



# Supplier Requirements Manual



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# Introduction and Minimum Requirements

At Neapco, we aspire to be the first choice globally for our suppliers. We believe that clear communication and defined expectations and requirements are key to sustainable long-term and mutually beneficial partnerships. Our supply partners are extensions of ourselves and when our partners are successful, Neapco is successful.

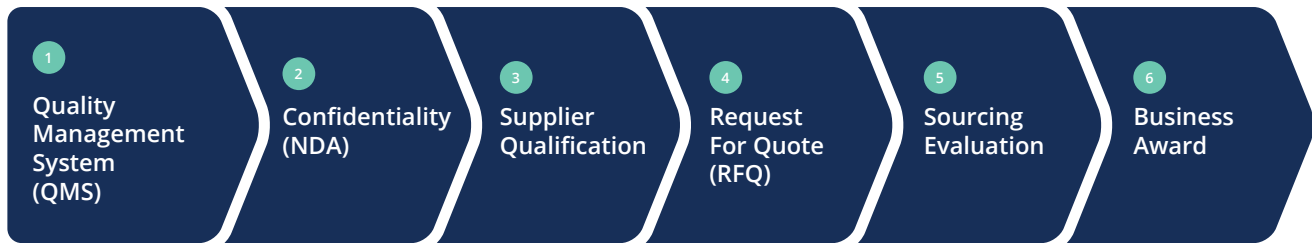
The purpose of this Supplier Requirements Manual is to define, for current and potential suppliers and their supply chain, Neapco's performance expectations for current and future business. This manual is a foundation and guideline, which when incorporated along with other referenced business documents and processes, becomes the enabler for a strong business relationship between Neapco and its supply partners.

Neapco requires all supply partners to be IATF16949 certified and as such, supply partners are required to maintain a Quality Management System (QMS). Neapco will continually assess the effectiveness of the QMS using a risk-based approach. Any exceptions or deviations to IATF16949 certification must be reviewed and approved by Neapco and its customers, if required.

Neapco's business needs, and the requirements of its customers, change from time to time. Supply partners are therefore obligated to remain current on the key Neapco policies, as well as other documentation referenced in this Supplier Requirements Manual, which are made available to supply partners through the Neapco Supplier Portal.

## SECTION 1

# Sourcing



### 1.1

## Quality Management System (QMS) General Requirements

The supplier will establish, document, implement, and maintain a quality management system and continually improve its effectiveness in accordance with IATF16949 requirements. The supplier shall:

- Identify the processes needed for the quality management system and its application throughout the organization.
- Determine the sequence and interaction of these processes.
- Determine criteria and methods needed to ensure effective operation and control of these processes.
- Ensure the availability of resources and information necessary to support the process operation and monitoring.
- Define the responsibilities and assign ownership of these processes.
- Continually monitor, measure, and analyze these processes.
- Address the process risks and opportunities identified in accordance with IATF16949.
- Implement actions necessary to achieve planned results and continual improvement of these processes.

### 1.2

## Confidentiality

Non-Disclosure Agreements (NDA), commonly referred to as confidentiality agreements, may be required between Neapco and supply partners prior to conducting any business.

### 1.3

## Request for Quotation (RFQ)

Suppliers are expected to address all sections of the RFQ and include requested supporting documentation and cost breakdowns as part of the quotation response. Quotation submission is required by the due date on the RFQ unless otherwise approved by Neapco.

## 1.4

### Supplier Qualification

Any current or potential supplier of production materials or services to Neapco shall be required to complete the supplier qualification process. The extent of the qualification process may vary dependent upon the criticality of the product or service being provided, or under consideration for sourcing.

The supplier qualification process consists of two steps:

#### 1. Supplier Self-Assessment

Supplier completion of QMS self-assessment evaluating the following organization attributes and criteria:

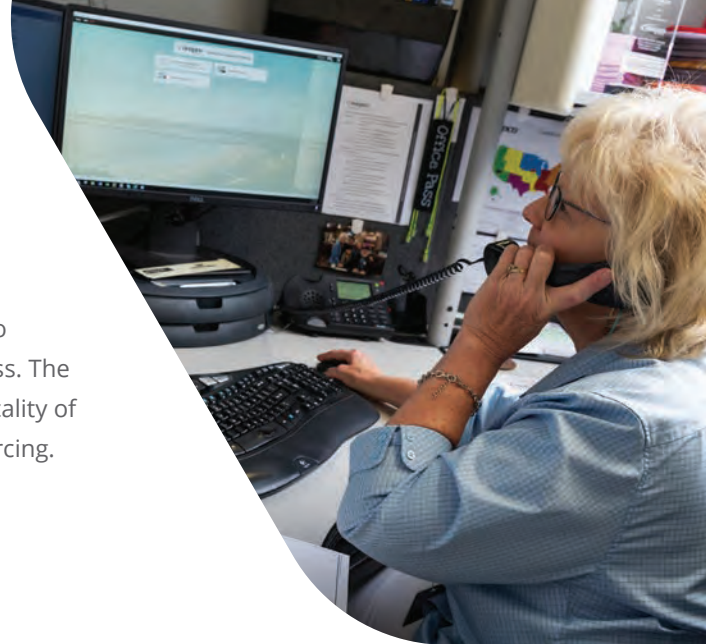
- Management
- Performance
- Quality planning
- Manufacturing excellence
- Sustainability

#### 2. Neapco On-Site Assessment

- A quality assessment to determine the effectiveness of the supplier QMS.
- A business assessment to determine adequacy of financial resources, sustainability policies, production capacity, and other factors necessary to meet the Neapco business and/or program needs.
- A technology assessment focused on the technical resources including, but not limited to, production and inspection equipment, facilities, engineering resources, among others.
- Additional audits may be conducted to assess manufacturing capability and/or other program specific needs.

