld operators and inspectors receive the appropriate training and validation of skills. Training records and validation test results must be available for review. Eye examinations of welders and inspectors are required to be performed prior to performance of work and verified *annually*. Welders and inspectors are required to pass visual acuity (with or without corrective lens) and color blindness testing.

Suppliers are required to perform inspection and testing per the Modineer approved Control Plan. At a minimum, suppliers are required to perform the appropriate testing to verify weld strength (chisel & peel, push-out, torque, bend, pull, shear, etc.) on each lot of material/product.

9.5 Plastic Molded Parts

Modineer requires that plastic molded components and subcomponents meet plastic molding requirements in accordance to the associated purchase order, part print(s), specification(s) (Modineer, Modineer's customer, industry, etc.) and/or other provided documents. Process documentation and records are required to be retained for review. Plastic resin / material and other chemicals are required to be purchased from approved sources as specified by Modineer and/or its customers.

Unless otherwise specified by Modineer's Quality Department, plastic molding suppliers need to ensure compliance to AIAG (Automotive Industry Action Group) Special Process: Plastic Molding System Assessment. Plastic molding suppliers are required to maintain a current evaluation of their molding process utilizing a completed CQI-23 assessment form. Plastic molding suppliers shall provide Modineer with a copy of their CQI-23 assessment annually. Also, plastic molding suppliers shall provide Modineer and customers of Modineer access to their facilities to complete an on-site CQI-23 assessment, if requested.

In addition to Modineer system requirements and requirements imposed by the associated AIAG special process system assessment, suppliers must adhere to customer specific requirements of Modineer's customer (Ford, GM, Fiat-Chrysler, etc.).

Modineer requires molding operators and inspectors receive the appropriate training and validation of skills. Training records and validation test results must be available for review.



Suppliers are required to perform inspection and testing per the Modineer approved Control Plan. At a minimum, suppliers are required to perform testing to verify plastic molding properties (thickness, hardness, etc.) on each lot of material/product.

When applicable, plastic molded parts will be subjected to appearance approval and / or color match to a master standard.

9.6 Stamped, Machined, Laser Cut and Other Fabricated Parts

Modineer requires that stamped, machined, laser-cut and other fabricated parts and subcomponents meet the manufacturing requirements in accordance to the associated purchase order, part print(s), specification(s) (Modineer, Modineer's customer, industry, etc.) and/or other provided documents. Process documentation and records are required to be retained for review. Raw material and other designated chemicals are required to be purchased from approved sources as specified by Modineer and/or its customers.

In addition to Modineer system and process requirements, suppliers must adhere to customer specific requirements of Modineer's customer (Ford, GM, Fiat-Chrysler, etc.). Suppliers shall provide Modineer and customers of Modineer access to their facilities to complete an on-site assessment, if requested.

Modineer requires operators and inspectors receive the appropriate training and validation of skills. Training records and validation test results must be available for review.

Suppliers are required to perform inspection and testing per the Modineer approved Control Plan to verify each lot of material/product.

10. Suppliers' Facilities and Sub-Suppliers

Suppliers are responsible maintaining operational control of their respective manufacturing processes located at their facility as well as their associated supply chain partners. This control not only applies to the actual manufacturing processes but the support processes as well.

10.1 Facilities Access

Suppliers shall allow Modineer and its customers access to any facility associated with the production and supply of products shipped directly to, or on behalf of Modineer.

10.2 Contact Lists

Suppliers must utilize English as primary language for written and oral communications. Also, suppliers must provide Modineer's Supply Chain Management (SCM) group a "24/7" Communication Contact List which includes names, phone numbers, fax numbers and email addresses. This list includes appropriate supplier personnel such as scheduling/planning, shipping, quality, manufacturing, and executives. Suppliers must provide Modineer Supply Chain Management (SCM) group updated contact lists when changes occur within the supplier's organization which affects the previously provided contact list. Modineer Supply Chain Management (SCM) group will prepare and provide suppliers with a Modineer receiving plant specific contact list.

10.3 Risk Assessment and Contingency Plans

Suppliers shall provide Modineer when requested a risk assessment and contingency plan outlining the supplier's risk of interruption of current / future production commitments / deliveries and associated counter measures to mitigate the probability of occurrence and severity.



of impact. Supplier risk assessments and contingency plans require Modineer Supply Chain Management (SCM) group review and approval.

Suppliers must provide Modineer Supply Chain Management (SCM) group an updated risk assessments and contingency plan when changes occur within the supplier's organization which affects the previously provided documents. Revised supplier risk assessment and contingency plans will be reviewed and approved by Modineer Supply Chain Management (SCM) group.

Suppliers risk assessments and contingency plans shall include sub-suppliers created risks and associated mitigation counter measures.

At a minimum, listed below are disruptions and associated counter measures that need to be included in suppliers' risk assessment and contingency plans:

- Manufacturing capacity
- Material shortages
- Labor disruptions
- Lack of labor and / or skilled labor shortage
- Tooling damage / destruction
- Equipment break-down and / or failure
- Building destruction
- Loss of power and / or other required utilities such as water, natural gas, etc.
- Fire
- Acts of nature and / or weather
- Non-conforming material
- Sub-supplier issues
- Transportation disruptions
- Packaging shortages
- Labeling issues
- EDI / ASN transmission and other types of communication issues
- Telephone, email, internet and other types of communication issues

10.4 Sub-Suppliers

Suppliers shall have capabilities to manage their respective suppliers including APQP disciplines and periodic auditing.

Suppliers shall select sub-suppliers based on their ability to meet subcontractor requirements, including Modineer quality requirements defined herein. Suppliers should target sub-suppliers that are compliant, at a minimum, to the current revision of the ISO 9001 standard.

Suppliers shall ensure that the sub-supplier quality and system controls are effective and meet Modineer Supplier Quality Requirements. Suppliers are fully responsible for the quality and "fitness for use" of goods and/or services subcontracted as well as all associated costs due to non-conformance. Modineer 's recommendation or stipulation of a sub-supplier shall in no way relieve the supplier of full responsibility for ensuring the sub-supplier and the products they supply meet all Modineer requirements.

Suppliers shall evaluate sub-supplier quality levels and provide this information to Modineer upon request.

Suppliers shall provide Modineer and customers to Modineer access to the sub-supplier facilities at any time, if requested.



Suppliers shall retain sub-supplier contingency plans and provide to Modineer upon request. Suppliers are responsible for all costs associated with late delivery including downtime and/or expedited freight charges due to sub-supplier-related issues.

