



# SUPPLIER STANDARDS MANUAL (MATERIALS, COMPONENTS)

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## CONTENTS

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<b>SECTION I. General Information .....</b>	<b>3</b>
1.1 Shape Corp. Introduction .....	3
1.2 Shape Corp. Global Footprint .....	3
1.3 Document Purpose .....	4
1.4 Shape Code of Conduct .....	4
1.5 Diversity (regional specific) .....	5
<b>SECTION II. Quality Expectations .....</b>	<b>6</b>
2.1 General Expectations .....	6
2.2 Product Launch Requirements .....	6
2.3 Nonconformance and Corrective Action .....	10
2.4 Labeling & Documentation .....	12
2.5 Tooling and Gage Design/Build Standards and Calibration .....	21
2.6 Shape Corp Continuous Improvement .....	21
2.7 Automotive product-related software or automotive products with embedded software .....	21
<b>SECTION III. Delivery Expectation .....</b>	<b>22</b>
3.1 General Expectations .....	22
3.2 Shipping and Forecasting Schedules And Authorizations .....	22
3.3 EDI Transmission .....	23
3.4 Packaging Expectations .....	24
3.5 Logistics Expectations .....	25
3.6 Steel/Aluminum Coil Delivery .....	25
<b>SECTION IV. Supplier Rating System .....</b>	<b>26</b>
4.1 General Information and Objectives .....	26
4.2 Quality Section Overview .....	26
4.3 Delivery Section Overview .....	26
4.4 Cost Section Overview .....	26
4.5 Service Section Overview .....	Error! Bookmark not defined.
4.6 Performance Level Definition .....	27

## SECTION I. GENERAL INFORMATION

### 1.1 SHAPE CORP. INTRODUCTION

Shape Corp. provides innovative engineering solutions with the discipline of flawless execution. The company is a full service, tier-one supplier that designs, engineers, tests and manufactures products in a variety of materials, including metals and plastics. Process and material advancements position Shape as a pioneer in custom roll forming and injection molding. Shape serves an array of industries including automotive, office furniture, medical and agriculture in more than 15 countries. Founded in 1974, Shape remains a privately owned, family company. Shape employs more than 3,000 associates globally, about whom Shape has adopted the slogan, “Thinkers, Believers, Doers.”

Shape Corp recognizes the importance of building strong partnerships with world-class suppliers. We are seeking partners who are interested in joining a high performance team committed to providing excellent customer satisfaction. The performance of our trading partners has a dramatic impact on our ability to exceed our customer’s expectations. Our goal is to have a positive impact on the performance and development of our suppliers. The pursuit of this goal will ensure on time delivery of defect free products and services.



### 1.2 SHAPE CORP. GLOBAL FOOTPRINT

Shape Corp. has manufacturing facilities, engineering and sales offices, and joint venture locations in many locations, as shown below. Suppliers to Shape may be asked to deliver goods and services to one or more of these locations. The Shape Corp. Supplier Standards Manual applies to suppliers delivering to any Shape Corp. location or any location of a Shape Corp. affiliate (entities that are controlled by, under common control with, or control, Shape Corp.).

## GLOBAL FOOTPRINT



### 1.3 DOCUMENT PURPOSE

The purpose of this manual is to facilitate the communication of Shape Corp.'s requirements to its materials and component suppliers (other standards and manuals are available for services, tooling and equipment suppliers to Shape Corp.).

Shape Corp. requires that its suppliers:

- ❖ Acknowledge that a fundamental objective for quality and delivery performance is 100% achievement to written requirements.
- ❖ Manage facilities, processes, quality systems and personnel to consistently and cost effectively produce products supplied to Shape Corp. Key personnel changes such as but not limited to account managers, quality personnel, and plant management to be communicated to Shape Corp.
- ❖ Develop and implement advanced product quality planning, practices and procedures in accordance with IATF16949 specifications, utilizing the AIAG Advanced Product Quality Planning (APQP), Failure Mode Effects Analysis (FMEA) and Control Plan reference manuals, unless otherwise specified by Shape Corp. and/or its customer.
- ❖ Provide objective evidence that supplied products satisfy all part approval requirements including acceptable process capabilities for all part characteristics that have been determined to be of significance.
- ❖ Utilize appropriate statistical techniques for on-going process control and improvement (as established in the AIAG Statistical Process Control / MSA manual).
- ❖ Be committed to continuous improvement in all areas by emphasizing variation reduction, process efficiency, and waste elimination.
- ❖ Operate an environmental management system which will observe the standard regulations applied nationally and in the industry (e.g., ISO14001), minimize the consumption of natural resources and meet the requirements of Shape Corp. (and its customers) for the recycling and disposal of the supplied products in a demonstrable manner.
- ❖ Meet Shape Corp.'s requirements in regards to the use, control and supply of returnable packaging.
- ❖ Communicate any and all concerns or changes prior to implementation that may affect our business. Refer to change point control section 2.2. Significance of the change and actions will be determined based on Shapes and/or our customers' requirements.
- ❖ Adhere to the latest statutory and regulatory requirements for country of receipt, country of shipment as well as the country of destination, if we are able to provide.

### 1.4 SHAPE CODE OF CONDUCT

We believe the mutual interest of us and our suppliers is best served by a common dedication to excellence and that such dedication is adequate to express mutual respect and appreciation. Our expression of being an industry leader and maintaining exemplary ethical business practices is a key core principal, and Shape's suppliers are expected to follow Shape's Code of Conduct, locatable at [www.shapecorp.com/suppliers](http://www.shapecorp.com/suppliers).



1.5 DIVERSITY (REGIONAL SPECIFIC)

**Policy Statement**  
**Minority/Veteran/Women Business Enterprises**

Our policy regarding the inclusion of minority, veteran, and women- owned businesses (M/NVDBC/WBE) within the company’s procurement system is as follows:

It is the policy of Shape Corp to ensure equal access to contracts and business opportunities within the company to all enterprises including M/WBE. We will attempt to establish relationships with those M/NVDBC/WBE who are capable of supplying goods and services that meet our needs.

In an effort to carry out this policy we have established a baseline goal for our overall spend be with recognized M/NVBDC/WBE's.

“Minority Business Enterprise” shall mean a business that is at least 51% owned, controlled and operated by a minority person. The business must be certified as a Minority with a recognized minority council or government organization to qualify.

“Women Business Enterprise” shall mean a business that is at least 51% owned, controlled and operated by a woman. The business must be certified as a Woman with a certifying agency being Women Business Enterprise National Council-WBENC or government agency.

