



SUPPLIER STANDARDS MANUAL (MATERIALS, COMPONENTS)

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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.).



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 regarding the use, control and supply of returnable packaging.
- ❖ Communicate all concerns or changes (engineering or otherwise) prior to implementation that may affect our business. Refer to change point control under 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 can provide.

1.4 SHAPE PRINCIPLES OF CONDUCT

Shape believes its and our suppliers' mutual interests are best served by a common dedication to excellence and ethical behavior. Shape's suppliers are expected to follow **Shape Supplier Principles of Conduct**, locatable at www.shapecorp.com/suppliers. If Shape becomes aware of an alleged or actual non-compliance with the Supplier Principles of Conduct, Shape will initiate mitigation actions, including but not limited to:

- New Business Hold
- Audit or Investigation
- Non-Conformance and Corrective Action
- Termination for Breach/Nonperformance

1.5 DIVERSITY (REGION SPECIFIC)

Policy Statement Minority/Veteran/Women Business Enterprises

Shape Corp. provides equal access to contracts and business opportunities to all entities capable of meeting the company's needs and will attempt to procure goods and services from Minority, Veteran, and Woman-Owned Business Enterprises when possible.

"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.

"Veteran Business Enterprise" as defined by Military & Veteran Organization Task Force which issues certification based on qualifications found at NVBDCtaskforce.org.

"Women-Owned 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.

To support this policy statement, Shape will establish goals to have a certain minimum percent of its annual procurement spend directed to Minority, Veteran and Women-Owned Business Enterprises.

1.5.1 BASIC COMPONENTS OF OUR SUPPLIER DIVERSITY PROGRAM

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

1.6 SUPPLY CHAIN SUSTAINABILITY (REGIONAL SPECIFIC)

Shape Corp's Sustainability vision is to become a LIGHTHOUSE ORGANIZATION in the automotive industry, leading the way in sustainability.

Shape expects all of our suppliers to comply fully with applicable laws, adhere to internationally recognized environmental, social and corporate governance standards, and to adhere to Shape's [Supplier Principles of Conduct](#).

Shape has established the following Green House Gas targets for our organization, aligned with many of our customers:

- **2025** Reduce carbon emissions by 30% in all global operations.
- **2030** Carbon neutral operations. Source 100% renewable energy globally.
- **2035** Shape is a carbon neutral company.
- **2039** Carbon neutral products: sourcing-production-disposal.

Shape expects our strategic suppliers to implement sustainable business practices within their organizations, support our carbon reduction targets, and to cascade sustainable principles down their supply chain.

Shape encourages supplier product and process innovations to help Shape meet our sustainability goals. This includes the consideration of utilizing low or zero carbon raw materials, when available, to achieve the Carbon Free Products vision.

To support our supplier sustainability program, Shape requires the following actions from our strategic suppliers:

- Establish internal Green House Gas (GHG) reduction targets in alignment with Shape's goal of being a carbon neutral company by 2035.
- Comply with prohibited or declarable substance laws: GADSL Global Automotive Declarable Substance List REACH Registration, Evaluation, Authorization and Restriction of Chemicals, and ECHA European Chemicals Agency.
- Upon request,
- Report annual Scope 1 and Scope 2 carbon emissions (CO₂e) for all sites manufacturing Shape products,
- Supply a Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT),
- Respond to Corporate Social Responsibility (CSR) surveys, and
- Participate in Shape sponsored Supplier Sustainability working groups and education efforts.

Suppliers may report, anonymously or otherwise, suspected violations of law or business ethics within our operations without fear of retaliation using our Ethics Point hotline:

<http://www.shape-corp.ethicspoint.com>

Phone: (855) 866-3982

1.7 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.

1.8 CORE DOCUMENTS LIBRARY

The following are document names and their DOC ID which can be searched for in Plex within the Shape Plex Supplier Portal.

If you are a current supplier and do not have a Shape Plex user account, please contact a Shape Supplier Quality Engineer or Procurement Commodity Manager to assist you in obtaining one.

If you are not a current supplier or customer and would like to learn more about any of these documents, please reach out to the Shape Commodity Manager for assistance.

• Shape Corp. Global Purchase Terms and Conditions	Doc ID# SCP-2557402
• Shape Corp. Supplier Principles of Conduct	Doc ID# SCP-23883614
• Shape Corp. Environmental Policy	Doc ID# SCP-3738374
• Contractor Safety & Environmental Manual	Region Specific
• Occupational Health & Safety Policy	Doc ID# SCP-2820791
• Supplier Problem Record Instructions	Doc ID# SCI-30844009
• Enterproj Supplier APQP Instructions	Doc ID# SCT-43559317
• Supplier Scorecard Instructions	Doc ID# SCI-41951921
• Supplier Engineering Request Form	Doc ID# SCF-16785202
• Supplier Request for Quote Form	Doc ID# SCF-15454687
• Coiled RAW Steel Guidelines	Doc ID# SCI-14784967
• Extrusion Billet/Log Material Spec.	Doc ID# SCI-35762453
• Shape Tool Quote and Build Manual Safety Spec.	Doc ID# SCP-22653734
• Shape Tool Quote and Build Manual Welder Spec.	Doc ID# 3683060-VEI
• Shape Tool Quote and Build Manual Die Spec.	Doc ID# 3683052-VEI
• Shape Tool Quote and Build Manual check fixture and gage specification	Doc ID# 2435212-VEI
• Supplier Damage Container Request Form	Doc ID# FORM-DCONT-GH

SECTION II. QUALITY & ENGINEERING REQUIREMENTS

2.0 GENERAL QUALITY AND ENGINEERING

Shape Corp expects 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.