Modineer will notify the Supply base of any situation that has impacted the organization, regardless of origin (e.g., geopolitical, cybersecurity, organization, customer, supplier). The communication plan should cover identify/potential issues (e.g., unexpected plant stoppage, schedule changes with less than normal lead time, transports, IT system)

11. Records

Suppliers shall create and maintain records as well as have a procedure for record retention. The type of record and associated the retention period will be in accordance to the current revision Modineer's Supplier Quality Manual, Modineer Purchase Order (P.O.) or contract, current revision of IATF 16949 standard, and / or Modineer customer's specific requirements, whichever is longer. In addition, suppliers shall establish record disposal and archive procedures.

Listed below are Modineer required records and minimum retention times, unless otherwise specified:

- Customer and Material Purchase Orders – life of product plus one (1) year
- Customer Part Prints and Specifications – life of product plus one (1) year
- Tooling Records – life of product plus one (1) year
- Incoming Material Certifications – life of product plus five (5) years *
- Outgoing Material Certifications (issued by supplier) – life of product plus five (5) years *
- Product and Process Change Records – life of product plus one (1) year
- APQP and PPAP Records – life of product plus one (1) year
- Inspection and Test Records – life of product plus five (5) years *
- SPC Records – life of product plus five (5) years *
- Customer Complaints – three (3) years
- Corrective and Preventive Action Records – three (3) years
- Training and Education Records – service life of employee plus one (1) year
- Calibration Records - three (3) years
- Applicable CQI process audit - three (3) years
- Modineer respective customer's (Ford, GM, Fiat-Chrysler) specific requirements - three (3) years.

Note: These requirements do not supersede any regulatory requirements. Records marked with * indicate documents that require Modineer approval to dispose once minimum retention period is achieved.

Quality records shall be made available to Modineer and its customers upon request. This requirement includes access to sub-suppliers records as well.

12. Product Ordering, Traceability, Handling, Packaging and Delivery

Suppliers are required to have documented procedures for order processing, lot size, product identification, lot traceability, handling, storage, packaging and delivery of the product. These procedures must support the specific requirements contained within the current revision Modineer's Supplier Quality Manual, Modineer Purchase Order (P.O.) or contract and / or Modineer customer's specific requirements such as AIAG Materials Management Operations Guidelines / Logistics Evaluation (MMOG / LE).

12.1 Order Processing

Suppliers must be capable of receiving and processing Modineer generated electronic data interchange (EDI) transmissions for planning with release capabilities (830) AND shipping schedule (862) purposes. Supplier order acknowledgement receipt (997) of Modineer provided releases is considered agreement of shipment quantities and associated delivery dates. Electronic data interchange (EDI) communications (830 / 862 / 997) will be utilized as agreed upon by the supplier and Modineer Supply Chain (SCM) group.

Note: Alternative methods of communication of projected / firm orders as well as shipment dates may be utilized as agreed upon by the supplier and Modineer Chief Operations Officer (COO).

12.2 Lot Size

Supplier lots must be comprised of the quantity of product manufactured utilizing-controlled conditions so that product within the lot is homogenous and consistent in significant attributes. Unless otherwise specified, maximum lot size shall be limited as follows:

- One shift of production
- One batch of product produced in a batch process

Alternate lot size definitions may be used but require prior approved by Modineer Quality Engineering.

12.3 Lot Identification and Traceability

Suppliers shall establish and maintain identification of product during each stage of the manufacturing process including receipt, work in process, storage, and delivery.

A supplier lot identification code shall be used to identify each production lot. In addition, nonconforming materials / products shall be specially identified.

Suppliers shall maintain lot traceability of raw materials and subcomponents. The supplier's lot traceability system must provide for the following:

- Identification of supplier lot code utilized in the manufacture of product packaged in each container and / or part. This lot code is the key to lot code traceability back through suppliers' system and allows verification of required testing and inspection criteria as specified by the associated Control Plan and other inspection / test documents.
- Identification of raw materials and subcomponents lot codes to provide traceability to back to the sub-supplier's lot traceability system (reverse traceability).
- Isolation of suspect product based on the lot code of each container and / or part. This allows localized isolation of suspect product without causing delivery disruption to Modineer.

12.4 Handling

Suppliers shall utilize methods and means of handling product to prevent damage and deterioration before, during and after the manufacturing process.

12.5 Storage

Supplier shall use appropriate storage areas to prevent damage or deterioration of product pending use or delivery.

Special storage condition requirements (i.e., temperature, humidity levels) must be determined, and implemented to prevent deterioration during storage at supplier location.

To detect deterioration, the condition of the product in stock shall be assessed, at a minimum, as part of the supplier's Quality Audit process.

Shelf life shall be monitored, as applicable, to ensure products shipped have greater than 50% of shelf life remaining unless approved in advanced by Modineer Quality Engineering. Shelf-life expiration date or manufacture date must be identified on each container.

Appropriate methods for authorizing receipt and dispatch to and from such areas shall be stipulated to maintain control and assure First In-First Out (FIFO) inventory rotation.

12.6 Packaging and Labeling

Suppliers are responsible, unless otherwise specified, for design and use of appropriate cost-effective packaging to ensure that when product reaches Modineer it is conforming and "fit for use", regardless of F.O.B. terms.

Supplier and Modineer agreed upon packaging methods will typically include the following:

- Expendable or returnable shipping container
- Single (1) part number in a box or packaging unit
- Each packaged unit is labeled.
- Container label information:
 1. Modineer part number with engineering level and part name.
 2. Quantity.
 3. Supplier name.
 4. Lot traceability number and date.
 5. Shelf-life expiration date, if applicable

Modineer can require that suppliers apply supplemental labels in the short term to provide extra identification of incoming material / products. Listed below are typical causes for additional labels:

- Proto-type and/or pre-production samples
- Initial shipments after an engineering change (EC)
- Identification of "clean point" after a quality rejection
- CS1 and/or CS2 certification compliance

12.7 Delivery

Suppliers are responsible for providing 100% On-Time Delivery of contracted materials / products / services to Modineer. When issues occur such as a delay in delivery date / time, ordered quantity variation, alternate transportation mode / carrier contracted, alternate packaging / labeling utilized, suppliers are responsible to pro-actively notify Modineer receiving plant. To ensure on-time delivery, suppliers may at their own expense, be required to use expedited freight carriers. Suppliers are responsible for all costs associated with late delivery including down-time and/or expedited freight charges due to delivery related issues.



Suppliers shall arrange for the protection of product quality after manufacture including delivery to their destination. Unless other agreed upon by supplier and Modineer Supply Chain Management (SCM) group, materials and/or products that are susceptible to rusty must be adequately protected to prevent rusting from occurring for a minimum of 60 days from time of receipt at the receiving Modineer facility. Rust preventative substances applied to material / products must be water-soluble as well as meet all local, state and federal restrictions.