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THE BASIC COMPONENTS OF OUR SUPPLIER DIVERSITY PROGRAM

<b>Outreach</b>	Participate in organizations that provide interaction with Minority owned enterprises (Any regional affiliate of the National Minority Supplier Development Council, Small Business Administration)
<b>Certification</b>	Verification of M/NVBDC/WBE status through certifications.
<b>Qualification</b>	Compare potential supplier capabilities with current and future procurement needs
<b>Reporting</b>	Providing our customers with feedback on our spend data

## SECTION II. QUALITY EXPECTATIONS

### 2.1 GENERAL EXPECTATIONS

Shape Corp expect that all supplied products and services meet or exceed our quality expectations 100% of the time. We realize that our suppliers play a vital role in helping us in this effort. We do business with domestic and international automotive companies as well as many non-automotive customers. Customer specific requirements will supersede our requirements and will be communicated through the Shape Corp. program team. Suppliers must be compliant to Shape Corp and/or customer specific engineering and quality standards that are cascaded from Shape Corp. We expect regular communication from our suppliers to ensure that we are aware of problems and can work towards quick resolution with zero impact on our customers.

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#### QUALITY STANDARDS AND CERTIFICATIONS:

We are committed to be certified to the highest required standards as specified by our customers. The requirement, for the automotive industry, is the IATF16949 Quality Management System. We expect suppliers, involved in the production of automotive components, to be certified to the ISO9001 standard and conforming to the current revision of IATF16949 requirements. Conformance to the IATF16949 standard is defined by the current IAOB published requirements. Our non-automotive suppliers are highly suggested to obtain third-party quality systems certification by an RAB certified registrar.

NOTE: A written deviation, approval letter or equivalent from our customer may be used if you are not certified to a quality system.

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#### SUPPLY CHAIN SUSTAINABILITY

Shape is committed to a “Net Neutral” carbon emission footprint. This is to be achieved through utilization of processes within the organization as well as from Shape’s supply base. Shape suppliers are required to participate in the “Net Neutral” initiative which includes the Carbon Disclosure Project (CDP); this is a requirement set forth by OEMs such as Ford, GM, Nissan, and others. Shape will work with each supplier to establish requirements and reporting structures.

Prior to award of business and annually thereafter, all Shape suppliers will be required to complete a Supplier Sustainability survey which will be held by Shape in Plex. This document will be sent out along with the Shape Supplier Self-Assessment and is intended to be used as to ensure each supplier is operating within the Shape’s intended operating practices.

### 2.2 PRODUCT LAUNCH REQUIREMENTS

We realize that quality begins in the product launch process. Our business units and support staff utilizes a launch structure to ensure all activities are completed to meet customer timelines. Ultimately, the Program Manager is accountable for the completion of the launch process. Contact the appropriate Program Manager or Buyer for details on this process.

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#### ADVANCE PRODUCT QUALITY PLANNING (APQP)

Requirements for APQP are based on the current revision AIAG **Advanced Product Quality Planning and Control Plan (APQP)** manual. However, the requirements are customized to the program, depending upon who the end customer is. In other words, customer specific requirements are incorporated. We communicate these requirements to the supplier through the Supplier Statement of Work (SSOW) between us and Supplier teams. It is the supplier’s responsibility to ensure that they have a full understanding of all requirements.

## PRODUCTION PART APPROVAL PROCESS (PPAP)

Generally, we utilize the current revision AIAG **Production Part Approval Process (PPAP)** manual format for part submission packages. Customer specific requirements (CSR's) will ultimately dictate the content and format of part submissions. We are responsible for cascading the CSR's and documenting the submission requirements, setting a timeline with due dates, and communicating them to the supplier. All questions and open items must be resolved prior to the submission due date with documented results included in the submission package as necessary.

All supplier PPAPs shall be signed off by a Shape ASQE or equivalent. PPAP will be approved on the basis of all documentation being accepted by ASQE or equivalent.

During the final stage of the PPAP process the Shape ASQE or equivalent shall award PPAP approval only as "interim" status until such a time that the final "production drawing" is released by Shape's customer and therefore by Shape to the supplier. At this time Shape will require the supplier to resubmit specific documentation to the newest rev level of the final production drawing. At this time Full PPAP Approval shall be awarded.

This process does not prevent milestones from begin completed such as tooling payment, etc. The intent is to ensure the quality documentation loop is closed between Shape and the supplier pertaining to pre-production to production documentation.

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## ENGINEERING CHANGES

Suppliers are required to comply with (and maintain on file) the current issued Shape Corp controlled drawing. When engineering changes occur, a drawing will be sent to the supplier.

Any suppliers wanting to initiate engineering changes may log onto [www.shapecorp.com](http://www.shapecorp.com) to access the Supplier Engineering Change Request form to complete and turn in the Shape Corp. Commodity Manager/Buyer.

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## GENERAL PURCHASED PRODUCT WORKMANSHIP STANDARDS

When not identified on a part print, all incoming raw material shall be delivered free of the following as it pertains to general Shape Workmanship Standards.

### Coiled Raw Material:

Rust, Edge wave, ID (Inner Dimension) and OD (Outer Dimension) out of tolerance in any increment, Camber, Narrow strip width, cracking (micro and visible), and other visible damage.

### Metal components/assemblies:

Rust on component or any part of assembly, warped or bent, burrs, and dimensionally "slightly out of spec".

### Plastic component/assemblies:

Flashing, burrs, sinking, incorrect gate trim, and dimensionally "slightly out of spec".

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## CHANGE POINT CONTROL

The table below explains each type of change type, lists some example changes (change type not limited to examples).

Note – a change in a part due to one of the listed types requires controls whether the change originates internally or externally to the supplier.

1	Design Change	The part drawing changes, altering the physical structure of the part. A design change is done when a new part drawing or red pen is issued.
		* New part design
		* Design change that affects the part
		* Design change that does not affect the physical structure of the part, such as part name or part number.
2	New supplier	A supplier or sub tier supplier, who has never produced the part or component, manufacturing the part for Shape/Shape's customer
		* Addition of a new supplier or sub supplier
		* Changing the supplier or sub-supplier
		* New delivery location
		* Change from in house production to outside supplier (or vice versa)
3	Material Change	The material(s) used to manufacture the part is changed.
		* Change of material supplier
		* Material supplier changed from outside to self-supplied (or vice versa)
		* Change in material composition (including anti rust or lubrication oil)
4	Manufacturing method change	A process method, setting, or condition used in manufacturing the part is changed or modified. This includes any change that effects the way parts are produced as reflected in the PPAP. This applies when the normal control range changes, not for routine adjustments.
		* Casting or forging method change
		* Sintering condition change
		* Heat treatment condition change
		* Rubber or plastic molding condition change
		* Welding condition change
		* Plating or coating condition change
		* Machining and cutting condition change
5	Process order change	The manufacturing process order is changed or deviates from the PPAP
		* Change to the order of the process, or adding or deleting process steps.
		* Change a temporary process to a permanent one (or vice versa)
6	Machine Change	When the machine initially used to produce the parts during the approval process has been changed or replaced by another machine. Machines examples: stamping press, injection or blow molding, assembly line, etc.)
		* Initial use of the new machine
		* Major or minor modification or repair of a machine
		* Equipment relocation within the same plant or outside the plant or building.