2.1 QUALITY STANDARDS AND CERTIFICATIONS:

We are committed to being 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/processing of automotive components to be certified at a minimum to the ISO9001:2015 standard and conform to the current revision of IATF16949 requirements. Conformance to the IATF16949 standard is defined by the current IAQB published requirements.

Evidence of the valid certification is required and is to be provided to the Shape Quality and/or Commodity Manager at time of certification/recertification.

Our non-automotive suppliers are highly encouraged to obtain third-party quality systems certification by an RAB certified registrar.

Quality Certifications Requirements:

IATF and ISO:

- Suppliers are required to notify Shape Quality contact and/or Commodity Manager when a new/recertification is issued.
- Suppliers are required to notify Shape Quality and Procurement Commodity Manager when a certification has been revoked or if the supplier has chosen not to re-certify to a standard within 24 hours of expiration.

Supplier Assessment:

- Shape requires an annual Supplier Assessment for select automotive suppliers.
 - The Supplier Assessment form will be distributed annually in December.
 - Suppliers are required to complete and return no later than January 31.
- Where not required annually, suppliers will be required to complete this activity every 3 years unless otherwise specified by Shape.
- Shape reserves the right to conduct an onsite assessment and/or review of the assessment.
- The assessment will be retained in Plex with an expiration date per supplier.

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

2.1.1 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. Chemical composition.
- Metal components/assemblies:
Rust on component or any part of assembly, warped or bent, burrs, and dimensionally “slightly out of spec”. Free of contamination such as coolant/lube.
- Plastic component/assemblies: Flashing, blisters, burrs, sinking, incorrect gate trim, and dimensionally “slightly out of spec”.
- Paint and Coating:
No coat, Light Coat, Boil out, drips, spits, blisters, oil/foreign material, and reworked surface down to raw material surface.

2.1.2 SUPPLIER GAGE AND PART CALIBRATION

Suppliers are required to manage and maintain all gaging (re)certification annually. Gage certification tracking system is required to be maintained with current “active” gages and their certification history.

If the gage is damaged in any way, the supplier shall notify the Shape Quality contact and work with a certified gage shop to address the concern if it is not able to be addressed in house. Examples of gage repair that is acceptable to be completed “in house” include replacement pin gage or other small tool change, replacing attachment features that hold pin or other gages, etc.

All fees associated with maintaining the gage are the responsibility of the supplier. Cost assumptions for the maintenance/validation should be part of the initial quote to Shape.

Shape retains the right to require that a full part and or gage layout via CMM is conducted on an as needed basis.

2.1.3 PLEX (ERP) UTILIZATION REQUIREMENT

Suppliers are required to log into PLEX monthly for a variety of reasons including but not limited to:

- Update any contacts that might have changed within the organization.
 - **Communicate changes in key roles within the supplier’s organization to the Shape Quality Contact and/or Shape Commodity Manager in addition to updating information in Plex.**
- Obtain a monthly scorecard after the 6th day of the following month.
- Keep plex credentials active after 60 days of no activity credentials void themselves for security purposes.
- Review/manage all Shape/Supplier concerns via the “problem control” menu.
- Receive any supplier-related information releases. This will be present on the Plex Dashboard.
- Submit PPAP documentation via the Supplier PPAP module.
- Upload new certifications/recertifications and assessments.

2.2 PRODUCT LAUNCH AND ENGINEERING CHANGE

We realize that quality begins in the product launch process. Our business units and support staff utilize 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 Commodity Manager/Buyer for details on this process.

2.2.1 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) and/or Core Team Meetings between us and Supplier teams. It is the supplier's responsibility to ensure that they have a full understanding of all requirements.

2.2.2 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 based on all documentation being accepted.

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 Run at Rate is completed. This process does not prevent milestones from being completed such as tooling payment, etc.

Regarding PPAP deliverable "Initial Process Study" (capability requirements):

- Initial process study (part/process capability) shall be conducted by a 30-piece random sample from a run and gathered as variable data unless otherwise specified by Shape QE or equivalent.
- Capability study is required on high impact or controlled characteristics on a minimum of 30 pcs per cavity per line.
- Capability points are identified on the part print as critical (CC) or safety (SC) related.
- If no CC or SC is present on the print:
 - The supplier shall identify a minimum of 3 characteristics that are pertinent to manufacturing and repeatability and perform the capability study.
 - The supplier is required to seek documented approval from the Shape Quality Engineer responsible for issuing the SPPAP prior to conducting the study.

If capability is not achieved by submission due date, the supplier is required to provide a proposal to correct any issues along with an appropriate timeline to achieve capability.

Shape must approve timeline and effective countermeasures.

Shape reserves the right at any time, to require the supplier to provide a capability analysis or dimensional layout with either CMM, approved Variable Gage Data, or approved Attribute Gage check process.

