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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 applies to suppliers that manufacture and, where applicable, design and develop automotive products (excluding aftermarket parts) for automotive customers, where manufacturing of automotive products occurs.

All Neapco suppliers are required to develop, implement, and improve a quality management system (QMS) with the ultimate objective of becoming certified to IATF 16949. Neapco will define a minimum acceptable level of QMS development and a target QMS development level for each supplier based on risk. Any exceptions or deviations must be reviewed and approved in writing 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 is required to develop, implement, and improve a quality management system (QMS) with the ultimate objective of becoming certified to IATF 16949. QMS development can be considered as a progression, with third-party certification to ISO 9001 as a minimum starting point. Other levels of QMS development may include:

- Third-party certification to ISO 9001 with compliance to Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] as determined by Neapco through second-party audits;
- Third-party certification to ISO 9001 with compliance to IATF 16949 as determined by Neapco through second-party audits; and
- Third-party certification to IATF 16949.

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 form 04NGP-1b 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 a 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), FMEA Gap Analysis, Approved Production Component Packaging and Shipping Form, and other sustainability, diversity, and ethics commitments. Supplier to reference Neapco Sustainability Requirements Manual for sustainability requirements.

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 and Neapco Supplier APQP Process 5NGP-05. 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.

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 when requested by Neapco representative.

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 prior to PPAP approval. 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 downtime 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.
- Submit the Neapco Supplier Change Request (SCR) template to the Neapco Supplier Development Engineer (SDE). Neapco SDE to route the SCR for Neapco approvals.
- 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.

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. New milestones/ timing between Neapco and supplier (e.g. SOP, PPAP, etc.), need to be agreed upon. 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 oneto- 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 wwill 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 2 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.
- 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.

4.3

Production Scheduling

- Neapco facilities order information will be sent to and received by supplier electronically via 830 EDI.
    - 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.

- 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.

- 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.

Revision History

Rev	Revision Description	Date Effective
1	- Initial Release. This document replaces the original non-controlled version that was previously posted on Neapco website. - Updated section 1.5 to include a reference to Neapco's new sustainability procedure. - Removed the following statement from section 2.7: "…on monthly basis"; replaced it with "when requested by Neapco representative". - Updated section 2.9 to remove 15 business days from LRR audit response; replaced it with "prior to PPAP approval". - Updated section 4.1 and 4.3 to remove Neapco supplier portal. The supplier must use EDI. - Removed the following statement from section 4.3 "A non-compliant supplier is required to pull releases from, and ship based upon, the Neapco Supplier Portal available within Plex." - Added the following statement to section 2.11: "Submit the Neapco Supplier Change Request (SCR) template to the Neapco Supplier Development Engineer (SDE). Neapco SDE to route the SCR for Neapco approvals."	25.AUG.2026