		* Changes to the machine control logic (e.g. software upgrade or replacement that affects machine function)
7	Jig/Tool Change	The primary or secondary tooling or jigs are changed, potentially affecting the quality, function, appearance, or reliability of the part. Jig and tool examples: welding or assembly fixtures used in manufacturing process, cooling fixtures, sonic or heat welding, etc.)
		* Change in machinery master for parts
		* New or modified jigs and tools
8	Die/Mold Change	A die or mold that is used in the manufacturing process is new or changed
		* New or renewed die or mold
		* Revision or major repair of the die or mold
9	Inspection Method Change	The inspection methods of the part are changed, potentially resulting in either an improvement or changes in the parts quality performance.
		* New or modified inspection equipment
		* Measuring method change or measuring instrument type change.
10	Transportation/ Packaging Change	The method of transporting the part to Shape/Shape's customer or the packaging of the part deviates from the initial/back up approved method. The change could adversely affect the quality of the part.
		* Change in delivery method, packaging materials or containers.

#### EARLY PRODUCTION PRODUCT CONTAINMENT

Product supplied to Shape during early production will be 100% sorted and contained for part validity per requirements set forth by Shape Corp. Quality Engineer or equivalent during the PPAP discussion. Safe launch documentation as defined by the Shape Corp. Quality Engineer or equivalent at time of the PPAP process shall be submitted to the Shape Corp. Quality Engineer or equivalent at a minimum frequency of weekly unless otherwise indicated by said engineer. Any request to be removed from this activity shall be submitted to the Shape Quality Engineer prior to PPAP process for review. Supplier standards will be noted in our Supplier Statement of Work (SSOW) which will be issued to the supplier prior to the PPAP process. Early Production Product Containment/Safe launch containment is to be conducted at a minimum of 90 Days pre and post SOP unless otherwise indicated by the Shape Corp. Quality Engineer or equivalent. All suppliers are responsible to establish a "Fast Response Board" process which is to be put into place @ SOP- 3 months and carries throughout the production lifecycle of the product. The parameters for the Fast Response Board will be communicated by the Shape Corp. Quality Engineer or equivalent and results are to be given to said engineer on a weekly basis.

#### ADDITIONAL REQUIREMENTS

Suppliers are required to track product by our lot number system (or develop and record a correlation to Shape Corp's lot control system) for the ability to segregate nonconforming material and minimize any impact that may incur. Lot traceability is the ability to separate material/product by batch, lot or run. Section 2.4 may also require the fields to be bar coded on the label as well for lot traceability.

Pass through characteristics and annual product validation may be required to be included on quality documentation (control plan). These pass thru characteristics are communicated and defined by the Shape Corp. Program Team. Statutory and Regulatory requirements must be followed where applicable on products for country of receipt, country of shipment as well as the country of destination, as required.

## 2.3 NONCONFORMANCE AND CORRECTIVE ACTION

### SUPPLIER NONCONFORMANCE PROCESS:

Nonconformance to our requirements (tooling, quality, documentation and delivery) can impact our ability to meet customer expectations. The nonconformance, as well as the action taken by the supplier, is reflected on the Supplier Scorecard.

A problem is issued when supplied product does not conform to the specifications. When a problem is issued, the supplier will be notified.

In an effort to ensure all notifications are delivered to the appropriate persons, Shape has adopted the policy of several of our OEMs: Each supplier shall have a generic email address for all quality notifications to be delivered to i.e. [Quality@\(supplier name\).com](mailto:Quality@(supplier name).com). This will allow Shape quality teams to reach out to the supplier in question with no need for concern for when associates moves positions and or leave the company.

### THE FOLLOWING ARE SOME EXAMPLES OF WHY A PROBLEM RECORD MAY BE ISSUED:

- Nonconforming product found at our customer as a result of a Supplier's product
- Nonconforming product found anywhere in our process - do not conform to the agreed upon specifications or standards (acceptance criteria is based on zero defects)
- The stated product quantity is not in the shipping container

### CONTAINMENT OF NONCONFORMING MATERIAL

There are increasing levels of containment activity based on the severity of the issue, reoccurrence, and confidence in the corrective action presented. We expect that all suspect material is contained, and an interim corrective action is submitted to the business unit QE within 24 hours.

As part of the identification and containment process, the supplier shall put into place a "Fast Response Board" as part of the "Total Quality Wall" as described by SES.

We will evaluate the non-conformance and determine the appropriate level of containment required. The two levels of containment activity and related guidelines are listed as follows:

**LEVEL I CONTAINMENT** is defined as the implementation of additional controls by the supplier to ensure all suspect products and/or documentation is verified to meet Shape Corp's requirements. This action must include all product and/or documentation that may be in our facilities, in transit, in process, in a supplier storage location, or in any hold area. The goal of this containment is to purge the entire system of all non-conforming material.

**Supplier Level I Containment guidelines include the following:**

- Containment area must have a well-defined material flow for incoming and outgoing product
- No rework must be done in the containment area
- Product acceptance, standards, measurements, and testing process to be agreed upon by Shape Corp QE or designate
- Results of containment activities must be documented in a report and submitted to the Shape Corp QE or equivalent who initiated the sort
- Containment personnel must be properly trained and have work instructions, quality standards, boundary samples, etc.

**LEVEL II CONTAINMENT** is defined as the implementation of additional controls by an impartial third party approved by Shape Corp, at the expense of the supplier; to ensure all suspect inventories are purged and/or verified. Level II containment is enacted when level I containment fails to protect us from receiving non-conforming material. Level II containment will result from any non-conforming product found at Shape Corp during the specified containment period at early product launch (i.e. GM GP-12 or equivalent). All Level I requirements apply to Level II with the additional requirements as listed below.