2.2.3 ENTERPROJ APQP (REGION SPECIFIC)

Shape ASQE or equivalent will work with chosen suppliers to establish a user login and provide training on how to use the system effectively.

Where applicable, all supplier APQP documentation is to be submitted through Enterproj, this includes providing timely answers to PPAP related questions within the module.

PPAP elements, due dates, and KPIs, are all examples of what will be tracked in the Enterproj APQP module and will tie in directly to the Program Project Number that is established by Shape as part of the initial ER.

2.2.4 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 from the Commodity Manager/Buyer. Examples of Engineering Changes include but are not limited to:

- Tool location moves.
- Supply chain changes.
- Part design changes.
- Process change.

Engineering Change Requests shall be submitted to Shape with a minimum of 120 days prior to change. If possible, all suppliers should be planning for far more than 120 days to ensure enough investigation and time to complete activities.

NOTE: Shape will investigate and accommodate wherever possible. However, Shape is not required to approve the supplier-initiated engineering change request, requiring the supplier to continue production with the most recent Shape approved process.

Any suppliers seeking to initiate engineering changes may log onto www.shapecorp.com to access the Supplier Engineering Change Request form to complete and turn in the Shape Corp. Commodity Manager/Buyer or speak directly with the Commodity Manager/Buyer.

2.2.5 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)
		* Change in factory location
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
		* Process standards or setting method 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.

2.2.6 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. Supplier Quality Engineer or equivalent during the PPAP discussion. Safe launch documentation/requirements will be defined by the Shape Corp. Supplier Quality Engineer or equivalent at time of the PPAP process. All required datasets are to be submitted to the Shape Corp. Supplier 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 Shape Supplier Quality 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 for 90 Days pre and post SOP unless otherwise indicated by the Shape Corp. Supplier Quality Engineer or equivalent.

2.2.7 ADDITIONAL REQUIREMENTS

- Pass-through characteristics and annual product validation may be required to be included on submitted quality documentation (control plan). These pass-through characteristics are communicated and defined by the Shape Corp. Quality Engineer. 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.
- Suppliers are required to track products by Shape's 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.
- 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. Supplier Quality Engineer or equivalent and results are to be given to said engineer upon request.

2.2.8 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.mdssystem.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.

2.3 NONCONFORMANCE AND CORRECTIVE ACTION PROCESS

2.3.1 SUPPLIER NONCONFORMANCE PROCESS:

Nonconformance to Shape requirements (tooling, quality, documentation, performance, and delivery) can impact our ability to meet customer expectations. The nonconformance, as well as the action taken by the supplier, is reflected in the Supplier Scorecard. (see Section 4: "Supplier Rating System" for Supplier Scorecard details)

A problem record (CAR) is issued in Plex when the supplier does not conform to set specifications be it part quality, process, delivery, etc. When a problem record is issued, the supplier will receive notification via Plex

email of CAR (Corrective Action Report) in conjunction with direct communication from a Shape Corp. representative.

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

- Nonconforming product found at our customer because 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.
- Delivery of products is delayed.
- The supplier has failed to maintain a positive scorecard ranking.

2.3.3 PROBLEM SOLVING

The preferred corrective action form is the Corrective Action (8-D) and to be completed within Plex; Shape may also request a specific corrective action format (i.e., 5-P, Global 8-D, 7 Step, etc.) to meet customer specific requirements.

To obtain access to Plex, contact your Supplier Quality Rep at Shape Corp.

The supplier is responsible for:

- Responding 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" 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 recurrence 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.
- Suppliers are responsible for escalating any roadblocks to Shape Supplier Quality team/Procurement and seek any assistance to remove the roadblocks.

NOTE: Shape Corp. can provide support and instructions to assist with the problem-solving process within Plex.

Problem Solving guidelines:

Evidence of a thorough root cause identification and subsequent corrective action is the expectation. A strong corrective action will demonstrate an embedded test to ensure the problem will not occur or go undetected again.

There are several reasons why a CAR might be rejected, including vague or incoherent responses,

weak corrective actions, root causes that blame the operator or are generally unknown. Examples of guaranteed rejected root cause and corrective actions are:

- Investigating something
- Retrained operators
- Posted a quality alert
- Blaming the operator

2.3.4 CONTROLLED SHIPPING (CSL) & CONTAINMENT OF NONCONFORMING MATERIAL

There are increasing levels of containment based on the severity of the issue, recurrence, 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 (Shape Excellence System).

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:

CONTROLLED SHIPPING LEVEL I (CS1) 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 products and/or documentation that may be in our facilities, in transit, in process, in 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:**

- The containment area must have a well-defined material flow for incoming and outgoing products.
- 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.

CONTROLLED SHIPPING LEVEL 2 (CS2) 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 listed below.

CSL-2 Containment guidelines include the following:

- Shape 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 (for example: container labels, packing lists, sort reports)

- We may require that the supplier involve third party engineering services, at the supplier's cost, if adequate progress is not being made on containing and correcting the incident.
- The supplier is required to submit all sorting records and/or engineering findings to us to verify that appropriate containment and corrective action activity is taking place.

2.3.5 RELEASE FROM CONTAINMENT

Shape is required to provide the "exit criteria" to the supplier when issuing containment and/or when adding to any current containment requirement.