When requested, current and prospective suppliers shall complete the Supplier Self-Assessment. Neapco will perform a detailed review of the Supplier Self-Assessment during the On-Site Assessment. Suppliers are required to achieve and then maintain a minimum evaluation of 80% to remain on or be added to the Approved Supplier List. Neapco will only consider approved suppliers for new business award and at any time, may require gap closure plans to address issues identified during the supplier qualification process.

Approved suppliers are required to maintain, and provide to Neapco on annual basis, a complete and accurate record of all certifications including, but not limited to, IATF16949, ISO14001, ISO45001, ISO9001, Country of Origin (COO), USMCA Certification, other eligible free trade certifications, diversity certifications, among others.



## 1.5

### Sourcing Evaluation

Following the request for quotation, and during sourcing evaluation, Neapco may require additional information including, but not limited to, Technical Feasibility Commitment (TFC), FEMA Gap Analysis, Approved Production Component Packaging and Shipping Form, and other sustainability, diversity, and ethics commitments.

## 1.6

### Business Award

Neapco will issue a Project Authorization Letter and/or Purchase Order to the selected supplier as confirmation and authorization to proceed on a new or carryover Business Award. Suppliers are required to provide written acceptance of Business Award within five (5) business days. Failure to provide written acceptance may result in termination of Business Award.



## SECTION 2

# APQP, PPAP and Launch Readiness

### 2.1

## Advanced Product Quality Planning (APQP)

Supporting the introduction of new products requires a well-defined and organized process for project planning and launch. Neapco requires that suppliers maintain an effective project planning process capable of supporting project timing.

The following section describes the expectations related to Advanced Product Quality Planning (APQP), Production Part Approval Process (PPAP), and launch readiness. Suppliers shall follow the most recent Automotive Industry Action Group (AIAG) guidelines for execution of APQP and PPAP processes. The goal of APQP is to facilitate communication across all involved parties to ensure that all required steps are completed on-time. The initial development of APQP will begin upon receipt of the supplier quotation.

Neapco may require onsite audits to verify progress and adherence to project requirements during APQP, PPAP, and launch readiness as well as during ongoing series production.

### 2.2

## APQP Responsibilities

Successful projects require an elevated level of cooperation and teamwork between supply partners. A complete list of responsibilities is available in the Neapco APQP checklist. Below is a concise list of key areas of responsibility for both Neapco and the supplier during the APQP process.

### Supplier Responsibilities

- Assign a dedicated project manager or APQP leader
- Organize a cross functional project team
- Develop and execute APQP in accordance with Neapco established milestones and requirements
- Provide supporting APQP documentation to Neapco in English

### Neapco Responsibilities

- Identify cross functional project team members
- Assign a Supplier Development Engineer to lead APQP activities
- Provide key project milestones and deliverables



### 2.3

## Components and Supplier Risk Assessment

At the start of a project, Neapco will complete a risk assessment and identify components that require higher levels of oversight and monitoring. Factors considered include, but are not limited to:

- Safety critical component
- New manufacturing facility
- Long tool and equipment lead time
- Parts that require extensive verification or validation testing
- New part or process
- New material requirement
- Painted, plated, or coated components
- Heat treated components
- New supply partner
- Past performance of existing supply partner
- Customer interfaces

Suppliers of components determined to be medium or high risk will be required to participate in remote and onsite reoccurring APQP and project review meetings with the Neapco cross functional team.

### 2.4

## APQP Reviews

As a general rule, APQP reviews will be held on a reoccurring basis. Prior to project milestones, suppliers shall update the APQP checklist in Plex, provide an updated project plan, and outline risks and opportunities. Suppliers may access the APQP checklist in the Neapco Supplier Portal. The Neapco APQP process is divided into six (6) phases covering all activities from Technical Feasibility Commitment through launch. The purpose of APQP reviews are to ensure resolution of project open issues, adequate capacity to support ongoing production needs, and incorporation of lessons learned into the supplier operations.

### 2.5

## Production Part Approval Process (PPAP)

The purpose of PPAP is to confirm that all engineering design records and specification requirements are properly understood by the supplier and that the supplier can demonstrate that the manufacturing process has the potential to consistently produce products meeting those requirements during an actual production run demonstration at the quoted production rate.



## 2.5: Production Part Approval Process (PPAP)

(continued)

Sample parts and supporting documentation shall be submitted to show evidence that:

- The design records and specifications have been properly understood and met.
- The manufacturing process has the capability to produce conforming parts in the actual production environment.
- The manufacturing process has the capacity to support production quantities at a consistent quality level.

Neapco will communicate desired PPAP submission timing as part of the RFQ package and supplier shall include PPAP submission timing on the quotation. Neapco and supplier will agree on PPAP submission during the evaluation phase and PPAP sample dates shall be planned as a milestone in the supplier APQP. Any exceptions, delays, or changes to the PPAP submission timing should be communicated in advance to and agreed by the Neapco SDE.

The supplier is responsible for the PPAP preparation.

- Supplier shall notify the Neapco SDE, PD and MP&L representatives on the day PPAP samples are shipped.
- Suppliers are responsible for the planning, approval, corrective action, follow-up and retention of PPAP submitted by sub-suppliers and subcontractors.
- Initial process studies of special characteristics or other critical characteristics identified by Neapco shall be completed on a minimum of 125 pieces selected at random from the PPAP run unless otherwise agreed to in writing by Neapco.
- Suppliers shall include Specification Feasibility Review Ballooned Dimension of Neapco released prints supporting dimensional checks.
- A six (6) piece, 100% dimensional evaluation from PPAP is required using Neapco's Dimensional Report Form.
- IMDS shall be submitted prior to PPAP submission.