**Supplier Level II Containment guidelines include the following:**

- We will initiate Level II activities by sending a formal request to the supplier's Plant and/or Quality Managers.
- All documents pertaining to the containment action must be certified by the third party involved (example: container labels, packing lists, sort reports)
- We may require that the supplier involve third party engineering services, at the suppliers cost, if adequate progress is not being made on containing and correcting the incident.
- The supplier is required to submit all sort records and/or engineering findings to us to verify that appropriate containment and corrective action activity is taking place.

In the event we experience down time, scrap, or labor expenses to sort due to supplied non-conforming material, we will calculate all additional costs incurred, due to the issue, and debit the supplier responsible.

**REMOVAL FROM CONTAINMENT** will be determined once supplier has completed the corrective actions and verified by Shape Corp. that they are implemented along with concrete data showing significant improvement.

**Potential sources of additional costs may include:**

- Line shut down will be calculated based on the specific cost for respective line
- Hourly charges for sorting or rework both at our plants and our customer
- The total cost of a non-conforming assembly resulting from a supplier issue
- Travel costs incurred by Shape Corp to contain the issue at our customer

Additionally, any costs not identified above that are incurred by Shape due to the validated quality issue will be charged 100% to the supplier through such methods as a "Cost Recovery Debit".

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**PROBLEM SOLVING**

The preferred corrective action form is the Corrective Action (8-D) and to be completed within Plex; the program teams may also request a specific corrective action format (i.e. 5-P, Global 8-D, Drill Deep, 7 Step, etc.) to meet customer specific requirements. To get access to Plex, contact your Supplier Quality Rep at Shape Corp.

**The supplier is responsible to:**

- Respond to Shape with a documented containment action (how to contain the issue) and interim corrective action (actions that protect us until the corrective action is in place) within 1 day of the notification.
- Complete corrective action (not including intended verification actions) within 14 days of the notification, or communicate timeline expected to the appropriate personnel.

- Supplier is responsible to verify the corrective action is effective with at least 30 days of “clean point” validation of non-recurrence of the original issue, and the overall problem solving to be closed in no more than 60 days.
- The Supplier Rating will be negatively affected if the corrective action response is untimely or unsatisfactory. Untimely and unsatisfactory responses can ultimately have a negative impact on potential future business with Shape Corp.
- Use problem solving tools such as 5 whys, A-3, and turtle diagrams to help determine the root causes for the occurrence, escape and the system failure(s)/weakness to keep reoccurrence from happening. The utilized method is to be attached to the CAR form in Plex along with any supporting evidence for True Root Cause.
- Complete the corrective actions, preventative actions along with the verification for the occurrence, the escape, and the system failure(s)/weakness relating to the root causes that were identified.
- Supplier is responsible to escalate any roadblocks to Shape Supplier Development team and seek any assistance to remove the roadblocks.

NOTE: Shape Corp. can provide an instruction to assist in the problem solving process within Plex.

## 2.4 LABELING & DOCUMENTATION

### CONTAINER LABELS – ALL SUPPLIERS

An integral part of our Material Control System is the ability to receive material and control inventory through the use of bar coding technology.

Shape may grant concessions allowing the supplier to use a different label format other than what is specified in this document if needed or required by our customers. If a subcontract supplier ships directly to our end customer, the end customer’s labeling requirements apply.

Suppliers are required to track product by our lot number system (or develop and record a correlation to Shape Corp’s lot control system) for the ability to segregate nonconforming material and minimize any impact that may incur. Lot traceability is the ability to separate material/product by batch, lot or run. Section 2.4 may also require the fields to be bar coded on the label as well for lot traceability. See the “**EDI and Labeling Guidelines**” for process details. The guidelines are available on our website at [www.shapecorp.com/suppliers](http://www.shapecorp.com/suppliers).





Additional details on this are listed on the following pages. These labeling requirements correspond to Shape Corp’s unique requirements and are thus more restrictive than the AIAG standard.






#### **Labeling Requirements**

- Shape Corp asks its suppliers to use standard 4 x 6 AIAG container labels. All labels must meet the standard as provided in AIAG B-10 Trading Partner Label definition dated 5/95. Additionally, all labels must meet the requirements listed in this document.
- A **unique lot number on each container** of product received into Shape Corp will be used for lot traceability and inventory tracking.
  - Each lot serial number may be used no more than once. Serial numbers must be alphanumeric (no spaces).





- In most cases, Shape requires container labels for each container unit. Different label formats may be discussed and agreed upon in advance with Shape Corp logistics. Master and mixed labels may be used if needed. These labels must also meet our defined requirements.
- Suppliers are expected to acquire a three character serial number prefix from Shape. Inclusion of this prefix shall be required in the serial number wherever the serial number is used. The maximum number of characters in a serial number is 13, including any start/stop characters and data identifiers.
  - Suppliers who do not know their serial number prefix should contact their Shape Buyer or Shape Supplier Quality Engineer.
  - Containers that are to be delivered to a Shape facility shall have a label on a MINIMUM of TWO SIDES of each container.

### EXAMPLE LABEL 1 – COMPONENTS




PART NO (P) <b>202359-20</b> 			
QUANTITY (Q) <b>100</b> 		Description <b>SHAPE PART DESCRIPTION</b>	
		MFG DATE <b>9/26/2013</b>	REV <b>05</b>
		SUPPLIER PART <b>FAL-8493-RAL24</b>	
SUPPLIER (V) <b>SUPPCODE</b> 		[Space Reserved For Supplier Use]	
SERIAL (S) <b>ABC2813653</b> 			

PART NO (P) <b>202359-20</b> 			
QUANTITY (2Q) <b>100</b> 		Description <b>SHAPE PART DESCRIPTION</b>	
		MFG DATE <b>9/26/2013</b>	REV <b>05</b>
		SUPPLIER PART <b>FAL-8493-RAL24</b>	
SUPPLIER (V) <b>SUPPCODE</b> 		HEAT NUMBER (1T) <b>717F9225J</b> 	
SERIAL (S) <b>ABC2813653</b> 		[Space Reserved For Supplier Use]	

**EXAMPLE LABEL 3 – MASTER UNITS**

MASTER LABEL			
PART NO (P) <b>202359-20</b> 		Nb. of Containers : <b>10</b>	
QUANTITY (Q) <b>100</b> 		Description <b>SHAPE PART DESCRIPTION</b>	
		MFG DATE <b>9/26/2013</b>	Rev <b>05</b>
		SUPPLIER PART <b>FAL-8493-RAL24</b>	
SUPPLIER (V) <b>SUPPCODE</b> 		[Space Reserved For Supplier Use]	
SERIAL (S) <b>ABC2813653</b> 			

#### EXAMPLE LABEL 4 – MIXED UNITS

<b>MIXED LABEL</b>			
PART NO (P)		<b>Nb. of Containers : 10</b>	
QUANTITY (Q) <b>100</b> 	Description		
SUPPLIER (V) <b>SUPPCODE</b> 		MFG DATE <b>9/26/2013</b>	Rev
SERIAL (S) <b>ABC2813653</b> 		[Space Reserved For Supplier Use]	

The tables below list out the fields to control on the AIAG Container Label.