Supplier is responsible for maintaining containment activity until formally released by Shape Quality or equivalent.

At no time shall the supplier remove themselves from containment activities issued by Shape.

Release from containment by Shape can only happen once all corrective actions have been approved and verified by concrete data showing significant improvement.

2.3.6 RETURN OF NONCONFORMING PRODUCT (REGION SPECIFIC)

In the event supplied product has been verified as "nonconforming" to the known standard, a supplier return will be issued.

Depending on the issue, material may be returned to the supplier or "scrapped-in-house" at Shape.

The supplier has the right to request the nonconforming material be sent back to the supplier for review or that Shape scrap on the supplier's behalf.

The Shape Quality Engineer or equivalent will request an RMA (Request for Material Authorization) prior to processing the Supplier Return.

RMA/Cost Recovery Response Requirement: Shape requires suppliers to respond to RMA requests within 5 business days.

In the event the supplier does not respond to the RMA/Recovery Authorization within the given time limit, Shape reserves the right to escalate the claim to Shape Procurement, Commodity Manager to assist with recovery.

Shape will request nonconforming parts identified at a Shape customer to be sent back to Shape and subsequently to Shape's supplier.

Shape is committed to the idea that problem solving is most effective when a sample is at hand and will take all possible steps to retrieve the sample(s).

When nonconforming material is identified at a Shape customer it may be impossible to retrieve the sample due to the customer's process. Shape may only be given a photo along with NOK data which Shape will provide to the supplier for problem solving. Shape asks that all efforts are taken by the supplier to problem solve with any information the customer can provide.

2.3.7 COST RECOVERY (REGION SPECIFIC)

In the event we experience down time, scrap, or labor expenses to sort or schedule additional labor hours due to supplied non-conforming material, etc., we will calculate all costs incurred related to the issue and debit the supplier on record through the Cost Recovery System in Plex. In the event of Customer Impact, all costs associated will be cascaded to the supplier.

Potential sources of costs include but are not limited to:

- Line Down: To be calculated based on the specific cost for the respective line.
- Sorting/Rework: Hourly charges for sorting or rework both at our plants and our customers.
- Product Cost: The total cost of a non-conforming assembly resulting from a supplier issue.

- Administrative fee: Quality Engineering, Leadership, and plant resource management of the NOK claim.
- Travel costs incurred by Shape Corp to contain the issue at our customer and or at the supplier site.

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”.

Cost Recovery: Administration Fee (Region specific)

Depending on the issue, additional routing and verification of parts, i.e. extra spot checks that are not conducted on the line will be conducted which require additional personnel and data verification/review, etc.

At times these steps can be additional to an incoming inspection step at time-of-receipt of material, however Shape does not require incoming inspection for most of our purchased parts so this step in added administrative labor for various positions.

In addition, repeat issues will be escalated to Shape Supplier Development Management for intervention to aid the permanent closure of the concern.

The cost recovery for initial incidents will include a \$500 administration fee.

For any repeat occurrence, the administration fee will be \$1,000 administration fee based on the details outlined above.

2.4 TOOLING AND GAGE DESIGN/BUILD STANDARDS, CALIBRATION, & SIMULATION

The Supplier Is Responsible to:

- In the circumstances where Shape builds or 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, mics, etc.
- Preventative maintenance established and in place for all tooling/gages.
- Inventory of spare parts for wearable items.

2.4.1 STAMPING SIMULATION REQUIREMENTS:

Upon award of business, the supplier shall provide the following information to Shape upon request by Product Development Engineer (PDE) or equivalent.

- Perform the forming simulation using AutoForm software or similar software.
- Provide an overview report with documented feasibility concerns.
- Provide “.dynain” format output file with the following variables: Thickness, plastic strain, stress tensor, and strain tensor.

2.5 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

3.0 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.

3.1 SHIPPING AND FORECASTING SCHEDULES AND AUTHORIZATIONS

A. Shape Forecast, Release, and Authorization Types Definitions

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. **PLANNED:** Transition point between "FORECAST and PLANNED RELEASE"
3. **FIRM 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 Procurement Terms and Conditions, all shipments must arrive at the time they are due. Shape reserves its rights detailed in Shape's Procurement 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.
4. **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 Procurement Terms and Conditions, in the event Shape cancels a Material Release or terminates its Purchase Order. Standard RAW AUTHORIZATION is 6 weeks in addition to the FAB AUTHORIZATION time. Additional authorization may be negotiated at time of sourcing and listed in the Purchase Order.
5. **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 Procurement 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. Standard FAB AUTHORIZATION is 2 weeks. Additional authorization may be negotiated at time of sourcing and listed in the Purchase Order.