Unless otherwise specified, suppliers shall ship materials / products to Modineer on a First In-First Out (FIFO) inventory basis.

Suppliers must be capable of providing Modineer Advanced Shipping Notices (ASN) transmissions (856) as part of its outgoing shipping process of purchased material / products / services. Advanced Shipping Notice (ASN) communications (856) will be utilized as agreed upon by the supplier and Modineer Supply Chain (SCM) group.

Note: Alternative methods of communication of Advanced Shipping Notices (ASN) may be utilized as agreed upon by the supplier and Modineer Chief Operations Officer (COO).

12.8 Shipment Certification Requirements

In addition to required Certificates of Conformance (C of C), suppliers must provide required material certifications, dimensional inspection, test / performance records, SPC data, etc. for incoming shipments of product as specified by the Modineer purchase order, provided part print and/or associated specifications. The requested information is required upon receipt of material at Modineer, unless otherwise specified.

Modineer receiving locations will reject shipments that are delivered without the required quality data and / or certifications as specified by this quality standard, Modineer purchase order and/or Modineer Quality Department.

13. Nonconforming Product

Suppliers are responsible for providing contracted materials / products / services to Modineer which contain Zero Defects. When issues occur that adversely affect the Quality of purchased item(s), suppliers are responsible to pro-actively notify Modineer receiving plant.

13.1 Quality Concerns

Suppliers must have a documented procedure for the control of nonconforming product. This procedure must provide for the implementation of appropriate actions to correct recurring or repetitive nonconformities. The supplier must take prompt and effective action to correct the conditions that have resulted, or could reasonably be expected to result, in the shipment of items in a defective and/or nonconforming condition.

Suppliers are required to notify the affected Modineer receiving plant of any quality concerns within 24 hours of discovery, without exception. This applies to quality concerns identified by suppliers for which the product shipped is suspect. In addition, the notification requirement includes sub-supplier nonconforming and/or suspect product. Refer to section 9.3 – Sub-suppliers.

Supplier notification of non-conforming and/or suspect material must be communicated to Modineer's Supply Chain Management (SCM) group. In their absence, the Business Unit Leader and Plant Quality Engineer of the receiving



Modineer facility must be notified. Suppliers should be prepared to present the concern in detail, the lot numbers/shipments affected, along with the containment and preliminary corrective action plan.

If Modineer discovers a nonconformance, the Modineer Quality Department will notify the supplier. The supplier will be issued a Discrepant Material Report (DMR.)

The supplier is required to provide containment protection within 24 hours of notification and disposition of non-conforming products within 5 days. The completed corrective action response is due within 14 calendar days of occurrence unless otherwise specified by the Modineer Quality Department. Refer to section 13 – Corrective Actions.

13.2 Cost Recovery of Nonconforming Product

Suppliers shall absorb all cost associated with nonconforming product as received or processed through a Modineer manufacturing facility. These costs shall include, but not limited to, freight costs (inbound and outbound) including expediting and/or customs fees, scrap, returned material, labor (sorting, rework, teardown, overtime, downtime), testing beyond normal requirements, administrative costs, liaison visits and customer related charge backs.

Modineer shall provide written notification (DMR) to the supplier prior to debit memos being issued.

13.3 Product Rework / Repair

Rework consists of actions to the product that are not part of the documented approved production process. Since any actions to salvage a product that does not originally meet customer requirements is both a source of variation and inherently costly, Modineer's goal is to eliminate such actions.

Rework processes not included as part of the original PPAP approved production process(es) OR not documented as part of the original PPAP approved Control Plan is considered a process change and therefore requires the supplier to obtain approval from Modineer's Quality Department prior to implementing the rework process. Repair processes are always considered a process change and typically require Modineer's customer approval prior to implementation. Refer to section 6 – Process Change.

Suppliers must develop written rework/repair procedures. These procedures must provide for additional inspection and testing, if required, to ensure conformance to applicable specifications and provided requirements prior to further processing or shipment.

13.4 Containment Categories CS1 & CS2

Modineer Supply Chain Management (SCM) group and Quality Department reserves the right to require additional controls to be implemented and/or additional documentation to be provided to effectively resolve supplier quality concerns.

Suppliers who have failed to contain or correct quality issues effectively and immediately may be placed on CS1 and/or CS2 containment.

- ***CS1 Containment***

The supplier will be required to perform a 100% certification of all product before it is shipped, through an off-line inspection process. This process will be in addition to any existing controls and containment measures currently in place.

- **CS2 Containment**

Suppliers who fail to contain or correct quality issues through the CS1 containment program will be placed on CS2 containment.

Suppliers are required to subcontract a third-party source to independently 100% certify all products prior to shipping.

Suppliers required to implement CS1 or CS2 Containment will be notified by the Modineer Supply Chain Management (SCM) group as directed by the Chief Operating Officer (COO) and Director of Quality. All cost associated with CS1 and/or CS2 containment are the responsibility of the supplier.

The additional containment measures are meant to be interim steps to ensure conforming product is being shipped to Modineer.

Suppliers are required to implement permanent actions to prevent recurrence in conjunction with these containment levels. Once permanent actions have been implemented and verified effective for 30 days, Modineer Supply Chain Management (SCM) group as directed by the Chief Operating Officer (COO) and Director of Quality can release the supplier from CS1 or CS2 containment status.

Each container of certified product must be clearly identified with a list of all conditions that are being certified.

Modineer reserves the right to notify third party registrars of quality system failures for recurring quality issues. The supplier will be notified prior to this action being taken.

14. Corrective Actions

Supplier-related quality concerns detected at Modineer or its customers will be formally directed to the appropriate supplier contact.

Suppliers must implement and maintain a documented system for corrective action of quality concerns. This system must include a multi-disciplinary approach to problem solving. (I.e. 3 x 5 Whys, 5-Phase, 7-Step, 8-Disciplines (8-D), etc.) including implementation and effectiveness of implemented actions.

14.1 Initial (Short-Term) Corrective Actions

Suppliers are to complete the following actions within 24 hours of notification by Modineer:

- Defect containment actions at supplier location – **NOTE: Containment actions are to remain in effect until final approval and close-out of submitted corrective action by Modineer Quality Department**
- Defect containment actions at Modineer (i.e. on-site sorting at Modineer) coordinated with Modineer Quality Engineering. Any issues that make an on-site sort impractical may be discussed with Modineer Quality Department.
- Determination of “clean point”
- Shipment of replacement material
- Authorization to return suspect and/or defective stock
- Documentation of initial corrective action response including defect description, affected inventory (lot numbers), manufacture date(s), quantities, containment actions, potential root cause (s), potential permanent corrective action(s) plan with proposed completion dates

All certified material must be identified on each shipping container. This identification is to continue until permanent corrective action is implemented, verified and approved by Modineer Quality Department.