For supplier EDI testing, write “OK” or “NOK” in the corresponding cell. In case of “NOK”, explain the precise reason in the “Remarks” column.

The column “**Mandatory Y/N**” indicates the mandatory data. In some cases, suppliers may be required to submit non-mandatory data in the ASN. Shape Corp reserves the right to require non-mandatory elements on a case by case basis.

For **component** shipments and shipments that do not contain raw materials, the labels shall contain the following information:

Container Shipping Labels								
Field Description		Bar Code Mandatory	Bar Code Prefix	Bar Code Format	Text Mandatory	Conform OK/NOK		Remarks
		Y / N			Y / N	Supp	Shape	
Supplier Name		No			Optional	Ok		

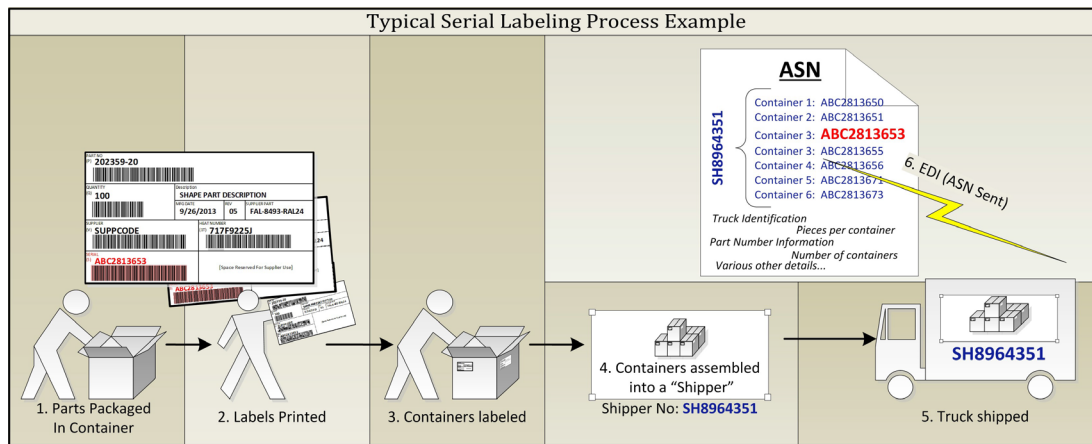
Supplier Address		No			Optional			
Supplier Code		Optional	V	3 of 9	Optional			
<b>Part Number</b>	856 LIN-03	<b>Yes</b>	<b>P</b>	<b>3 of 9</b>	<b>Yes</b>			Suffixes such as -20, -21, -70, and 71 are part of the part number & should be included .
<b>Part Revision</b>	830 LIN-05 856 LIN-07	No			<b>Yes</b>			Suffixes" such as -01, -03, -04 are revisions. Not to be used as part of the part number .
<b>Part Description</b> <i>Item description from Purchase Order</i>	830 PID-05	No			<b>Yes</b>			
<b>Quantity</b>	856 CLD-02	<b>Yes</b>	<b>Q</b>	<b>3 of 9</b>	<b>Yes</b>			
<b>Serial Number</b>	856 REF-02	<b>Yes</b>	<b>S</b>	<b>3 of 9</b>	<b>Yes</b>			Include three letter supplier prefix
Shipper Number	856 BSN-02	Optional			Optional			Shipper No should begin with 3 letter supplier prefix.
<b>Date</b> <i>Manufacturing Date or Shipping Date</i>	856 DTM*011 <i>When ship date is used</i>	No			<b>Yes</b>			
Destination Location <i>Ship-to Address</i>	830 N1*ST-01, N3, N4	No			Optional			

For raw material shipments such as steel coils and resin, the labels shall contain the following information:

<b>Raw Material Shipping Labels</b>								
<b>Field Description</b>		<b>Bar Code Mandatory</b>	<b>Bar Code Prefix</b>	<b>Bar Code Format</b>	<b>Text Mandatory</b>	<b>Conform OK/NOK</b>		<b>Remarks</b>
		Y / N			Y / N	Supp	Shape	
Supplier Name		No			Optional			
Supplier Address		No			Optional			
Supplier Code		Optional	V	3 of 9	Optional			
<b>Part Number</b>	856 LIN-03	<b>Yes</b>	<b>P</b>	<b>3 of 9</b>	<b>Yes</b>			Suffixes such as -20, -21, -70, and 71 are part of the part number & should be included .
<b>Part Revision</b>	856/830 LIN-05	No			<b>Yes</b>			Suffixes" such as -01, -03, -04 are revisions. Not to be used as part of the part number .
<b>Part Description</b> <i>Item description from Purchase Order</i>	830 PID-05	No			<b>Yes</b>			



<b>Actual Weight</b>	856 CLD-02	<b>Yes</b>	<b>2Q</b>	<b>3 of 9</b>	<b>Yes</b>			
<b>Serial Number</b>	856 REF-02	<b>Yes</b>	<b>S</b>	<b>3 of 9</b>	<b>Yes</b>			Include 3 letter supplier prefix
<b>Lot/Heat Number</b>	856 REF*HC-02	<b>Yes</b>	<b>1T</b>	<b>3 of 9</b>	<b>Yes</b>			
Shipper Number	856 BSN-02	Optional			Optional			Shipper No should begin with 3 letter supplier prefix.
<b>Date</b> <b>Manufacturing Date or</b> <b>Shipping Date</b>	856 DTM*011 <i>When ship date is used</i>	No			<b>Yes</b>			
Destination Location <b>Ship-to Address</b>	830 N1*ST-01, N3, N4	No			Optional			



For shipments containing master units, the master labels shall contain the following information:

<b>Master Shipping Labels</b>								
<b>Field Description</b>		<b>Bar Code Mandatory</b>	<b>Bar Code Prefix</b>	<b>Bar Code Format</b>	<b>Text Mandatory</b>	<b>Conform OK/NOK</b>		<b>Remarks</b>
		Y / N			Y / N	Supp	Shape	
"Master Label" Heading		No			<b>Yes</b>			
Supplier Name		No			Optional			
Supplier Address		No			Optional			
Supplier Code		Optional	V	3 of 9	Optional			
<b>Part Number</b>	856 LIN-03	<b>Yes</b>	<b>P</b>	<b>3 of 9</b>	<b>Yes</b>			Suffixes such as -20, -21, -70, and 71 are part of the part number & should be included .
<b>Part Revision</b>	830 LIN-05 856 LIN-07	No			<b>Yes</b>			Suffixes" such as -01, -03, -04 are revisions. Not to be used as part of the part number .