B. Shape Release Schedules

While Shape will communicate its schedules with suppliers that have not implemented EDI, Shape requires 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:

MATERIAL RELEASE SCHEDULE BY COMMUNICATION TYPE

	<i>EDI Material Release – 830 v4010</i>	<i>Supplier Portal (non-EDI) Online Releases</i>	<i>Legacy (non-EDI) Schedules</i>
Update Frequency	Friday between 2:30 – 3:00 PM in the time zone of the ordering entity	In real time Monday through Saturday, Suppliers must check online releases daily 3:00 PM	Manual transmission by Shape planner
Number of weeks detailed	15 days of daily Material Releases	Not standardized	Not standardized
Number of weeks summarized	24 weeks of weekly Material Releases (Rare Customer specifics may alter)	Not standardized	Not standardized
Total weeks of Material Releases	26 weeks	Not standardized	Not standardized

MATERIAL RELEASE SCHEDULE BY COMMUNICATION TYPE

	<i>EDI Material Release – 862</i>	<i>Supplier Portal (non-EDI) Online Releases</i>	<i>Legacy (non-EDI) Schedules</i>
Update Frequency	Monday through Saturday between 2:45 – 3:15 PM in the time zone of the ordering entity	In real time Monday through Saturday, Suppliers must check online releases daily 3:00 PM	Manual transmission by Shape planner
Number of weeks detailed	15 days of daily Material Releases	Not standardized	Not standardized
Number of weeks summarized	24 weeks of weekly Material Releases (Rare Customer specifics may alter)	Not standardized	Not standardized
Total weeks of Material Releases	26 weeks	Not standardized	Not standardized

3.2 EDI TRANSMISSION

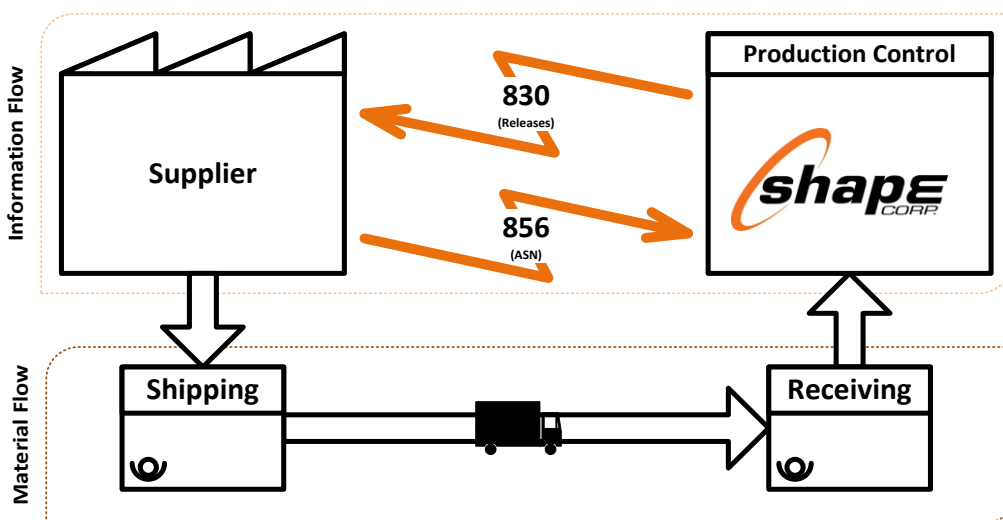
To exchange EDI with Shape, the Shape Corp EDI requirements must be followed. We have designed a clear process for implementing EDI. The EDI implementation process details can be found in the “**EDI and Labeling Guidelines**” document. Completion of this process is a prerequisite for trading EDI with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

The following EDI documents are used for trading EDI:

- JIT Shipping Schedule (862)
- General Material Release (830)

- ASN (856)
- ASN must be sent within 30 minutes of the truck leaving the supplier's dock.
- 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 fails to send within the 30-minute window, an email must be sent to the Shape Material Planner with the following:
 - Signed copy of Packing Slip
 - Time of truck departure

3.2.1 EDI INFORMATION PROCESS FLOW



3.2.2 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 can receive and view EDI releases via an online web interface
- Transmit ASNs to Shape

3.2.3 EDI SPECIFICATIONS

EDI specifications and EDI Guidelines are available at www.shapecorp.com/suppleirs.

3.3 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 handheld 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.

All customer packaging is to be reviewed for damage and overall performance prior to part loading. If damage is found, containers are to be red tagged with information on damage issue and Shape PE (Packaging Engineer) is to be contacted for further instructions. If packaging returns from customer with red tag container for damaged, container to be pulled out and Shape PE to be contacted for further instructions.

Plastic Knockdowns packaging to be reviewed for-

- Damaged or broken clips on drop down doors
- Broken doors-doors do not operate as designed
- Doors to close or securely latch
- Broken or cracked bases
- Broken or cracked side walls
- If container placards are missing on bases

Plastic Handheld Totes

- Cracked bases and or side walls
- Missing supplier/customer container placard info

Custom steel racking or metal bins

- All doors/close off arms and latching mechanisms in good working order
- Bent or caved side walls

Bent corner support tubes

- All supporting dunnage in contact with the part and working as designed

3.4 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.
- If 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.
- If supplier misses shipment within lead time/promise date, supplier is responsible to secure and pay for expedited freight.

3.5 STEEL COIL & ALUMINUM PACKAGING/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.

3.5.1 LAYDOWN/SKIDDED COILS

- **Coils on skids cannot exceed 10,000 lbs. No exceptions. This is a safety concern for our process.**
- Coil widths under 12" are to be laid down on a skid.
- 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.

3.5.2 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.
- **ID/OD/Weight requirements are detailed in the PO.**

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

3.6 LABELING & DOCUMENTATION

3.6.1 CONTAINER LABELS – ALL SUPPLIERS

An integral part of our Material Control System is the ability to receive material and control inventory using 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.