Late initial (24 hour) corrective action responses will affect suppliers' satisfaction rating with Modineer.

14.2 Final (Long-Term) Corrective Actions

Suppliers are required to complete the following actions within 14 calendar days of the occurrence at Modineer and / or Modineer's customer:

- Determination and documentation of root cause(s) of occurrence
- Determination and documentation of permanent corrective action(s) taken including implementation dates. Modineer requires implementation of error-proofing device for permanent corrective actions wherever possible. Modineer does not accept additional inspection and/or training as the sole permanent corrective action.
- Determination and documentation of permanent corrective action(s) verification including verification period and actual verification results
- Determination and documentation of recurrence prevention plan including implementation dates
- Determination and documentation of associated PFMEA and Control Plan as well as other affected documents such as set-up sheets, process sheets, preventative maintenance forms, work instructions, etc.

Typically, suppliers are required to submit the following items to the Modineer Quality Department to close-out issued supplier corrective actions:

- Completed corrective action form - **required**
- Revised PFMEA - **required**
- Revised Control Plan - **required**
- Revised Inspection / Test Forms
- Revised set-up and / or process sheet
- Revised work and / or gage instructions
- Revised preventative maintenance (PM) documents / forms
- Before and after photos of tooling, gaging, fail-safe devices, etc.

Completed corrective action forms will be reviewed by Modineer Quality Department and if approved, will be considered closed. If additional actions and / or documentation is required, the Modineer Quality Department will notify the supplier of the deficiencies and the corrective action will remain open until outstanding items are addressed and subsequently approved for closure.

Late final (14 day) corrective action responses will affect suppliers' satisfaction rating with Modineer.

14.3 Returned Product Analysis

In addition to corrective actions based on Modineer reject notifications, suppliers are required to conduct product analysis of accumulated DMR product that is returned from Modineer. Records of the results of these analyses must be submitted to Modineer upon request.

Suppliers shall develop action plans for defects discovered because of their returned product analysis process and provide copies of these plans to Modineer upon request.

Appendix I



Modineer Supplier Assessment

Supplier:

Address:

Completed by:

Date

Item No.	Questions	Yes/ No	Comments
FACILITIES			
1	List the square footage by area, e.g., production, warehouse, office.		
2	Does the supplier have a formal capacity plan and analysis methodology that is used and maintained?		
3	List the current floor space utilization (percentage).		
4	List the impact of quoted business on floor space utilization (percentage) in Comments		
5	List the capacity utilization for the next 5 years (including forecasted new business).		
6	Does this facility build tooling in house> If so, what percentage?		
7	Does this facility refurbish tools in house?		
8	List the employee turnover rate for the past two years in comments.		
9	Does the supplier document responsibilities and authority.		
10	Is this facility unionized?		
11	List the facility's language capabilities.		
PROFILE INFORMATION			
1	How long has the facility been in the business they are quoting?		
2	What products or services does the facility manufacture?		
3	Specify other manufacturing location(s) available for the type of product.		
4	If a special process service provider, is the supplier compliant with applicable AIAG special process assessments (e.g., CQI-9)?		
5	Is the company publicly owned? If not, list the		

	owners in comments.		
6	Is there any pending litigation against the supplier/facility? If yes, explain.		
7	Does the company anticipate a change in ownership in the next 3 years? If yes, explain in comments.		
8	What is the supplier's on-time delivery percentage for production and service parts for the past two years?		
9	Does the supplier export product? If so, list the countries:		
10	Are responsibilities defined for any directed buys?		
LOGISTICS (reference AIAG MMOG / LE for a good logistics assessment)			
1	What are the different modes of transportation used to ship product. List current modes used, e.g., truck, rail, boat.		
2	Is the supplier capable of electric data transfer (EDI)?		
3	What are the average days of finished product inventory on-hand?		
4	Does the facility use a pull system inventory management with FIFO?		
5	Does the supplier have internal packaging design capabilities?		
6	Does the supplier comply with requirements of MMOG / LE?		
MANUFACTURING			
1	Is standard work, such as job instructions with appropriate and complete information, effectively implemented?		
2	Are Special Characteristics, including PTC's, identified at the station(s) that produce(s) those characteristics?		
3	Are Special Characteristics appropriately controlled at the operation(s) that produce them?		
4	Is there evidence of appropriate and adequate operator training?		
5	Is capacity determined appropriately, including forecasts of new business?		
6	Is process capability and performance maintained at levels originally approved by the customer PPAP?		
7	Are resources available for functional/durability testing?		
8	Are resources available for calibration?		
9	Is the workplace properly organized, e.g., 5S? lean, ergonomic?		

10	Is personal safety equipment provided?		
11	Have there been any major health and safety recordable within the last 5 years?		
12	Are knowledgeable resources available to carry out machinery and equipment maintenance?		
13	Are preventive maintenance processes in place for all machinery?		
14	Are spare parts readily available to maintain the key machinery and equipment?		
15	Are there knowledgeable resources available to design tools and gauges in house?		
16	Are there trained resources available for tools/gauges/ molds fabrication?		
17	Are there trained resources available to carry out tool/die/ mold maintenance?		
18	Is there a business continuity plan in place in the event of a disaster?		
19	Does the facility have a plan to cover any absenteeism?		
20	Does the supplier use effective corrosion protection for product as applicable?		
21	Does the supplier have prototype fabrication capability in-house?		
22	Does the supplier select resources based on education, training, experience, and/or requirements?		
23	Are skill and competency requirements identified?		
24	Is a formal process identified to protect the pipeline supply chain and provide safety inventory?		
QUALITY			
1	Does the supplier demonstrate an understanding of Process Validation?		
2	Does the supplier have adequate purchased product controls in place for sub-tier suppliers, e.g., assessment, metrics, terms and conditions?		
3	Does the supplier have a process/system, in place to ensure that all design requirements / engineer specifications are communicated to their supply bases?		
4	Does the supplier have an effective change management process including interface with suppliers?		
5	Does the supplier ensure early sub-tier supplier involvement in APQP?		