Suppliers are required to submit a Level 3 PPAP package for all components unless agreed to by Neapco in writing. Supplier shall submit PPAP packages based on the latest Neapco production released drawings. Proprietary documents that cannot be submitted shall be made available to Neapco for review.

Neapco will review PPAP submissions and assign one of the following:

- Fully approved and in compliance with all specifications
- Interim approval
- Rejected

Suppliers will be notified via signed Part Submission Warrant (PSW) regarding the status of the PPAP submission. Only an approved PSW authorizes the supplier to produce and ship parts, based on releases, unless otherwise specified in writing by Neapco.

Neapco may grant interim approval in cases that can be supported with an approved temporary deviation along with plans to address any necessary corrective action and/or open issue within the agreed time periods. All deviation requests shall be submitted through the Neapco Supplier Change Request (SCR) process, which will then be reviewed and dispositioned by a cross functional Neapco team. Full approval of the deviation requires a plan from the supplier that addresses and corrects all open issues. The supplier may submit the SCR through the Neapco Supplier Change Request site located in SharePoint.

The supplier may invoice for the final release of tool funding only after full PPAP approval and also after tooling have been labeled in accordance with the requirements of Neapco, and its customers, including photographs. Payment will occur per the terms of Tooling Purchase Order.



## 2.6

### Annual Requalification

Unless otherwise specified, products supplied to Neapco must undergo a verifiable annual requalification check, in accordance with IATF and Customer Specific Requirements, including full dimensional layout of six (6) pieces, statistical capability analysis of special characteristics identified on the most recent print revision, and material certification. Suppliers may select one part from each product family to complete the requalification, if applicable. The requalification check must be included in the supplier production control plans.

Supplier may be required to complete Continuous Quality Improvement (CQI) assessments and Supplier Self-Assessments annually.

If deviations are identified during a requalification check, Neapco must be notified immediately, and further measures will be defined and agreed upon. The results of requalification are to be archived by supplier and must be sent to Neapco upon request within one working day. A retention sample shall be archived for the last version of the requalified part number.

## 2.7

### Series Production Process Studies

To ensure supplier maintains required capabilities, supplier shall provide process studies of special characteristics or other defined critical characteristics on monthly basis. Documentation shall be submitted to the appropriate Neapco plant quality team in the regional format.

## 2.8

### Run at Rate (R@R)

The Run at Rate is a requirement for all new product introductions. This sample run is to be conducted using production tooling, equipment, facility, and gauges. Run at Rate evidence is due at the time of PPAP submission. Neapco, at its discretion, may require additional post-PPAP Run at Rates on new products as well as current series products.

The Run at Rate requires that an adequate quantity of parts be produced to allow:

- Overall process stabilization.
- Accurate calculation of manufacturing cycle time.
- Determination of production throughput time.
- Capacity assessment.

A quantity specified by Neapco, but no less than 300 pieces, will be produced during the run at rate to ensure the process is fully tested.

## 2.9

### Launch Readiness

Neapco, at its discretion, will conduct on-site launch readiness review audits to ensure supplier is prepared to successfully launch the product. The supplier is obligated to present a plan to close all gaps identified during the launch readiness review audit within 15 business days after the audit report is published. At a minimum, plans shall include what will be done, what resources will be required, who is responsible, when it will be completed, and how the results will be evaluated.

## 2.10

### Contingency Plans

Suppliers are required to establish and maintain contingency plans to satisfy Neapco requirements in the event of any production interruption. Production interruptions may include, but are not limited to, capacity issues, quality issues, labor strikes, planned down-time or other events that prevent the supplier from meeting contractual capacity obligations or performing any APQP event or task that would impact program launch or timing (e.g., R@R or PPAP). Supplier shall provide their contingency plans to Neapco upon request.

When supplier becomes aware of an impending production interruption, supplier shall notify Neapco receiving plant MP&L and SQE teams as well as its Purchasing and SDE contacts. Supplier shall advise Neapco of the plan for recovery and work toward minimizing its effect on Neapco plants. The nature of the problem shall be communicated, and any immediate actions taken to ensure supply of products.

## 2.11

### Supplier Change Management

Supplier must comply with Section 8.5.6.1 of IATF16949 which requires supplier to have documented processes to control and react to changes that impact the product. Supplier shall assess any change caused by its organization, its customer, or any of its suppliers.

Supplier shall, among its multiple obligations:

- Define verification and validation activities to ensure compliance with Neapco requirements.
- Validate changes before implementation.
- Document the evidence of related risk analysis.
- Retain records of verification and validation.

Neapco requires that supplier changes, including those made at Tier-n suppliers, may require a production trial run for verification of changes (such as changes to part design, manufacturing location, or manufacturing process) to validate the impact of the changes on the manufacturing process.

Supplier is required to:

- Notify Neapco of any planned product realization changes after the most recent product approval.
- Obtain documented approval, prior to implementation of the change.
- Complete additional verification or identification requirements, such as production trial run and new product validation.

Supplier is expected to take a proactive approach to issues of non-conforming products or any changes to design, performance, materials, sub-suppliers, equipment, or processes. Supplier is not authorized to produce or ship such product prior to obtaining written Neapco approval through the Supplier Change Request (SCR) procedure and using the SCR templates.



## 2.11: Supplier Change Management

*(continued)*

After receiving a SCR, a cross-functional team at Neapco will evaluate and approve or reject the SCR. Approval of an SCR represents acceptance of feasibility, cost impact, and timing only. Samples may be required for validation and evaluation of potential impacts to the Neapco manufacturing processes. Submission for PPAP approval is mandatory prior to shipping affected part(s) in series production unless specifically waived by Neapco. In cases where Neapco customer approval is required, suppliers may only ship parts after all customer requirements are met and a signed PPAP is provided by Neapco. After written approval is provided, suppliers must properly identify the first delivery of parts impacted by the change request.