<b>Part Description</b> <i>Item description from Purchase Order</i>	830 PID-05	No			<b>Yes</b>			
<b>Quantity</b>	856 CLD-02	<b>Yes</b>	<b>Q</b>	<b>3 of 9</b>	<b>Yes</b>			Total of all container quantities on the master unit
<b>Number of Containers</b>		No			<b>Yes</b>			Number of serialized containers on the master unit
<b>Lot/Serial Number</b>	856 REF-02	<b>Yes</b>	<b>S</b>	<b>3 of 9</b>	<b>Yes</b>			Include 3 letter supplier prefix
Shipper Number	856 BSN-02	Optional			Optional			Shipper No should begin with 3 letter supplier prefix.
<b>Date</b> <i>Must be Manufacturing Date or Shipping Date</i>	856 DTM*011 <i>When ship date is used</i>	No			<b>Yes</b>			
Destination Location <i>Ship-to Address</i>	830 N1*ST-01, N3, N4	No			Optional			

For shipments containing mixed units, the mixed labels shall contain the following information:

Mixed Shipping Labels								
Field Description		Bar Code Mandatory	Bar Code Prefix	Bar Code Format	Text Mandatory	Conform OK/NOK		Remarks
		Y / N			Y / N	Supp	Shape	
"Mixed Label" Heading		No			Yes			
Supplier Name		No			Optional			
Supplier Address		No			Optional			
Supplier Code		Optional	V	3 of 9	Optional			
Part Number	856 LIN-03	Yes	P	3 of 9	Yes			Suffixes such as -20, -21, -70, and 71 are part of the part number & should be included .
Part Revision	830 LIN-05 856 LIN-07	No			Yes			Suffixes" such as -01, -03, -04 are revisions. Not to be used as part of the part number .
Part Description Item description from Purchase Order	830 PID-05	No			Yes			
Quantity	856 CLD-02	Yes	Q	3 of 9	Yes			Total of all container quantities on the master unit
Number of Containers		No			Yes			Number of serialized containers on the master unit
Lot/Serial Number	856 REF-02	Yes	S	3 of 9	Yes			Include 3 letter supplier prefix
Shipper Number	856 BSN-02	Optional			Optional			Shipper No should begin with 3 letter supplier prefix.
Date Must be Manufacturing Date or Shipping Date	856 DTM*011 When ship date is used	No			Yes			
Destination Location Ship-to Address	830 N1*ST-01, N3, N4	No			Optional			

## PACKING SLIPS

### **Incoming packing slips must contain the following:**

- Ship date
- Packing slips must be legible
- Shape purchase order number – one purchase order per invoice
- Remit to Address, including telephone and fax number
- Shape Corp part number
- Description of product
- Quantity, unit of measure and number of containers
- Supplier packing slip number, which must also be referenced on the invoice
- Ship via and FOB

Any packing slip, which does not comply with the above requirements, will affect the Service section of the supplier's quarterly report. Consequently, this may also delay payment due to incorrect or incomplete information in our system.

NOTE: Any sample material that is delivered to Shape Corp must be clearly identified as such.

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## MATERIAL CERTIFICATIONS

Material certifications may be required on components and raw material shipped to our facilities. The Purchase Order (P.O.) will list the appropriate specifications and any requirements for material certifications.

### **If material certifications are required for each shipment as listed on the P.O.:**

- The material certifications must accompany or be received in advance of the raw material receiving process.
- Raw material received without certification will not be placed into inventory until certification is received. The supplier is at risk of being charged a late delivery and may be liable for a line shut down and downtime/administration fees until certifications are received and material placed into inventory.
- Steel - HSLA (High Strength Low Alloy) grade of steel or higher must accompany mechanical test results as well as chemical test results and coating description (if applicable) on the certification.
- Steel – Below HSLA grade will require chemical data and coating description (if applicable) on the certification.

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## INTERNATIONAL MATERIALS DATABASE SYSTEM (IMDS)

The purpose of this directive is to identify all conflicting materials and to determine recyclability of the vehicle at the end of its useful life. The IMDS is a database system where the material composition of parts, and how much of the part can be recycled, are entered and tracked. AIAG has developed an industry standard method of collecting this data. It can be accessed, free of charge, at [www.mdsystem.com](http://www.mdsystem.com) Suppliers are expected to submit this data to the Shape Corp. Quality Engineer along with notifying us directly of any conflicting materials from the IMDS database.

## 2.5 TOOLING AND GAGE DESIGN/BUILD STANDARDS AND CALIBRATION

### The Supplier Is Responsible To:

- In the special circumstances where Shape builds and pays for a gage to be built on the outside, the expectation is that the supplier maintains, performs gage R&R, and calibrate unless otherwise noted on the SSOW.
- Notify Shape Corp prior to any major repair, replacing of non-maintained parts, or modification to tooling/gages that would affect the dimensions of product including a poor gage R&R.
- Shape Corp owned tooling/gages must be identified with customer and or Shape asset tag, to be coordinated with our Shape Corp. Program Team.
- Gages used on Shape Corp. parts must be calibrated per the calibration due date as stated on the gages/checking aids. This includes but not limited to check fixtures, calipers, mic's, etc.
- Preventative maintenance established and in place for all tooling/gages.
- Inventory of spare parts for wearable items.

## 2.6 SHAPE CORP CONTINUOUS IMPROVEMENT

The objective is to generate continuous improvement ideas that enhance product quality, reduce cost, and improve product value. It is a condition of continuing business that each supplier participates in. The cost down percentage is based as a percentage of supplier sales dollars from the previous year.

We have two fundamental and mutually exclusive areas where continuous improvements can occur:

- P.O. price reduction or sustainability
- Value Analysis Submissions/Continuous Improvement Activities

A Value Analysis idea is considered a change to the product resulting in the elimination of waste and cost savings. The change must either improve quality or be quality neutral.