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) 202359-20 			
QUANTITY (Q) 100 		Description SHAPE PART DESCRIPTION	
		MFG DATE 9/26/2013	REV 05
		SUPPLIER PART FAL-8493-RAL24	
SUPPLIER (V) SUPPCODE 		[Space Reserved For Supplier Use]	
SERIAL (S) ABC2813653 			

EXAMPLE LABEL 2 – RAW MATERIAL

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

EXAMPLE LABEL 3 – MASTER UNITS

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

EXAMPLE LABEL 4 – MIXED UNITS

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

3.6.2 LABELING FIELD DESCRIPTIONS

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.

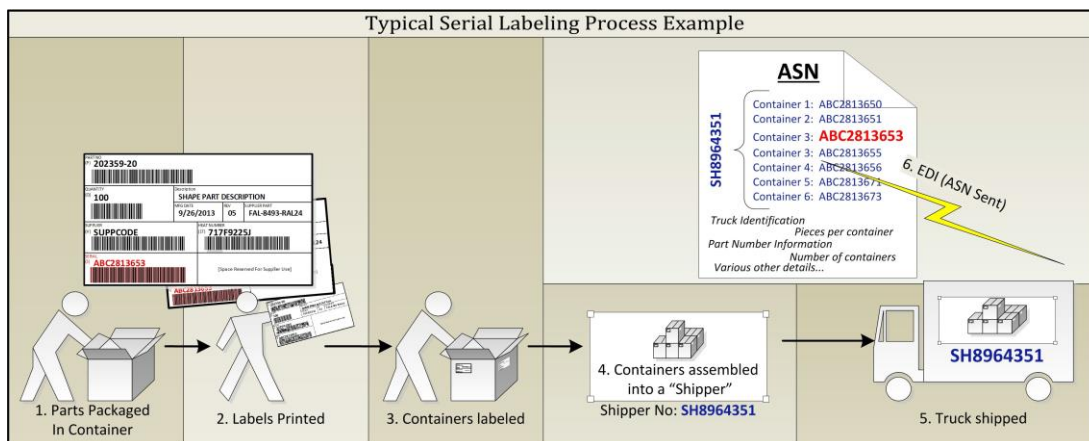
The column “Mandatory Y/N” indicates the mandatory data. In some cases, suppliers may be required to submit non-mandatory data in the ASN. Shape Corp reserves the right to require non-mandatory elements on a case-by-case basis.

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			NO	Ok		
Supplier Address		No			NO			
Supplier Code		Yes	V	3 of 9	YES			
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			
Serial Number	856 REF-02	Yes	S	3 of 9	Yes			Include three letter supplier prefixes
Shipper Number	856 BSN-02	No			NO			Shipper # should begin with 3 letter supplier prefixes.
Date 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			NO			

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

Raw Material 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			No			
Supplier Address		No			No			
Supplier Code		Yes	V	3 of 9	Yes			
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	856/830 LIN-05	No			Yes			Suffixes" such as -01, -03, -04 are revisions. Not to be used as part of the part number.
Part Description <i>Item description from Purchase Order</i>	830 PID-05	No			Yes			
Actual Weight	856 CLD-02	Yes	2Q	3 of 9	Yes			
Serial Number	856 REF-02	Yes	S	3 of 9	Yes			Include 3 letter supplier prefix
Lot/Heat Number	856 REF*HC-02	Yes	1T	3 of 9	Yes			
Shipper Number	856 BSN-02	No			No			Shipper No should begin with 3-letter supplier prefixes.
Date <i>Manufacturing Date or Shipping Date</i>	856 DTM*011 <i>When ship date is used</i>	No			Yes			
Destination Location <i>Ship-to Address</i>	830 N1*ST-01, N3, N4	No			No			



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

Master 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	
"Master Label" Heading		No			Yes			
Supplier Name		No			No			
Supplier Address		No			No			
Supplier Code		No	V	3 of 9	No			
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	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	No			No			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			

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			No			
Supplier Address		No			No			
Supplier Code		Yes	V	3 of 9	Yes			
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-	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	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	No			No			Shipper No should begin with 3 letter supplier prefix.
Date Must be Manufacturing Date or Shipping	856 DTM*011 When ship date is	No			Yes			
Destination Location Ship-to Address	830 N1*ST-01, N3, N4	No			No			

3.6.3 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 EXW

Overseas Incoterms will be determined on an as needed basis.

The above requirements are applicable to domestic shipments.

International shipments will follow all the above and are subject to additional requirements as needed.

Any packing slip, which does not comply with the above requirements, will affect the Delivery section of the supplier's scorecard. 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.

3.6.4 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.

- 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.

SECTION IV. SUPPLIER RATING SYSTEM

4.0 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 Procurement 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 feedback of 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.

The maximum score of 100 points is applied to (direct buy unless specified) suppliers at the start of the month. Once the calendar month has been completed, supplier performance is applied to the metrics below to generate the score for each of the following sections.

- Quality: 35 max points
- Delivery: 30 max points
- Problem Solving: 10 Max Points
- Partnership: 25 max points

* Any score 20 or more including the cumulative "Severity Rating" will result in escalated engagement from Shape Procurement in addition to any specified "Performance Rank" requirements detailed in section 4.7.

