



# Metalsa Supplier Manual

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REVISION: 03

# 1. INDEX

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## 2. REVISION HISTORY

Date	Section	Revision	Chapter	Description of changes	Who
03/31/2017	-	00	--	First edition	Bruno A. Cirillo
02/13/2019	-	01	--	General review	Karla Beltran
11/20/19	Our company (Scope) Quality Management Systems Our Company Code of conduct Metalsa assessment on site Risk Management PPAP submissions Air quality Appendix C Appendix F	02	5 6 7 10	<ul style="list-style-type: none"> <li>• Access to the Metalsa Supplier Manual)</li> <li>• Quality Management Systems</li> <li>• Countries with Metalsa's presence</li> <li>• Metalsa assessment on site</li> <li>• Topics to consider an Approved Supplier</li> <li>• Tier 2 suppliers with limited financial health</li> <li>• The Advanced Product Quality Planning (APQP) Process</li> <li>• PPAP submissions (new project and serial life)/ responsible to receive PPAP</li> <li>• Supplier Performance Evaluation (SPE)</li> <li>• KPI detail targets</li> <li>• Requirements for air quality measurement</li> <li>• Metalsa specific requirements per site</li> <li>• Escalation process</li> </ul>	Karla Beltran
06/30/2021	-	03	--	General Review	V. Espinoza

### 3. TO OUR SUPPLIERS

In Metalsa, our Quality as a Way of Life philosophy promotes the continuous improvement and process innovation to make our quality system a customer-supplier chain that strives to assure the total satisfaction of our customers.

Metalsa is recognized in the industry for its innovation, quality, and outstanding service. We believe that our future growth depends more and more on the quality of our relationship with you, our supplier. Our strategy for growth will be supported by our mutual commitment to a strong **and** long-term relationship.

The Metalsa Operating System (**MOS**) requires our entire supplier and customer base to become more integrated into our business. Along with this integration come higher expectations in the areas of quality, delivery, service, and cost **of** doing business. It is very important that we develop partnerships with suppliers who are best in class.

Successful partnerships are built on clear guidelines, honest and frequent communication, **with** the understanding of customer expectations **along with** measurement of our performance and a commitment to continuous improvement. We trust that our communication will continue to be the cornerstone of our relationship, and we invite you to share with us our vision of excellence in innovation, quality and service to support our future growth together.



Ricardo Coto  
Global Procurement  
Director

## 4. INTRODUCTION

### Purpose

The purpose of this manual is to define the minimum requirements, processes and systems for doing business with Metalsa. This manual outlines processes used to ensure Metalsa's supply base is continually improving to prevent quality, delivery disruptions and provide the optimal cost as well as top-level service. Implementation of the processes outlined in this manual will not only reduce risk of supply chain disruptions but will also help Metalsa and its suppliers to increase our competitive industry position and ensure our continued mutual success.

In this manual, the terms "shall" and "must" mean that the described requirement is mandatory, while the term "should" means that the described requirement is needed and expected with some flexibility in how it is implemented.

The quality and delivery requirements defined in this document are to be considered an addendum to the Contracts, Purchase Order and Terms & Conditions issued to all suppliers of direct material, spare parts, packaging materials and services and do not replace or alter the terms and conditions covered.

Metalsa expects suppliers to manage of their own sub-suppliers of products or services to ensure compliance to the requirements defined in this manual, latest automotive industry standards and any additional customer or local specific requirements.

### Our company

#### ABOUT METALSA:

METALSA, a global Mexican company with more than 60 years of experience in the automotive industry, manufactures safe and sustainable mobility structures for people around the world, seeking to minimize the environmental impact through the innovation of its processes and products. Currently, Metalsa supplies the global market with manufacturing plants, offices, and technology centers worldwide in countries such as Argentina, Brazil, India, Japan, Mexico, Thailand, and the USA. It also offers Just in Time services in sequencing centers located in strategic areas close to its customers. With this international presence, Metalsa can effectively fulfill and carry out locally the global customer strategies. For additional information, visit <http://www.metalsa.com/>.

## Scope

This manual applies to all Metalsa facilities and its suppliers. Specific requirements could be defined depending on each location/final customer. Those requirements are complementary to this manual. For your reference you will find the list of [local](#) specific requirements in Appendix C.

AIAG manuals and tools mentioned in this manual are of mandatory understanding [and to be used by our suppliers](#).

The latest version of this manual will be sent by email and/or posted on [Supplier extraMET portal](#), if available on the region supplied. If [extraMET](#) is not available. The responsible will ensure Tier II Supplier receives a copy of the MSM.

This does not exempt to the supplier to review the [extraMET portal](#) (when is available in the country) on a regular basis to ensure they have the most recent version available. The Tier II Supplier is not exempt in reviewing the MSM and [extraMet](#) to ensure they have the latest version. The Tier II Supplier must sign the [Appendix A& B](#) and return to the responsible



## 5. DOING BUSINESS WITH METALSA

### General requirements

It is the responsibility of all Tier II Supplier's to ensure all Tier III and sub-contractors adhere to the MSM.