Supplier will be responsible for all costs incurred by Neapco, or its customer, associated with the implementation of an unauthorized change at supplier or at supplier suppliers.

## 2.12

## Traceability

All products must have batch control and traceability to limit the size and exposure of quality events and/or during product recalls. Traceability controls must be capable of linking production quantities to production processes to support root cause analysis activity. The system must establish and maintain one-to-one relationship between a lot/batch traceability number and a certain quantity of produced parts. If a traceability number, other than the serial number, is used for identifying serialized parts, a one to-one relationship between the traceability number and the serial number must be maintained. Supplier is responsible to ensure that the lot traceability system maintains its integrity through the entire supply chain, including raw material, purchased components/products, and sub-contracted operations. This traceability shall be documented in accordance with IATF16949 requirements.

Lot traceability must also be established for material subjected to approved rework procedures.



## SECTION 3

# Performance, Measurements, Corrective Actions

Neapco recognizes that the performance of the supply base has a direct and immediate impact on organizational performance. In response to this, Neapco has developed a system for the measurement and evaluation of supplier performance. The indicators resulting from this process are compiled quarterly, reviewed by Neapco management, and provided to supplier.

In addition to performance, Neapco also measures supplier based on its response and cooperation in aggressively seeking to resolve problems. Supplier is evaluated on the promptness of the initial response when notified of a problem, the timeliness of its subsequent actions, and the effectiveness of actions taken to resolve the problem. Neapco invites and encourages supplier to work as partners in the problem-solving process.

### 3.1

#### Nonconforming Material

Supplier must obtain written authorization from Neapco, also known as a concession or deviation, any time the product or manufacturing process is deviating from what is currently approved. When nonconforming supplier products are identified within a Neapco facility, the supplier will be contacted and a reject notification will be issued. Supplier shall respond within 24 hours of the notice and is required to immediately contain the nonconformance, certify for conforming material, and submit plan for immediate replacement of nonconforming products. Supplier must comply with the instructions provided in the reject notification. Supplier may be required to implement Controlled Shipping depending on the severity of the nonconformance or if the issue is reoccurring.

### 3.2

#### Root Cause Analysis, Corrective Action, and 8D Response

Supplier is required to submit and close Root Cause Analysis and Correction (8D Response) within the time required or specified by the respective Neapco facility where the nonconformance occurred.

### 3.3

## Supplier Scorecard

Neapco maintains a scorecard of quality, delivery, sustainability and certification metrics for supplier products delivering to Neapco facilities. The scorecard metrics are regularly reviewed to monitor and assess supplier performance. Suppliers will be assigned one of three performance levels: A - Eligible, B - Eligible with Corrective Action Plan (CAP) Possible and C - On Hold.

- “A” - Eligible; Eligible for new business, CAP not required.
- “B” - Eligible with CAP possible, CAP required after two consecutive quarters with a “B” or combination of “B” and “C” status.
- “C” - Eligible with Corrective Action Plan (1 Qtr.) or On Hold (2+ Consecutive Qtrs.)

### 3.4

## Corrective Action Plans (CAP)

Corrective Action Plans are required for any supplier that has fallen below acceptable performance levels or has been deemed deficient in one or more scorecard categories. If supplier achieves a “B,” Eligible with possible Corrective Action Plan (CAP), or “C,” On Hold, status, supplier will be required to complete and submit a Corrective Action Plan addressing the deficiency.

- “B” - Eligible with possible Corrective Action Plan, suppliers are required to submit CAP after two consecutive quarters with a “B” or combination of “B” and “C” status, within 15 business days from receipt of Scorecard. Neapco will review the CAP internally and will only disposition after evidence of corrective action effectiveness has been demonstrated by the supplier.
- “C” - Eligible, suppliers are required to submit CAP (one quarter with a C status) within 15 business days from receipt of Scorecard. Suppliers are required to review the CAP status with Neapco on a monthly basis until evidence of corrective action effectiveness has been demonstrated by the supplier. If supplier has a C status for two consecutive quarters, supplier is placed on business hold and is not eligible for new sourcing unless agreed upon by Neapco executive team.

### 3.5

## Audits

Neapco routinely conducts supplier audits as a prevention activity as well as to support corrective actions. Audits may be performed under any of the following circumstances:

- During APQP
- During launch readiness and production ramp-up
- New supplier qualification
- Introduction of a new process
- Change to or relocation of an existing production process
- Poor performance
- After a significant incident

Neapco also reserves the right to conduct annual audits, at any time, on any production process to ensure that production processes used during a qualified PPAP run remain unchanged and capable of delivering consistent quality products. The supplier is obligated to present a plan to close all audit findings within 15 business days after the audit report is published.

Suppliers are also expected to routinely conduct internal audits of their production processes. Recordings of any findings from internal audits and actions taken in response to findings should be available for review during the Neapco process audit.

### 3.6

## Controlled Shipping

When repeat supplier quality issues are identified or single issues are severe enough to impact production at Neapco, or its customer, the supplier may be placed on a controlled shipping plan to sort for non-conforming material, while implementing a root-cause problem solving process. Controlled Shipping is comprised of two levels as defined below:

### Controlled Shipping - Level 1 (CS1)

- A secondary inspection process performed by the Supplier at the supplier's facility at an offline location.
- The scope, inspection criteria, and method are to be documented and agreed upon between Neapco and supplier prior to beginning of inspection.
  - Minimum inspection requirements to include all non-conforming dimensions found to initiate CS1.
  - Additional inspection requirements to be added to protect Special and Critical characteristics from escaping, or if other non-conforming characteristics are found.
- Supplier will be responsible for all cost associated with CS1 inspection.
- Sorting Requirements:
  - Supplier must provide evidence that operators have been trained to CS1 sorting criteria.
  - Supplier must document inspection results and provide to Neapco on a weekly basis. Inspection dates, quantity inspected, quantity good and rejected must be included.
  - Suppliers must properly identify containers of parts subjected to CS1 with an approved tag prior to shipping to Neapco (example, green sticker with signature of inspector).
- To be removed from CS1, the supplier must provide evidence that permanent corrective actions prevented non-conforming material from reaching Neapco and its customer's facility for 20 working days.