4.1 SUPPLIER SCORECARD: INCIDENT & SEVERITY RATING SYSTEM

Individual Incident Score = Incident base (5) x Severity Rating value (0,1,2,3, or 4)

- Severity Ratings define the incident magnitude, are represented as a numerical value ranging from 0-4, and are assigned to every problem record as "Severity".
- Severity values are Multiplied against the base incident score to calculate the individual incident rating that will affect the supplier's scorecard.

Severity Rating (Multiplier)	Severity Definition
0	FYI – No impact to Scorecard. Actions/requests are still required to be completed
1	Shape Plant Minor Disruption
2	Shape Plant Major Disruption Trending Issues
3	Customer Minor Disruption (Customer Defined)
4	Customer Major Disruption (Customer Defined)

Scorecard Score Impact: Quality/Delivery/Partnership Incident

- The Scorecard for each category is determined by the combined score in each category
- Incident scoring is calculated by combining all Incident Scores for the month and applied to the chart below:

Calculated Incident Score	Final Scorecard Score
0	15
5-10	10
15	5
20+	0

Example:

Supplier received 2 quality incidents during a single month.

- Incident A was entered as an FYI resulting in the following score:

Incident base score (5) x severity rating (0): $5 \times 0 = 0$

- Incident B is a Shape Plant Major Disruption resulting in the following score:

Incident base score (5) x severity rating (2): $5 \times 2 = 10$

- The cumulative "Calculated Incident Score" for these 2 incidents is 10.

Referencing the table above, the Calculated Incident Score of "10" results in a "Final Scorecard Score" of 10 for the month.

4.2 QUALITY METRIC OVERVIEW

WEIGHTED VALUE 35%

Metrics include Total **QUALITY INCIDENT SEVERITY SCORE**, **QUALITY PPM**, **TOTAL NUMBER OF QUALITY INCIDENTS 6 MONTH ROLLING**, and is worth 35 total points.

4.2.1 QUALITY INCIDENT SEVERITY SCORE

Rating	Scorecard Score
0	15
5-10	10
15	5
*20+	0

4.2.2 QUALITY PPM

Rating	Scorecard Score
0 - 10	10
11 - 30	7
31 - 300	3
301 +	0

4.2.3 AVERAGE NUMBER OF QUALITY INCIDENTS 6 MONTHS ROLLING

Rating	Scorecard Score
0 – 1	10
1.01 – 2	6
2.01 – 3	3
3.01 +	0

4.3 DELIVERY SECTION OVERVIEW

WEIGHTED VALUE 30%

Metrics include **Total DELIVERY INCIDENT SEVERITY SCORE, TOTAL NUMBER OF DELIVERY INCIDENTS 6 MONTH ROLLING**, EDI COMPLIANCE, and is worth **30** total points.

4.3.1 DELIVERY INCIDENT SEVERITY SCORE

Rating	Scorecard Score
0	15
5-10	10
15	5
20+	0

4.3.2 AVERAGE NUMBER OF DELIVERY INCIDENTS 6 MONTH ROLLING

Rating	Scorecard Score
0 – 1	10
1.01 – 2	6
2.01 – 3	3
3.01 +	0

4.3.3 EDI COMPLIANCE

Rating	Scorecard Score
5	5
0	0

4.4 SUPPLIER PROBLEM SOLVING

WEIGHTED VALUE 10%

Section includes **CORRECTIVE ACTION RESPONSIVENESS** and is worth 10 total points.

4.4.1 CORRECTIVE ACTION RESPONSE

Requirement	Rating	Score
CAR is approved on time, without additional requests for information. All evidence and required documentation (e.g. initial containment, root cause analysis, and permanent corrective action) recorded in Plex.	10	10
CAR is approved on time or within extension and with minimal requests for additional information. All evidence and required documentation are attached. Initial containment is effective and recorded in Plex.	7	7
CAR was initially rejected. CAR was resubmitted and approved <u>within a maximum of 7 days after the initial due date</u> . Problem solving coaching & requests for additional information were needed. Initial containment effective and recorded in Plex.	5	5
All elements in level 3 except CAR resubmitted and approved <u>more than 7 days after initial due date</u> .	3	3
No response entered by due date(s). Problem solving remains ineffective after coaching (CAR status 48), no documentation, poor communication/responsiveness, or initial containment not implemented/ineffective.	0	0

4.5 PARTNERSHIP

WEIGHTED VALUE 25%

Section includes **SAFETY, SUSTAINABILITY/SCR, COMMUNICATION, RISK MANAGEMENT, COST-COMPETITIVENESS, and CERTIFICATE COMPLIANCE (ISO, IATF, etc.)** and is worth 25 points.