6	Does the supplier have an effective internal audit-management review process?		
7	Is the non-conforming material adequately identified, segregated, and dispositioned?		
8	Does the supplier have effective product traceability through sub-tier suppliers, including for PTC's? To what extent (lot vs part)?		
9	Does the suppliers demonstrate effective use of FEMA, e.g., DFMEA/PFMEA quantifies risk, identifies Special Characteristics use in the Control Plan, takes action to reduce ongoing risk, uses appropriate criteria to calculate risk, e.g., severity?		
10	Does the supplier demonstrate conformance to requirements specified or referenced in Control Plan?		
11	Is there linkage between the design record? DFMEA/PFMEA, Control Plan, and Operator Instructions, e.g., Special Characteristics are identified by the supplier, effective and understandable controls are specified for affected operators to use?		
12	Does the supplier have the capability of retrieving current drawings/specifications for use on floor inspections?		
13	Does the supplier have appropriate product verification activities from receiving through product realization and shipping, including material identification.		
14	Does the supplier comply with acceptable measurements system analysis, e.g., measurement uncertainty is known?		
15	Does the supplier maintain effective calibration of test and measurement equipment used, e.g., production, quality assurance?		
16	Does the supplier effectively use statistical methods, addressing both variable and attribute datum, as applicable, for process control?		
17	Does the supplier have experience using AIAG core tool documents e.g., MSA, SPC, APQP, FMEA, PPAP?		
18	Does the supplier conduct equipment validation and perform run at rate in preparation for production?		
19	Are mistake-proof and error-proofing provisions effectively used to control Special		

	Characteristics and ensure product integrity?		
20	Does the supplier have an effective problem solving process, e.g./ AIAG CQI-010?		
21	Does the supplier have an effective process to engage employees in quality and innovation?		
22	What is the facility's current external PPM (parts per million)?		
23	Is this facility covered by any third-party certifications If so, list them with expiry dates in comments.		
24	Does the supplier have an end-of-life management process, e.g., controlled ramp-down, to protect customer quality and schedules?		
25	Does the supplier have a process to review and reduce warranty costs e.g., analysis of returned parts, use of effective problem solving?		
TECHNOLOGY			
1	Can the supplier provide prompt technical support at the organization when needed?		
2	Does the supplier inform their supply chain of the application/intended use of their product e.g., to prevent inappropriate use of the product?		
3	Does the supplier have electronic data transfer capability?		
4	Does the supplier have CAD/CAE resources on site? List the number of seats and the program used, e.g., UG, Catia.		
5	Does the supplier demonstrate effective design validation?		
6	Does the supplier have experience with the appropriate design evaluation tools, e.g., HALT, CAE, simulation? (see glossary)		
7	Does the supplier have experience developing effective DFMEA's		
8	Is benchmarking effectively used to develop new products and processes?		
9	Are formal documented design reviews by the appropriate stages of design per a design plan?		
10	Is there evidence of regular design and development reviews with customers?		
11	Does the supplier have an effective document control system e.g., document revision status readily available?		

12	Is the supplier capable of supporting our design and development schedule?		
13	Is performance testing that includes, as appropriate, life, durability, and reliability, tracked for timely completion and conformance?		
14	Does the supplier have an effective process for capturing and deploying lessons learned?		
15	Are technical reviews completed to address all open issues?		

The information including concepts, form & text contained in this document may not be reproduced or copied, partially or in its entirety, without permission from the Director of Quality at Modineer. Refer to CQI-19 Sub-tier Supplier Mgt Process Guideline (Aug 2012) Appendix F - Supplier Assessment

Directions

Questions with "Yes / No" field blacked out require a response in the Comment field.

Questions that are not applicable to the purchased material / product / service may be waived with approval of Modineer Supply Chain Management (SCM) group.

This form lists minimum required information for supply and sub-supplier assessments. Additional information and / or documents may be requested as directed by Modineer Director of Quality and / or Chief Operating Officer (COO).

Completed supplier assessment forms are returned for review and scoring to Modineer Supply Chain Management (SCM) group.

Revised: August 30, 2017

Appendix II



Modineer Company

Terms and Condition of Purchase

1. **ACCEPTANCE** - Except to the extent Modineer Company otherwise expressly agrees in writing, all purchases of product by Modineer Company from a seller of such product (the "Seller") shall be made on these Terms and Conditions of Purchase (the "Terms and Conditions"). These Terms and Conditions are applicable to, are an integral part of, and incorporated by reference into, every purchase order delivered by Modineer Company to Seller. Unless otherwise provided herein, the written acceptance by the Seller of a purchase order or the commencement of any work or the performance of any services under such purchase order by Seller (including the commencement of any work or the performance of any services with respect to samples) shall constitute (a) acceptance by Seller of such purchase order and (b) an agreement by Seller that it has read these Terms and Conditions either by reviewing the copy that was delivered to Seller by Modineer Company or by reviewing the copy that is posted on the Modineer Company's website (www.modineer.com) and that Seller understands and agrees to be bound by these Terms and Conditions. Notwithstanding the foregoing, any and all terms, conditions, or provisions specified by Seller in its acceptance, confirmation or acknowledgement of Modineer Company' purchase order, that in any way change, modify, amplify, differ from or add to the terms of the purchase order and these Terms and Conditions are rejected and null and void, even if Modineer Company does not expressly object to such terms and conditions, unless specifically accepted by Modineer Company in writing.

2. **BILLING & PRICING:**

- a. Shipping Releases – Unless specific shipping instructions are provided in a purchase order, Seller shall not purchase, fabricate or ship any of the items covered by a purchase order, except to the extent authorized in written instructions furnished to Seller by Modineer Company. Modineer Company shall have no responsibility for goods for which such written instructions have not been issued. Shipments more than those authorized may be returned to Seller and Seller shall pay Modineer Company for all packing, handling, sorting, and transportation expenses incurred about such shipments. Modineer Company may, from time to time, issue written instructions changing shipping schedules specified in a purchase order or direct temporary suspension of scheduled shipments.
- b. Packing, Marking and Shipping – All goods shall be properly packed, marked, and shipped at the lowest transportation rates in accordance with Modineer Company's instructions and the requirements of the common carrier transporting items referenced in a purchase order. Seller shall reimburse Modineer Company for all expenses incurred by Modineer Company because of improper packing, marking, or routing. Any transportation charges paid by Seller, with respect to which Seller is entitled to reimbursement shall be added to Seller's invoice as a separate item and the receipted freight bill shall be attached thereto. Unless otherwise provided in a purchase order, Seller shall make no charge for container, crating, boxing, bundling, dunnage, drayage, or storage.
- c. Packing Slips, Bills of Lading and Invoices – Each packing slip, Bill of Lading and invoice shall bear the applicable purchase order number and the location of the plant to which goods are to be shipped. A numbered Master Packing Slip shall accompany each shipment. Unless otherwise provided in a purchase order, invoices shall be submitted as directed on the applicable shipping release issued by Modineer Company.
- d. Premium Shipments – If because of failure of Seller to meet the delivery requirements of a purchase order, Modineer Company finds it necessary to require shipment of any of the goods covered by a purchase order by a method of transportation costlier than the method originally specified by Modineer Company, Seller shall reimburse Modineer Company the extra costs of transportation.
- e. Invoicing – Separate invoices must be rendered promptly to Modineer Corporate location covering invoices payable for all production location.
- f. Title and Risk of Loss - Title to and risk of loss of all products purchased under a purchase order shall remain with the Seller until delivery and acceptance of the products by Modineer Company at the plant to which the goods are being shipped.
- g. Payment terms - Unless otherwise specified by Modineer Company, payment terms will be 45 days.
- h. Pricing - Unless otherwise specified in a purchase order, or unless as otherwise agreed to in writing by the parties, the prices set forth in a purchase order shall remain fixed for the duration of such purchase order.