- If non-conforming product is identified at Neapco's facility, or Neapco's customer during CS1, the supplier will be placed on Controlled Shipping – Level 2 (CS2) as defined below.

### Controlled Shipping - Level 2 (CS2)

- All requirements of CS1 are maintained, but inspection must be performed by a third party approved by Neapco.
- Supplier will be responsible for all cost associated with CS2 including the third-party fees.
- Supplier must document inspection results and provide to Neapco on a weekly basis. Inspection dates, quantity inspected, quantity good and rejected must be included.
- Supplier must provide evidence that permanent corrective actions prevented non-conforming material from reaching Neapco or its customer's facility for 60 working days to discontinue CS2 activities. The supplier may still be subjected to CS1 inspection depending on the corrective action circumstances.
- If a supplier is placed in CS2, Neapco reserves the right to resource the business.

### 3.7

## Rework

Supplier shall comply with IATF16949 requirements and obtain Neapco written approval prior to using or reworking nonconforming material. The supplier shall document the rework process in accordance with the control plan, or other relevant documented information, to verify compliance to original specifications. Once approval is received and rework is executed, the supplier shall retain documented information on the disposition of reworked product including quantity, disposition date, and applicable traceability information.

## SECTION 4

# Material, Planning & Logistics (MP&L) Expectations and Requirements

### 4.1

#### Supplier Operational Expectations

Neapco supplier partners are required to ship the right part, in the right quantity, in the right container, and at the right time to support plant production plans. Reaching this objective is essential and the Neapco MP&L organization has identified the following key functions that support this goal.

- Electronic shipping communication via EDI or Neapco Supplier Portal.
- 100% EDI ASN accuracy and on-time delivery to Neapco production facilities.
- Transmission of Advanced Shipping Notification (ASN) no more than 30 minutes after shipment departure.
- Consistent monitoring of Neapco plant 830 releases and forecast schedules.
- Flexibility within the manufacturing process to support unexpected plant shortages and requirements.
- Robust, repeatable, and error-proofed processes utilizing MMOG as a reference.
- Proactive, advanced, and effective communication of problems to ensure successful mitigation of material supply.
- Collaboration and cooperation to secure a stable supply chain.

### 4.2

#### Manufacturing Planning and Scheduling

A robust planning and scheduling approach not only minimizes supply and delivery risks, but facilitates effective communication. Neapco recommends that supplier:

- Develops and maintain a manufacturing plan that represents its production schedule necessary to support Neapco requirements.
- Creates a ramp-up plan during launch to ensure equipment, tooling, and manpower is capable of meeting Neapco requirements.
- Maintains a weekly comparison of actual production output versus Neapco requirements to ensure all potential volume shortfalls are communicated promptly and effectively.
- Has ability to receive and utilize Neapco 830, or MRP requirements, electronically.
- Communicates its 830, or MRP requirements, with sub-suppliers via EDI/internet.
- Has in place a process and metrics to monitor supply base performance and support the mitigation of high risk, high impact suppliers and issues.

*Suppliers providing product to Neapco's European locations should also be familiar with the Europe Supply Chain Manual, located in the Neapco Supplier Portal. Where information is conflicting, the Europe Supply Chain Manual should be followed.*



### 4.3

## Production Scheduling

- Neapco facilities order information will be sent to and received by supplier electronically via 830 EDI or through the Neapco Supplier Portal Online Releases.
  - The information shall be integrated into the supplier organization's planning / scheduling system upon receipt.
- Supplier shall be ANSI X12 or EDIFACT compliant to ensure receipt of ship authorization schedules and forecasts.
  - Neapco 830 release is the document that initiates supplier planning schedules for building finished goods and raw material purchases.
  - The 830 transmits the ACCUM that is needed at Neapco facility by specified date and the supplier is obligated to produce that amount.
- A non-compliant supplier is required to pull releases from, and ship based upon, the Neapco Supplier Portal available within Plex.
- Based on the Neapco 830 EDI documents, supplier is authorized to have a maximum of 3 weeks fabricated material plus an additional 3 weeks of raw material. In total, Neapco authorizes supplier to have 6 weeks of raw and fabricated material per the latest transmitted 830 EDI document.
  - When a part becomes obsolete it will be flagged via the 830 EDI. Once the final release has been shipped, suppliers have 30 calendar days from the last shipment to file a claim requesting disposition for obsolete parts and material.
  - The claim should be submitted to the Neapco Material Planning & Logistics team, as well as the commodity buyer.

### 4.4

## Shipping and Routing Expectations

- Each Neapco facility MP&L department, with the help of its logistics partners, will establish the shipping frequency and windows for production material.
  - Suppliers are expected to ship on weekends, holidays, and during vacation periods if required by Neapco and/or its logistics partners.
  - Shipping capabilities shall match the Neapco facilities receiving and production schedules. Non-standard shipment times shall be approved through the respective MP&L organization.
- Neapco reserves the right to return unauthorized shipments at the expense of the supplier.
- Suppliers shall adhere to assigned window times for each route. Failure to comply with the scheduled window time may result in carriers departing without the necessary freight, leaving the supplier responsible for premium freight charges.
  - Consistent failure to follow assigned window times may result in accessorial chargebacks to suppliers.
- It is the responsibility of supplier to have the exact material and quantity ready to support Neapco requirements at the assigned date and time. If at any point supplier is unable to meet the material schedules communicated, it is supplier responsibility to immediately notify the necessary Neapco facility Material, Planning and Logistics personnel.
  - Neapco MP&L will determine if premium freight is required, as well as the need time and mode of transportation required for any premium freight.
  - Suppliers will be responsible for any freight cost incurred by Neapco because of any deviation from the required ship plan.
  - Short shipments and premium transportation may cause negative impacts on supplier scorecards.