4.5.1 SAFETY

- **Pass or Fail** – See section “4.6 Performance Rank Definition” below for escalation process if Fail

Requirement	Rating	Score
PASS - 0 Shape or Shape customer safety incidents - 0 Fatal Injury - 0 Fires that result in external emergency response No follow up action required.	1	Pass
FAIL – 1 or more Shape or Shape customer safety incidents. Immediate follow up activity required with Shape Procurement and plant quality.	0	Fail

4.5.2 SUSTAINABILITY/CSR (CORPORATE SOCIAL RESPONSIBILITY)

Requirement	Rating	Score
Supplier meets all Shape Corporate Social Responsibilities as defined.	5	5
Supplier does not meet 1 or more of Shape's Corporate Social Responsibilities as defined.	0	0

4.5.3 COMMUNICATION

Requirement	Rating	Score
Supplier consistently communicates proactively about issues that could impact Shape. Requests for information are always accurate and on time.	10	10
Supplier is usually proactive with communication. Requests for information are typically completed on time.	7	7
Supplier does a fair job at communicating. Requests for information are average for timeliness.	5	5
Supplier does not proactively communicate to Shape about issues. Requests for information are typically incomplete and late.	3	3
Supplier does not demonstrate customer service as a priority. Communication and information requests are a significant issue.	0	0

4.5.4 RISK MANAGEMENT

Requirement	Rating	Score
Proactively mitigates risks that would otherwise create interruptions in daily operations and throughout the supply chain. Supply chain risks are identified, and preventative measures are in place and reviewed on an established cadence. Communicates new risks proactively.	5	5
Shape is required to engage the supplier regarding risk elements(s). Supplier usually notifies appropriate Shape contact in a timely manner with details pertaining to the interruption/risk. Rarely requires additional information on resolution and future prevention.	3	3
Supplier does not show evidence of risk mitigation. Negative supply chain management trends are evident. Supplier is in a "Supplier Development" or "Active – Probation" status on Shape Approved Supplier List. Supplier does not respond to Shape concerns in a timely manner. Preventative measures to mitigate identified risks are weak or ineffective.	0	0

4.5.5 COST-COMPETITIVENESS

Requirement	Rating	Score
Aggressively provides globally competitive pricing and aggressively pursues opportunities to reduce costs. Procurement strategies proactively manage commodity fluctuations.	5	5
Usually provides globally competitive pricing and pursues opportunities to reduce costs. Procurement strategies manage commodity fluctuations.	4	4
Pricing is somewhat competitive. Some effort is demonstrated to reduce costs and manage commodity fluctuations.	3	3
Lacks consistency in pricing competitiveness. Little effort is demonstrated to reduce costs. Management of commodity fluctuations is intermittent.	2	2
Pricing is consistently uncompetitive. Supplier is not focused on cost reductions or commodity fluctuations.	0	0

4.5.6 CERTIFICATE COMPLIANCE (IATF, ISO, ETC.)

Pass or Fail – See section “4.6 Performance Rank Definition” below for escalation process if Fail

Requirement	Rating	Score
PASS - No follow up action required. Supplier maintains "active" certification(s) required by Shape, Shape's customer, or has approved deviation from Shape/Shape's customer. Supplier provides Shape contact with the newest certification prior to expiration of current, without Shape request.	1	Pass
FAIL - Immediate follow-up activity required with Shape Procurement and plant quality. Supplier does not maintain required "active" certification(s). Supplier allows certification to lapse without notifying Shape prior. Supplier failed to proactively supply Shape contact with newest certification requiring Shape engagement.	0	Fail

4.6 PERFORMANCE RANK DEFINITION

The sum of points earned (0-100) is represented on the Supplier Scorecard (available in Plex monthly) and determines the supplier's Performance Rank for the month.

Some elements in the scorecard carry over from month to month where others are based only on the current month, i.e. "Corrective Action Responsiveness", Average Number of Incidents 6 Months Rolling, etc.

The 4 Performance ranks are A, B, C, and D with A as the A or B is required to be in "good standing" with Shape Corp.

- **A Rank (85-100):** Generally speaking, suppliers performing at this Rank will be given opportunity to quote Shape Corp business opportunities that fall within their capabilities. The supplier should be working to increase their score in any deficient category and ensure they do not develop a negative trend. Consecutive months with a negative trend within this range may result in a development plan.

- **B Rank (70-84):** Suppliers performing at this Rank 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 85. This can be accomplished with the assistance of Shape Supplier Quality and Supplier Development support. A Supplier Development plan may be established by Shape QE or equivalent should it be necessary. Supplier quoting may be subject to additional internal cross functional team review.

- **C Rank (50-69):** Suppliers performing at this Rank for two consecutive ratings or any 3 out of 6 months will be subject to a Shape Corp. management review of all current business. All actions from Rank 2 are applied at this Rank. Supplier is responsible for creating a roadmap to "A Rank" status and leading the discussion with the Shape Corp. QE or equivalent. Supplier Sourceability in jeopardy, additional internal review within Shape required.

- **D Rank (<50):** Suppliers performing at this Rank 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 Rank C are applied with the addition of mandatory intervention of Shape Procurement Department. Internal review of supplier to determine if Controlled Shipment Level 1 or 2 to be initiated by Shape Plant Quality and Procurement. (see Controlled Shipment section of manual for additional information)

****A scorecard rating of 1 or more the "SAFETY" category will result in immediate "probation" status and will be placed into "D Rank", to be reviewed by Shape Safety and Procurement leadership.**

*****A scorecard rating of 1 in the "Certificate Compliance" category will result in immediate "probation" status and will be placed into "D Rank", to be reviewed by Shape Procurement and Director of Quality.**