3. **INSPECTION** – All goods shall be subject to inspection and rejection or acceptance, notwithstanding any payment or initial inspection, at the point of ultimate delivery specified by Modineer Company. Final inspection will be made by Modineer Company within a reasonable time after receipt of the goods. In case any goods are defective in material or workmanship, or do not conform to applicable specifications, drawings, samples or other



description furnished or specified by the Modineer Company, or otherwise fail to meet the requirements of a purchase order, Modineer Company shall have the right, at its option, to reject, or to seek replacement for or repair of, or to retain and correct such goods. Rejected goods will be returned to Seller at Seller's risk for credit and Seller shall pay Modineer Company for all packing, handling, sorting and transportation expenses incurred in connection with the rejected goods. Seller shall pay Modineer Company for expenses incurred in correcting defective goods. At Modineer Company's exclusive option, Modineer Company may retain goods or equipment, which do not meet product specifications or the conditions of a purchase order or any other conditions, established by Modineer Company and may appropriately adjust the purchase price to account for the decreased value of the good or equipment. Modineer Company, at its exclusive option, may seek replacement of substituted goods; provided, however, that no replacement or substitution shall be made by Seller unless so authorized by the Modineer Company in writing.

4. **WARRANTY** – Seller warrants that the goods covered by a purchase order will conform to the specifications, drawings, samples, or other description furnished or specified by Modineer Company, and will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, and free from defect. In the event the specifications for the goods or equipment covered by a purchase order originate with Seller, Seller warrants that its product will conform to said specifications and will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, and free from defect. Seller also expressly warrants that title to all the products sold pursuant to a purchase order shall be vested in Modineer Company free and clear of all liens and encumbrances of any kind. In case any goods or equipment covered by this purchase order do not conform to all express or implied warranties, Modineer Company shall have the right to reject, seek repair or replacement of, return, or to retain and correct such goods at Seller's expense. Rejected or returned goods will be returned to Seller at Seller's risk for credit and Seller shall pay Modineer Company for all packing, handling, sorting and transportation expenses incurred in connection with the rejection of the goods supplied.

5. **INTELLECTUAL PROPERTY** – Seller warrants that the goods specified herein and their sale or use, alone or in combination, will not infringe any United States or foreign patents any trademark, copyright or other intellectual property right of any third party. Seller agrees to indemnify and save harmless, its officers, agents, servants and employees and anyone selling or using any of Modineer Company's products against all judgments, decrees, costs, and expenses resulting from any alleged infringement, and Seller shall, upon request of Modineer Company, and at Seller's own expense, defend or assist in the defense of any action which may be brought against Modineer Company or those selling or using Modineer Company's products by reason of any such alleged infringement.

6. **TIME OF DELIVERY/FORCE MAJEURE** – Modineer Company relies on timely delivery of goods marketed by Seller and covered by this invoice. Modineer Company needs the goods for the timely performance of its own duties and obligation. Seller accepts the obligation to make timely delivery or risk liability for all consequential damages for delay in delivery which are not waived or disclaimed. Seller agrees that all writings attempting to waive or disclaim consequential damages are not applicable to this transaction. In the event of a failure by Seller to perform hereunder, Modineer Company shall be entitled to obtain goods or services covered by a purchase order elsewhere for the duration of such failure and to reduce, pro tanto, and without any obligation to Modineer Company, the quantity or amount of goods or services ordered from Seller under a purchase order. Notwithstanding any of the foregoing, neither Modineer Company nor Seller shall be liable for a delay in performance or a failure to perform hereunder arising from causes beyond such party's reasonable control, including, without limitation, strikes, wars, fires, floods, earthquakes, acts of terrorism or other acts of God; provided, however, that Modineer Company shall have the right to terminate such purchase order if such delay or failure to perform by Seller extends for a period of thirty (30) or more days. In the event of any such event or condition, the party whose performance is excused hereunder shall notify the other promptly thereof and shall make diligent efforts to perform at its earliest opportunity and the other party shall be permitted to suspend its performance under such purchase order.

7. **CONSIGNED PROPERTY** – Unless otherwise provided in a purchase order or in any other agreement between Modineer Company and Seller, all goods, materials, facilities, tools, jigs, dies, fixtures, patterns, and equipment furnished to Seller by Modineer Company to perform a purchase order shall remain the property of Modineer Company, and Seller shall bear the risk of loss of and damage to such property, normal wear and tear excepted. Such property shall at all times be properly housed and maintained by Sellers shall be deemed to be personal; shall be marked "Property of Modineer Company" by Seller; shall not be commingled with the property of Seller or with that of a third person; shall not be moved from Seller's premises without Modineer Company's prior written approval; and shall, upon request of Modineer Company, be immediately delivered to Modineer Company, properly packed and marked in accordance with the requirements of the carrier selected by Modineer Company, in which event Modineer Company shall pay to Seller the cost of delivering the property to Modineer Company's designated location. Modineer Company shall have the right to enter onto Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto. All drawings, information or data furnished by Modineer Company shall remain Modineer Company's exclusive property and shall be used by Seller only for Modineer Company's work, and shall be returned promptly at Modineer Company's request.

8. **COMPLIANCE WITH LAWS** – Seller agrees to comply with the applicable provisions of any federal, national, state or local law, and all orders, rules



and regulations issued thereunder, whether now or hereafter in force, and any provisions, representations, or agreements required thereby to be included in the contract resulting from acceptance of the purchase order are hereby incorporated herein by reference, including, but not limited to, those prohibiting discrimination against any employee or applicant for employment because of race, color religion, sex or national origin, or physical or mental handicap and those providing for the employment of disabled veterans and the veterans of the Vietnam era. The Seller also guarantees that it will comply with the requirements of the Fair Labor Standards Act of 1938, as amended in producing the goods of performing the services to be furnished under such purchase order.

9. CHANGES - (a) Modineer Company may at any time, by written change order, make changes in (1) the drawings, designs, and/or specifications applicable to the goods and/or services covered by a purchase order, (2) the method of shipment and packing, and/or (3) the place of delivery, (b) If any such changes affect the time for performance, the cost of manufacturing such goods, or the cost of furnishing such services, Modineer Company shall make an equitable adjustment in the purchase price or the delivery schedule, or both. (c) Seller shall not make any changes in the design or composition of any supplied ordered under such purchase order without the prior written approval of Modineer Company.