#### 4.4: Shipping and Routing Expectations

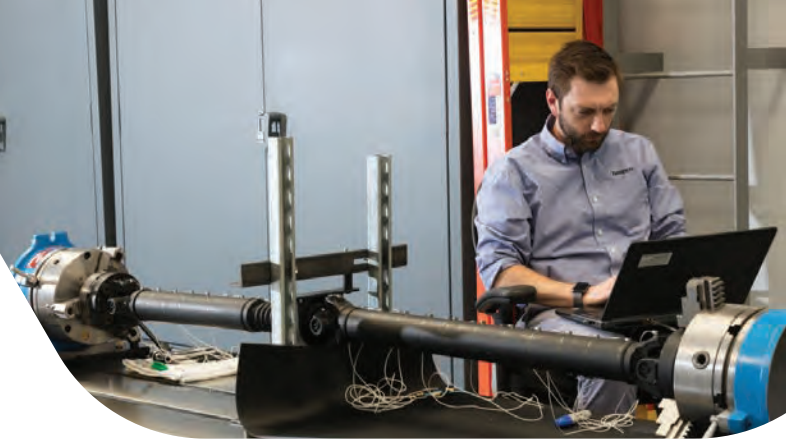
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- Suppliers are responsible for supporting up to a 20% increase in the current week release requirements compared to prior week's forecast requirements for current week.
  - Suppliers unable to support the increase will be responsible for any premium transportation costs resulting from a short shipment.
  - Increases greater than 20% will be reviewed as necessary by Neapco MP&L personnel.
- If a Neapco facility is required to ship Neapco customer material via premium freight because of supplier failure to deliver contracted goods within the terms of the contract, all costs that are incurred by Neapco will be the sole responsibility of the supplier.
  - Charges will be delivered to the supplier in the form of a Supplier Chargeback.
- If Neapco and/or Neapco customer production is interrupted by the failure of the supplier to deliver contracts goods within the terms of the contract, all costs that are incurred by Neapco and/or Neapco customers will be the sole responsibility of the supplier.
  - Suppliers will be responsible for corrective action in the form of a Customer Concern and 8D form.
  - Charges will be delivered to the supplier in the form of a Supplier Chargeback.
- If necessary, during critical supply issues or at the supplier's request, Neapco MP&L will send a constraint sheet based on OEM requirements.
  - Please note that the constraint sheet was developed because of a failure to ship according to the Neapco 830 release. The purpose of the constraint sheet is to communicate Neapco critical needs to help assist with supplier internal scheduling. Use of the constraint does not supersede the electronic release requirements, nor does satisfying the constraint demand on a given day, absolve supplier responsibility for downtime charges and premium freight.

## 4.5

# Shipping Documentation and Packaging Requirements

- Suppliers shipping to a Neapco facility are required to provide an Advanced Shipment Notice (ASN), or 856 notifications, within 30 minutes of a shipment's departure.
  - Failure to complete the ASN may result in a negative impact to supplier scorecard or premium transportation.
  - Labor chargebacks may be sent because of late or missing ASN(s).
- For assistance in preparing an ASN, please reference the document "Plex 856 Ship Notice Manifest" available within the Neapco Supplier Portal.
- Suppliers shall provide packaging in accordance with the "Neapco Drivelines Packaging Guidelines for Production Parts" available within the Neapco Supplier Portal.
  - These guidelines apply to products shipped into Neapco facilities.
  - Any deviation from the Neapco guidelines shall be directed to the Neapco Buyer and approved by the respective Neapco facility Material Planning and Logistics department.
  - It is the responsibility of the supplier to maintain up-to-date packaging information.
- Neapco owned returnable containers are to be utilized for shipping between the facilities and are prohibited for use in internal work-in-process, build ahead (bank builds), over-builds, or shipment to other facilities.
  - Neapco MP&L will determine and manage the fleet size based on contractual volumes.
  - Repair of Neapco owned containers is the responsibility of Neapco, however identification and storage of broken containers is the responsibility of the supplier.
- Whether utilizing Neapco or supplier owned containers, it is supplier responsibility to ship quality material in a safe and clean manner.
- Material shall be identified in compliance with the Neapco "Label Criteria" document available within the Neapco Supplier Portal.
- Labels shall be legible with easily scannable bar codes per the AIAG B10, B14, B16, QS9000 and ISO Standards.
- Labels shall be placed on adjacent ends of each container.
  - Returnable packaging shall be cleaned of all one-time shipment labels by supplier to ensure current part number, quantity, and certification of material are correctly labeled.
- Each shipment shall have a master packing list and individual packing lists on the last skid loaded on the trailer for delivery.
  - Individual packing list shall contain all materials on that shipper/packing list.
  - Each packing list shall contain the information as referenced in the "Label Specification" document found on the Neapco Supplier Portal.
- Packing slips shall agree exactly with the 856 Advanced Shipment Notice.
  - Matching part numbers, serial numbers, and quantities.
  - Failure to correctly match ASN information with label information may result in a supplier chargeback.



*Suppliers providing product to Neapco's European locations should also be familiar with the Packaging Requirements Manual, located in the Neapco Supplier Portal. Where information is conflicting, the Packaging Requirements Manual should be followed.*

## SECTION 5

# Sustainability

Neapco is committed and determined to do its part in creating a resilient and sustainable world by enforcing its Global Environmental Policy. Neapco actively pursues the reduction in use of natural resources and toxic chemicals, as well as the reduction of greenhouse gas emissions, water consumption and the amount of waste sent to landfills. Neapco has initiated energy savings programs, waste reduction programs and water resource reviews in all facilities. Neapco aligns with, and requires that its supply base also aligns to, the “Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain.”