Suppliers are encouraged to submit ideas to the respective Shape Corp Commodity Manager/Buyer. Performance in continuous improvement is a critical element of the supplier rating system and considered in all sourcing decisions. See section 4 for details on the supplier rating system.

In general, commodity generated cost reductions would not be given credit unless the supplier can demonstrate sustainability. The Shape Corp. Commodity Manager/Buyer ultimately has the responsibility to determine credit for ideas submitted within the continuous improvement program.

## 2.7 AUTOMOTIVE PRODUCT-RELATED SOFTWARE OR PRODUCTS WITH EMBEDDED SOFTWARE

Suppliers providing product-related software or products with embedded software must maintain and implement a process for software quality assurance for their products. The documented information of a development capability self-assessment to be retained in your records.

## SECTION III. DELIVERY EXPECTATION

### 3.1 GENERAL EXPECTATIONS

Missing a shipment to a customer is never an option. Our customers demand 100% on-time delivery of product and 100% accuracy of the information that accompanies the product. Meeting these expectations requires both a continual focus on the integration of data and systems throughout the supply chain and a continuous improvement approach to materials management. Integration of data and systems empowers the supply chain by providing the visibility necessary to operate a flexible but lean manufacturing process. Shape strives to improve supply chain performance through:

- Understanding and complying with industry standards such as the Materials Management Operations Guidelines (MMOG), published by AIAG.
- Utilizing continuous improvement teams focused on the development and implementation of best practices throughout Shape Corp.
- Frequent interaction with our customers to cascade requirements and allow mutual feedback on ways to drive waste out of the replenishment process.

### 3.2 SHIPPING AND FORECASTING SCHEDULES AND AUTHORIZATIONS

#### **A. Shape Forecast, Release, and Authorization Types**

Shape provides its suppliers the following data types:

1. **FORECASTS:** Estimated demand developed from Shape's analysis of actual customer orders and average sales of customer products, provided to suppliers whenever planning data is available, and for estimating purposes only. Forecasts are not a firm commitment by Shape Corp.
2. **MATERIAL RELEASES:** Shape's communication to its suppliers confirming quantities and delivery schedules to fulfill a previously-issued Purchase Order. The due date listed on Material Releases indicates when parts are due. Pursuant to Shape's Purchasing Terms and Conditions, all shipments must arrive at the time they are due. Shape reserves its rights detailed in Shape's Purchasing Terms and Conditions in the case of late deliveries, which will also result in reductions to the supplier's score under Shape's Supplier Rating System.
3. **RAW AUTHORIZATION:** The maximum number of weeks of a supplier's inventory of raw materials or components for which Shape may reimburse a supplier, pursuant to Shape's Purchasing Terms and Conditions, in the event Shape cancels a Material Release or terminates its Purchase Order. Shape will indicate its Raw Authorization for each supplier on its Purchase Order.
4. **FAB AUTHORIZATION:** The maximum number of weeks of fabricated goods in a supplier's inventory for which Shape may reimburse a supplier, pursuant to Shape's Purchasing Terms and Conditions, in the event Shape cancels a Material Release or terminates its Purchase Order. Shape will indicate its Fab Authorization for each supplier on its Purchase Order.

## B. Shape Release Schedules

While Shape will communicate its schedules with suppliers that have not implemented EDI, Shape strongly encourages its suppliers to use EDI, which creates numerous benefits, including greater accuracy and reliability of Forecasts and standardized Material Release schedules, as illustrated in this table:

	<b>EDI Material Release – 830 v4010</b>	<b>Supplier Portal (non-EDI) Online Releases</b>	<b>Legacy (non-EDI) Schedules</b>
<b>Update Frequency</b>	Monday through Saturday between 12:00-1:00 PM in the time zone of the ordering entity	In real time Monday through Saturday; Suppliers must check online releases daily between 12:00 PM and 1:00 PM	Manual transmission by Shape planner
<b>Number of weeks detailed</b>	<b>3 weeks</b> of daily Material Releases	<i>Not standardized</i>	<i>Not standardized</i>
<b>Number of weeks summarized</b>	<b>23 weeks</b> of weekly Material Releases	<i>Not standardized</i>	<i>Not standardized</i>
<b>Total weeks of Material Releases</b>	<b>26 weeks</b>	<i>Not standardized</i>	<i>Not standardized</i>

### 3.3 EDI TRANSMISSION

To exchange EDI with Shape, the Shape Corp EDI requirements must be followed. We have designed a clear process for implementing EDI. The EDI implementation process details can be found in the “**EDI and Labeling Guidelines**” document. Completion of this process is a prerequisite for trading EDI with Shape. The guidelines are available on our website at [www.shapecorp.com/suppliers](http://www.shapecorp.com/suppliers).

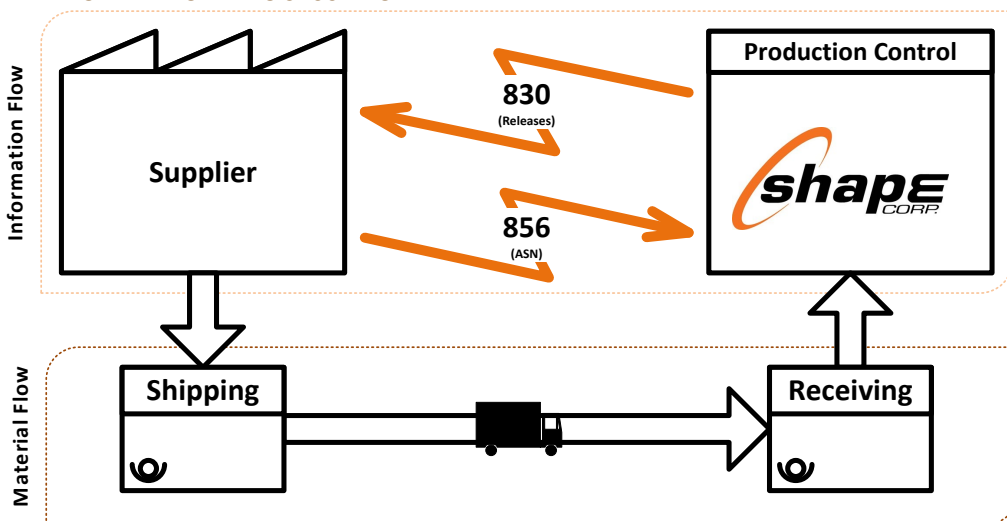
The following EDI documents are used for trading EDI:

- Material Release (830)
- ASN (856)

At the time of shipment, suppliers are required to transmit an ASN.