10. TERMINATION AT OPTION OF MODINEER COMPANY – (a) Performance of work under a purchase order may be terminated by Modineer Company at its option, in whole or in part, at any time by delivery, or by mailing, of a written notice of termination to Seller; (b) After receipt of a notice of termination, Seller shall, unless otherwise directed by Modineer Company, immediately terminate all work under such purchase order and shall, unless otherwise directed by Modineer Company, (1) terminate all orders and subcontracts relating to the performance of the work terminated by the notice of termination; (2) settle all claims arising out of such termination of orders and subcontracts; (3) transfer title and deliver to Modineer Company of: (i) all completed work which conforms, in quantity to the requirements of this purchase order and does not exceed, in quantity, the amount authorized for production by Modineer Company, and (ii) all reasonable quantities (but not in excess of amounts authorized by Modineer Company) of work in process and materials produced in conformance with the requirements of this purchase order and which cannot reasonably be used by Seller in producing goods for itself or for its other customers; (4) take all action necessary to protect property in Seller's possession in which Modineer Company has or may acquire an interest; (5) submit to Modineer Company promptly but not later than three months from the effective date of termination, its termination claim; provided, however, that in the event of failure of Seller to submit its termination claim within such period, Modineer Company may determine, notwithstanding the provisions of subparagraph (c) hereof, on the basis of information available to it, the amount, if any, due Seller with respect to the termination, and such determination shall be final. (c) Upon termination by Modineer Company under this paragraph, Modineer Company shall pay to Seller, the following amounts without duplication: (1) the purchase order price for all goods or services which have been completed in accordance with such purchase order and not previously paid for; (2) the actual costs incurred by Seller in accordance with such purchase order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting practices to the terminated portion of such purchase order, including the actual cost of work in process and materials delivered to Modineer Company in accordance with subparagraph (b) of this Paragraph, and including the actual cost of discharging liabilities which are so allocable of apportionable; and (3) the reasonable costs incurred by Seller in protecting property in its possession in which Modineer Company has or may acquire an interest. Payments made under this subparagraph (c), exclusive of payments under subdivision (3) hereof, shall not exceed the aggregate price specified in such purchase order, less payments otherwise made or to be made.

The provisions of this Paragraph shall not apply if Modineer Company terminates a purchase order for the default of Seller pursuant to Paragraph 11 hereof.

11. TERMINATION FOR DEFAULT OF SELLER – Whenever Seller (1) refuses or fails to make deliveries of the goods called for in a purchase order within the time specified in such purchase order or in any shipping release issued to Seller, or (2) otherwise defaults in the performance of a purchase order, Modineer Company, subject to the provisions of Paragraph 6 (Force Majeure) of a purchase order, may, by delivery, or by mailing, of a written notice of termination to Seller terminate the performance of work under a purchase order, in whole or in part effective five (5) days after delivery or mailing of such notice, unless Seller shall, within such period, cure such default.

12. MODIFICATION OF PURCHASE ORDER AND NON-ASSIGNMENT – A purchase order together with any written instructions issued hereunder contains the complete and final agreement between Modineer Company and Seller and no agreement or other understanding in any way purporting to modify these Terms and Conditions shall be binding upon Modineer Company unless made in writing and signed by Modineer Company's authorized representative. Seller shall not assign a purchase order or delegate in any manner to any other person the performance of any work or the supplying of any services under such purchase order. Seller may assign moneys due and to become due under a purchase order; provided, however, that Modineer Company shall be entitled to assert against the assignee thereof all rights, claims, and defenses of every type including without limitation, rights of setoff, recoupment, and counterclaim which Modineer Company could assert against Seller whether acquired prior or subsequent to such assignment.

13. INDEMNIFICATION: Seller shall indemnify and hold harmless Modineer Company and its affiliates (and its and their respective directors, officers' employees and agents) from and against all claims, losses, expenses, including attorneys' fees arising, directly



or indirectly from (i) Seller's breach of any provision hereof, including, without limitation, the warranties made herein, (ii) any negligent or wrongful act or omission of Supplier, its employees, consultants or subcontractors, or (iii) Modineer Company's use, or resale of the products or services supplied by Seller to Modineer Company in accordance with the terms of a purchase order where such claims, losses, litigation, judgments or awards against Modineer Company arise from any deficiency or defect in the product or service supplied by Seller, including any alleged breach of contract, warranty, negligence or other tortious conduct of Seller.

14. LIMITATIONS OF LIABILITY. UNDER NO CIRCUMSTANCES WILL MODINEER COMPANY OR ITS AFFILIATES BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE OR INCIDENTAL DAMAGES OR LOST PROFITS, WHETHER FORESEEABLE OR UNFORESEEABLE, AND WHETHER BASED ON BREACH OF CONTRACT, MISREPRESENTATION, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHER LEGAL THEORY, ARISING FROM OR IN CONNECTION WITH MODINEER COMPANY'S FAILURE TO PERFORM UNDER A PURCHASE ORDER OR MODINEER COMPANY'S USE OR RESALE OF THE PRODUCTS PURCHASED THERE UNDER. Moreover, in no event shall Modineer Company's or its affiliate's liability to Seller, if any, whether arising out of contract, tort (including negligence) strict liability or any other cause of or form of action whatsoever, exceed the purchase price of the products to be purchased under such purchase order.

15. INSURANCE - Seller shall, at its own expense, maintain with a reputable insurer (and provide written certificate(s) of insurance to Modineer Company when requested) reasonable and customary insurance coverage, including, but not limited to (i) worker's compensation statutory coverage as required by the laws of the applicable jurisdiction, and (ii) commercial general liability insurance including coverage for product liability in the minimum amount of five (5) million dollars in respect of claims for any losses, costs and expenses arising out of or relating to Seller providing the products under a purchase order. The certificate of insurance will require the insurer to give Modineer Company written notice at least thirty (30) days prior to the effective date of any cancellation, lapse or material change in the policy, and will contain a waiver of subrogation in favor of Modineer Company.