### 5.1

## Global Environmental Policy

Through our vision, mission, and values, this policy is our commitment to be a good corporate citizen, protect the environment, prevent pollution, fulfill our environmental compliance obligations, and continually improve our Environmental Management System to enhance environmental performance and other commitments.

### Governance

Top management monitors and assesses each elected facility to ensure compliance to legal requirements, conformance and improvement of the environmental management system.

### Facilities

Facility management is responsible and accountable for responsible chemical management, water quality and consumption, air quality, sustainable resource management and waste reduction, energy efficiency, renewable energy, and greenhouse gas emissions.

### Customers/Suppliers/Contractors

We will work closely with our stakeholders to communicate and apply our environmental responsibilities, and other specific commitments as applicable to their products or services.

### Team Members

Team members are on the front lines of environmental performance; therefore, they receive ongoing training and communication, and they participate in identifying opportunities to improve environmental performance.





Neapco is aligned with the core beliefs of its customers and working in partnership to enhance sustainability performance throughout the automotive industry supply chain.

Neapco is aligned with the core beliefs of its customers and working in partnership to enhance sustainability performance throughout the automotive industry supply chain. We recognize that we are an extension of our customer and, as a representative of our customer, we too embrace the expectation and challenge of attaining the highest standards of business integrity and social and environmental performance.

Neapco requires sustainable business practices throughout its entire supply chain. As a business partner to Neapco, your organization is therefore expected to be able to demonstrate alignment with these principles. Suppliers are required to review and adhere to the global automotive guiding principles for sustainability, ensuring that adequate policies are in place.

Neapco will assess and evaluate its supply base for performance and compliance to these sustainability expectations using a Sustainability Self-Assessment Questionnaire (SAQ). The SAQ is comprised of questions developed in collaboration with several automotive manufacturers as part of the Drive Sustainability working group and is based on the OEMs expectations outlined in the Global Automotive Sustainability Practical Guidance. To be considered for business, suppliers are required to complete the most recent version of the SAQ (version 4.0, at the time this document is released) for the appointed manufacturing site. Completion of the SAQ will be included on the supplier scorecard.

## 5.2

### General Sustainability Requirements

Suppliers are expected to conduct their business ethically, apply high standards of corporate conduct, and to act in full compliance with all relevant laws and regulations. This Supplier Manual is not and should not be interpreted to circumvent or undermine any applicable laws, rules, or regulations. Neapco prohibits improper, unethical business conduct of any sort; our suppliers must confirm that their business practices meet, at a minimum, the requirements set out in this Supplier Manual. The requirements listed in this manual are general. Suppliers should also be familiar with any specific sustainability requirements from Neapco's customers.



## 5.3

### Environment Requirements

#### 5.3.1

Suppliers shall comply with all relevant laws pertaining to the environment and should be committed to a continual improvement process in environmental management. Suppliers shall keep and maintain all applicable environmental permits and make them available for Neapco to review upon request.

#### 5.3.2

Suppliers should take a proactive, precautionary approach to managing their environmental impacts.

#### 5.3.3

Suppliers should:

- Minimize the consumption of natural resources (e.g. water efficiency, energy efficiency).
- Ensure that all materials are traceable and, where practicable, that materials originate from a sustainable or recycled source.

- Prevent adverse environmental impacts, including pollution, in the communities in which they operate.
- Ensure that any hazardous or toxic waste is properly identified and disposed of by authorized bodies.

#### 5.3.4

Suppliers should have a written environmental or sustainability policy appropriate to the size and nature of their operation which addresses prevention, mitigation, and management of serious environmental and health impacts from their operations.

#### 5.3.5

Suppliers should monitor and actively work toward reducing their greenhouse gas emissions, and provide Neapco with their greenhouse gas emissions inventory data upon request.

#### 5.3.6

Suppliers should undertake initiatives to promote greater environmental responsibility and shall strive to conduct business in a sustainable manner.

## 5.4

### Social Requirements

#### 5.4.1

Suppliers shall support and respect the internationally proclaimed human rights of their employees, other personnel, and local communities, and shall comply with all relevant laws pertaining to human rights.

#### 5.4.2

Suppliers shall make sure that they are not complicit in human rights abuses. Suppliers must take appropriate steps to identify and eradicate modern slavery, in all its forms, including slavery, servitude, forced and compulsory labor, and human trafficking.

#### 5.4.3

Suppliers shall not directly or indirectly use child labor. Suppliers must comply with the minimum employment age limit defined by national law or by International Labor Organization (“ILO”) Convention 138, whichever is higher.

#### 5.4.4

Suppliers shall be equal opportunity employers, where no job applicant, employee, or any other individual affiliated with the business is discriminated against and less fairly treated because of actual or perceived race (including color, castes, nationality or ethnic origin), disability, gender, religion, age, marital status, sex (including pregnancy, sexual orientation, or gender identity), union membership, political affiliation, being a member of a protected class under international human rights law or any other conditions not justified in relevant law or relevant to the performance of the job. Suppliers must have policies and procedures in place to protect against discrimination, harassment, and coercion.

#### 5.4.5

Suppliers shall provide a safe, healthy, and clean workplace for all personnel, including employees, contractors, and visitors. All relevant laws pertaining to health and safety must be complied with at all times. Supplier shall be prepared to execute emergency response plans in the event of an emergency situation.

#### 5.4.6

All terms and conditions of employment must be made clear to the workforce in a manner which is easily understood by that workforce. The supplier must fully comply with all applicable laws and regulations when setting employee conditions on working hours, benefits, and wages (such as minimum legal wages).