- Late ASNs will result in the loss of points on the supplier scorecard
- If the ASN arrives after the truck has reached its ship-to destination, the ASN is considered late
- If the ASN arrives a day after the shipment was expected to have been shipped, the ASN is considered late

## EDI INFORMATION PROCESS FLOW



## ECOM INTEGRATION OPTION FOR PRE-EDI SUPPLIERS

In some regions, i.e., the Asia Pacific region, Shape has partnered with eCOM to offer an EDI alternative for suppliers who have not yet implemented EDI. The eCOM portal allows suppliers to receive release schedules from Shape via EDI. The eCOM portal also provides suppliers with a tool for transmitting ASNs to Shape.

Suppliers may be held responsible for additional costs that result from their use of the eCOM service. Suppliers may avoid this additional cost by choosing instead to implement traditional EDI with Shape.

In summary, by using eCOM:

- Pre EDI suppliers are able to receive and view EDI releases via an online web interface
- Transmit ASNs to Shape

## EDI SPECIFICATIONS

***EDI specifications and EDI Guidelines are available at [www.shapecorp.com/suppleirs](http://www.shapecorp.com/suppleirs).***

### 3.4 PACKAGING EXPECTATIONS

- The supplier is responsible to submit a sample package for approval by our Packaging Engineer. Contact the Shape Corp Packaging Engineer for a list of requirements for a specific product. NOTE: A container that is for hand held purposes must not exceed 35 lbs. for safety concerns.
- The supplier along with our Packaging Engineer will develop packaging for each part shipped into our facilities or directly to our customer.
- The supplier is responsible to have adequate alternative packaging as a contingency for unavailable primary packaging. Any concerns with packaging development or supply should be addressed with our Packaging Engineer as soon as possible.



### 3.5 LOGISTICS EXPECTATIONS

- Suppliers will follow the Shape Corp's routing instructions for all shipments. Routing instructions may be obtained from the Shape Corp Logistics Manager.
- The supplier must obtain an expedite authorization number from the appropriate Shape Corp Material Planner to deviate from the routing instruction.
- All premium freight shipments must have an authorization number from Shape Corp. Any unauthorized premium freight or routing deviations will result in a debit back to the supplier.
- In the event that we require a supplier to drop ship product (ship directly to a location other than Shape), proof of delivery must be provided to our receiving department within 24 hours of delivery.
- All current statutory and regulatory requirements are followed for country of receipt and country of shipment as well as the country of destination, if provided.

### 3.6 STEEL/ALUMINUM COIL DELIVERY

**All inbound trucks must be set up as rear unload. Any trucks side unloaded will be rejected at the dock. Edge falls/protectors are recommended for chains/straps to reduce/eliminate coil damage. Covered/tarped trucks are required and any moisture will be documented/rejected upon receipt.**

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#### LAYDOWN/SKIDDED COILS

- Coil widths under 12" are to be laid down on a skid or equivalent.
- VCI paper, cardboard or equivalent is required between the coil and skid to prevent skid rust (steel).
- 1" spacers between each coil if multiple coils are stacked on a skid.
- Tails of the coils, inside of the inner diameter, must lay flat to a maximum of 2" from ID lap.

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#### STAND UP COILS

- Coil widths 12" or above are to be stand up with the "eye" facing the rear of the truck.
- Maximum of 2 coils banded together (where applicable) due to weight restrictions of cranes/hoists/lift trucks.
- Tails of the coils, inside of the inner diameter, must lay flat to a maximum of 2" from ID lap.

**NOTE: FAILURE TO FOLLOW THE ABOVE COULD RESULT IN A REJECTION OF SHIPMENT.**

## SUPPLIER RATING SYSTEM

### 4.1 GENERAL INFORMATION AND OBJECTIVES

Shape Corp. will evaluate its suppliers monthly according to a 100-point Supplier Rating System. The subsections below will be managed by Shape Corp's Purchasing Department and will be based on feedback from Shape's Program Managers, Quality Engineers, Buyers, Material Planners, and other associates as needed. The rating system is published monthly in the Plex portal for review.

The objectives of Shape Corp.'s Supplier Rating System are to provide our suppliers with formal feedback on their overall performance to our expectations, identify and prioritize supplier development needs as well as serve as a key element of our strategic sourcing process.

### 4.2 QUALITY SECTION OVERVIEW

TOTAL POINTS 35

- The prior months PPM performance will be posted for each rating. The maximum amount of points that can be earned is 35 for this section. A supplier's PPM performance will be calculated as follows:
- $PPM = \# \text{ of nonconforming pieces or weight shipped} / \# \text{ of total pieces or pounds shipped} \times 1,000,000$
- This section scoring will be comprised of
  - PPM
  - Number of Incidents for the month
  - First time through success rate of CAR completion

### 4.3 DELIVERY SECTION OVERVIEW

TOTAL POINTS 35

- The prior month incident rate performance will be posted for each rating. The maximum amount of points that can be earned is 35 for this section.
- This section scoring will be comprised of
  - Shape line impact
  - Number of Delivery Incidents
  - First time through success rate of CAR completion
  - EDI Compliance

### 4.4 PARTNERSHIP

TOTAL POINTS 30

- The prior month incident rate performance will be posted for each rating. The maximum amount of points that can be earned is 30 for this section.
- This section scoring will be comprised of
  - Top Management Commitment
  - Cost Competitiveness
  - Sustainability/CSR (Corporate Social Responsibility)
  - Risk Management
  - Safety
  - Certificate Compliance

#### 4.5 PERFORMANCE LEVEL DEFINITION

The total points scored through the Supplier Rating System will determine the Performance Level of the Supplier. There are four Performance Levels, with the following resulting consequences:

- **Level 1 (80-100):** Suppliers performing at this level will be given every opportunity to quote Shape Corp. business opportunities that fall within their capabilities.
- **Level 2 (60-79):** Suppliers performing at this level for at least one month shall be monitored for 2 additional consecutive months. The supplier is responsible for increasing their overall score to a minimum of 80. This can be accomplished with the assistance of Shape Supplier Quality and Supplier Development support. A Supplier Development plan may be established by the Supplier Development department should it be necessary.
- **Level 3 (50-59):** Suppliers performing at this level for two consecutive ratings will be subject to a Shape Corp. management review of all current business. All actions from level 2 are applied at this level.
- **Level 4 (<50):** Suppliers performing at this level at any instance will be subject to immediate “future business hold” with Shape Corp. and a management review of all current business may result in resourcing. All actions from level 2 are applied at this level with the addition of mandatory intervention of Supplier Development/purchasing.