16. CONFIDENTIALITY - Any information or knowledge which Modineer Company may have disclosed or may hereafter disclose to Seller in connection with a purchase order and any and all products to be delivered to Modineer Company or other work to be performed by Seller pursuant to a purchase order is and shall be deemed to be confidential and proprietary information of Modineer Company. Seller shall not, without authorization in writing from Modineer Company, use, communicate, or disclose the confidential information of Modineer Company. Seller agrees to safeguard the confidential and proprietary information of Modineer Company by using reasonable efforts, consistent with those used in the protection of its own proprietary information of a similar nature, to prevent its disclosure to third parties. Seller agrees to cause its employees, contractors, officers, directors, agents and representatives to be bound by and comply with the foregoing restriction regarding the use or disclosure of such confidential and proprietary information and Seller shall be liable for any breach of such restriction by such employees, contractors, officers, directors, agents and representatives. Seller shall, within five (5) business days of Modineer Company's request or the cancellation or termination of this purchase order, return all confidential and proprietary information (including all copies, notes, and/or extracts thereof) furnished by the Modineer Company pursuant to this purchase order. In addition, that portion of the confidential or proprietary information which consists of analyses, compilations, studies or other documents prepared by Seller, or by its directors, officers, employees or advisors will be destroyed.

MODINEER SUPPLY PARTNER CODE OF CONDUCT

APPENDIX – III (Supplier Quality Manual)

The Modineer Supply Partner Code of Conduct details the requirements and associated expectations of its supply partners. This Code of Conduct covers the supply partners of Modineer, including its divisions and subsidiaries. Questions concerning this document are to be directed to Modineer’s Chief Operating Officer (C.O.O.) or designate.

BASIC STANDARDS OF CONDUCT

Modineer expects its supply partners to always abide by the laws and legislation of the United States and, in addition, aims to abide by the laws and legislation of the countries in which its personnel are deployed and operate. Supply partners are expected to conduct every aspect of its business with honesty, integrity, and openness respecting Human Rights and the interests of our team members, customers and third parties. In addition, supply partners are expected to maintain the highest standards of integrity and honor their commitments (do not promise more than can be reasonably delivered or make commitments that cannot or do not intend to keep).

ANTI-BRIBERY AND CORRUPTION

Modineer expects supply partners to accept personal responsibility for behaving professionally, ethically, fairly and with integrity. Supply partner team members are prohibited from offering, promising, or giving of a bribe and the requesting, agreeing to receive, or accepting of a bribe by any person associated with them. In addition, supply partners are expected to operate and maintain an employee code of conduct. Modineer requires supply partners to notify them immediately if they become aware that any of the supplier’s directors, officers or employees act in the capacity of a Public Official where this could be relevant to their relationship with Modineer.

CONFLICTS OF INTEREST

Modineer respects the privacy of our supply partners. Supply partners are expected to avoid personal relations, activities and financial interest which could conflict with their responsibilities to Modineer. Supply partners must notify Modineer immediately if they become aware that any of the supplier’s directors, officers or employees having a relationship with any Modineer team member could result in a conflict of interest.

INCLUSION AND DIVERSITY

Modineer expects supply partners to respect national employment law on working hours and to conform to the relevant International Labor Organization Labor Standards as a minimum requirement. Supply partners must strive to apply employment standards which promote the application of human rights. Abuse, harassment, or intimidation will not be tolerated under any circumstances nor will the act of pressurizing or retaliating against the individual who reports such harassment. Modineer requires supply partners to prohibit the use of forced labor (slavery, servitude, and human trafficking).

MODINEER SUPPLY PARTNER CODE OF CONDUCT

APPENDIX – III (Supplier Quality Manual)

ANTI-SLAVERY AND CHILD LABOR

Modineer expects supply partners to respect national employment laws regarding work hours. Modineer will not engage with supply partners who apply, or support forced labor. Young people under the age of fifteen, or older if defined by law, must not be employed. Supply partners must comply with legislation regarding slavery or human trafficking activities. In addition, supply partners must undertake appropriate due diligence and ongoing management where recruitment agencies or brokers are used, to mitigate the risk of workers exploitation such as debt bondage and unsafe housing. Also, supply partners must ensure that at a minimum, the legal minimum wage standard is adhered to across the workforce (including team members employed through recruitment agencies or brokers) and that unfair deductions are not made.

FAIR COMPETITION AND ANTI-TRUST

Modineer expects supply partners to compete fairly and ethically within the framework of applicable competition and anti-trust laws and not prevent others from competing fairly. Supply partners must comply with all applicable export control laws and sanctions when conducting business around the world.

CONFLICT MATERIALS

Modineer requires supply partners to ensure that products provided to Modineer do not contain metals derived from minerals or their derivatives that finance the benefit armed groups or cause human right abuses. In addition, supply partners are expected to perform due diligence with respect to the sourcing of conflict minerals and other minerals from high-risk areas and support Modineer and its customers in complying with conflict minerals reporting obligations.

RISK MANAGEMENT

Modineer will demonstrate a responsible attitude towards risk and, in turn, expect the same from their own supply partners. Modineer requires supply partners to operate their business in a responsible and prudent manner to minimize the risk of financial failure including maintaining sufficient levels of insurance(s). Supply partners are expected to develop and implement procedures to regularly assess and evaluate risks in their operations and exposure in the supply chain. Action plans are to be developed and implemented where risk is identified. In addition, supply partners are required to inform Modineer of any issues or developments that significantly increase the level of risk in the supply chain to Modineer. Supply partners are expected to ensure resilience and be prepared for disruptions to business because of emergencies, such as natural disasters, civil unrest, terrorism, pandemics, transportation disruptions, and cyber-attacks. Supply partners are expected to develop contingency plans to address potential disruptions and implement them, as needed.

MODINEER SUPPLY PARTNER CODE OF CONDUCT

APPENDIX – III (Supplier Quality Manual)

INTELLECTUAL PROPERTY AND CYBER SECURITY

Modineer requires supply partners to respect and protect intellectual property rights. Modineer expects supply partners to implement and maintain robust cyber security processes within their systems. In addition, supply partners are expected to ensure that all uses, and storage of personal data follow applicable laws and regulations.

COLLECTIVE BARGAINING POLICY AND FREEDON OF ASSOCIATION

Modineer recognizes that supply partners may engage in the collective bargaining process with their (supply partner's) workforce.

ENVIRONMENTAL RESPONSIBILITY

Modineer requires supply partners to have an environmental policy that is proportionate to the environmental risk of their business. Supply partners are expected to follow procedures that ensure existing plants and equipment are operated in ways which minimize any impact on the environment. In addition, supply partners are expected to train employees and provide the necessary resources to make them aware of their personal responsibilities in protecting the environment.

WATER CONSUMPTION AND RESOURCES MANAGEMENT

Modineer request supply partners to make practical efforts to minimize the use of energy and materials. Supply partners are expected to make practical efforts to maximize the efficient use of water and ensure that wastewater is controlled within acceptable quality limits.

WASTE MANAGEMENT AND EMISSIONS

Modineer request supply partners to make efforts to minimize the generation of waste, including making efforts to reuse and recycle waste where possible. Supply partners are expected to take measures to support greenhouse gas emissions objectives, including the adoption of renewable energy, where possible.