#### 5.4.7

Suppliers shall provide workers with clear, fair, and uniformly applied disciplinary practices and grievance procedures.

#### 5.4.8

Supplier shall recognize the rights of workers to form or join trade unions which are free to meet without hindrance and to bargain collectively.

#### 5.4.9

Suppliers should promote diversity within their own organizations and supply chain. Further, Neapco expects suppliers to agree to provide evidence of their commitment upon reasonable request.

#### 5.4.10

Suppliers should provide training, including that required under relevant law and industry specific training (whether mandatory or best practice) to workers.

#### 5.4.11

Supplier should partner with local communities to improve the educational, economic, and social well-being of the people who live there.



## 5.5

### Governance Requirements

#### 5.5.1

Suppliers must comply with all relevant laws and regulations pertaining to bribery, corruption, fraud, money laundering, terrorist financing, and tax evasion, and must not do or omit to do anything which would cause Neapco to be in breach of such relevant law.

#### 5.5.2

Suppliers must work against corruption in all its forms, including extortion and bribery, and prohibit offering, promising, giving, accepting, or soliciting an advantage as an inducement for an action which is illegal, unethical, or a breach of trust.

#### 5.5.3

As part of the prevention, identification, and detection of the issues listed in 5.5.1, suppliers should implement mandatory training for workers, appropriate oversight, regular risk assessments, appropriate due diligence, and procedural audits.

#### 5.5.4

Suppliers should encourage workers to promptly report if they know of or suspect any business activity deemed illegal, immoral, illicit, or unsafe, and should implement disciplinary action for any individual failing to comply with such procedures. Suppliers shall ensure that workers do not suffer any adverse consequences for making a report in good faith or refusing to pay a bribe.

#### 5.5.5

Suppliers should keep detailed records of the identification and prevention of issues listed in 5.5.1 and should promptly notify Neapco upon becoming aware of any instance or suspected instance of illegal or unethical business conduct connected to the business relationship between Neapco and the supplier.

#### 5.5.6

Suppliers shall not violate antitrust and competition laws in the countries in which they operate. Supplier shall operate in fair competition and shall not engage in price fixing, price discrimination, or unfair trade practices that transgress federal or state law.

#### 5.5.7

Suppliers shall not engage in a conflict of interest or the appearance of a conflict of interest or impropriety.

### Data Protection and Information Security

#### 5.5.8

Suppliers must comply with all relevant laws pertaining to data protection and must not do or omit to do anything which would cause Neapco to be in breach of such relevant law. Supplier shall have an established system for information security and data privacy to protect Neapco's information from being shared, changed, or destroyed by unauthorized parties.

#### 5.5.9

Suppliers should not share or exchange any price, cost, or other competitive information or undertake any other collusive conduct with any other third party to Neapco with respect to any proposed, pending, or current Neapco procurement.

## 5.5: Governance Requirements

*(continued)*

### 5.5.10

Suppliers should respect intellectual property rights and safeguard customer information. Transfer of technology and know-how shall be done in a manner that protects intellectual property rights. At no time, should Neapco's intellectual property rights be infringed. Suppliers shall maintain controls to safeguard Neapco's name, logo, trademarks, inventions, designs, confidential information, and other intellectual property against unauthorized use, modification, and damage.

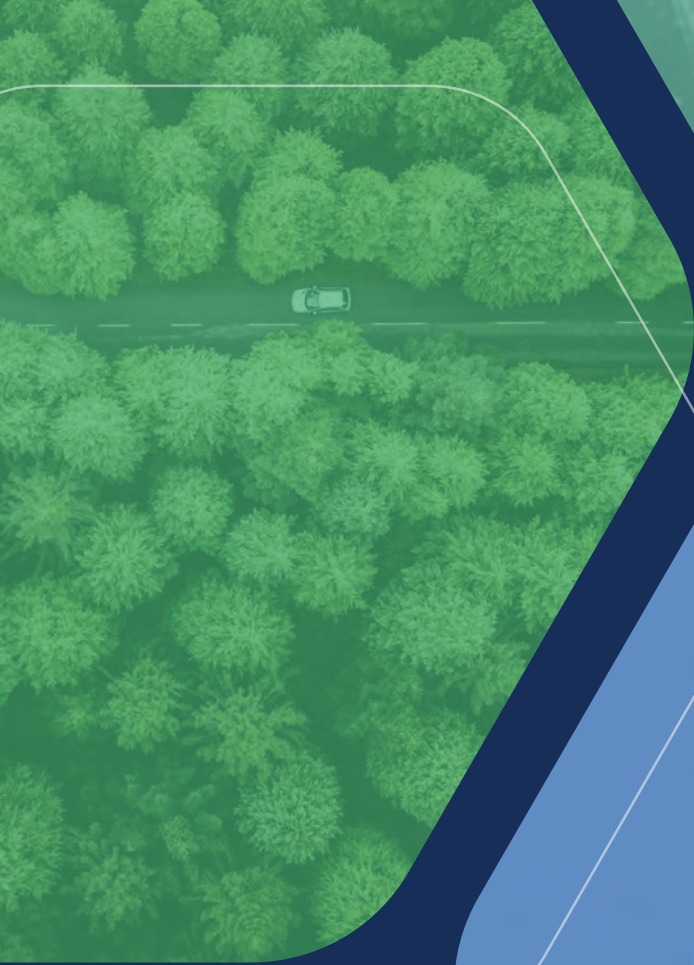
### 5.5.11

Suppliers should protect the reasonable privacy expectations of personal information of everyone the supplier does business with, including sub-suppliers, suppliers, customers, consumers, and employees. Suppliers shall comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

### 5.5.12

Suppliers should implement processes to address the confidentiality and protection of an employee whistleblower who in good faith raises a concern, makes a report, or assists with an investigation related to potential ethical or criminal violations.





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