Metalsa understands that our businesses are different in nature and in many cases, have unique supplier quality requirements that are market specific. However, the processes and tools represented in this manual represent the core expectations and requirements of our business. The differences that you will see across our organization will be minimal and will be driven by customer and/or market specific requirements.

### Specific requirements

The specific requirements of each region / facility, if existing, will be detailed in Appendix C of the present manual. Those requirements are complementary to the content of this manual and are mandatory compliance for our suppliers.

It is the supplier responsibility to comply with the manual and specific requirements of the Metalsa facility where it is providing parts /services.

The requirements may be related to quality, delivery, customer service, acceptance criteria, processes, environment and others.

### Confidentiality

The supplier shall use Confidential Information solely for the purposes of supporting the current business relationship with Metalsa. The supplier shall not disclose Confidential Information to any third party without buyer's express except that the supplier may disclose Confidential Information to its contractors, sub-suppliers, consultants or agents who have a need to know and have executed confidentiality agreements with the supplier, obligating them to treat such information in a manner consistent with these Terms and Buyer's Non-Disclosure Contract, if any, with supplier.

### Code of Conduct

Metalsa has a Code of Conduct that details our minimum requirements and expectations regarding workplace and ethical business standards.

The commercial relationship shall be conducted with integrity, fairness and respect in all countries where we have operations.

This document is part of our requirements and our suppliers must adhere to this Code.

Attached to the present manual will be the Code of Conduct. This document must to be signed by our partners since the beginning of the commercial relationship and / or when for the context of the market and our organization we need an update.



## Our Mission, Vision and Metalsa Values

As a part of our corporate responsibility, Metalsa provide to our suppliers since the beginning of the relationship our Mission, Vision and Values.

### Mission:

#### Sustainable solutions for vehicle structures

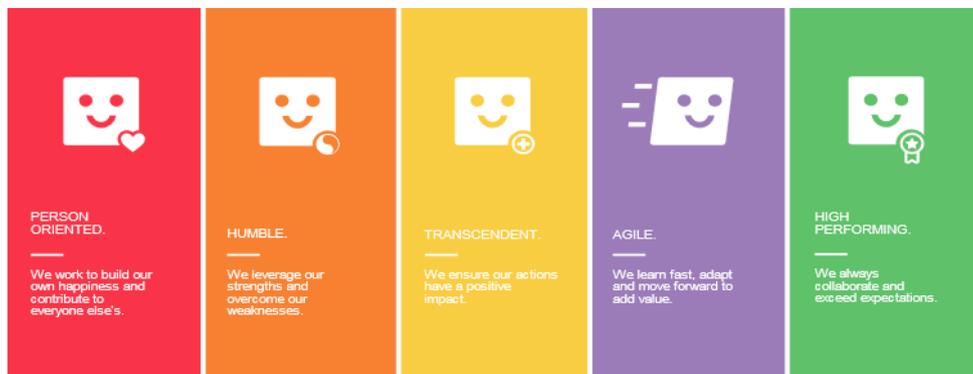
*"Provide structures that help our customers move the world more efficiently while protecting the environment and ensuring the long-term economic and social value generation for our stakeholders".*

### Vision:

#### Together, we build the future of light/weight vehicle structure through innovation-driven solutions

*"We endeavor every day to build of vehicle structures, co-creating with our partners and providing sustainable solutions for generations to come".*

### Values:



### Communication – notification of changes

In commercial relationships between Metalsa and our suppliers it is critical we have an open, effective and proactive communication. [The notification of non-conforming product and /or any unauthorized changes related to supply chain that could put Metalsa customer at risk.](#)

[The communication between Tier II and Metalsa include all sub-tier suppliers that comprise the overall supply chain.](#)

In order to manage this risk effectively, all suppliers must communicate as early as possible the following:

- a) Any pending or potential issue which the supplier has identified,

- b) All proposed material and/or process changes (including any change in production process or product safety or critical characteristics),
- c) All proposed changes including:
  - Manufacturing location change.
  - Tooling capacity change
  - Re-commissioning of any inactive tooling for one year
  - Tooling refurbishment or replacement
  - Proposed use of new equipment (production process)
  - Tooling transfer (re-source)
  - Changes to information technology systems
- d) Any potential manufacturing/quality issues
- e) Any potential supply/or capacity issues
- f) Changes of sub-suppliers of raw material, component or services
- g) Information Technology that might impact production or shipment to Metalsa
- h) Organizational changes that could impact the production or supply of parts to Metalsa
- i) Changes of ownership structure.

In addition, suppliers will provide all tests, validations, approvals and submissions required as a result of product/process changes as requested by Metalsa.

### **Risk Management**

The supplier must have a process for the identification and management of potential risks to ensure proper supply of parts and materials to Metalsa. This process must include identification, assessment and prioritization of risks in order to develop and implement countermeasures to avoid not reaching the defined business targets.

Business contingency plans must be completed by suppliers to ensure the continuity of supply in any event of disruption to their operations and/or supply materials as a result of man-made events, natural disasters, [pandemic](#), logistics, equipment, utility or labor disruptions or any interruption. These contingency plans shall be reviewed on a regular basis with a Metalsa representative such as Supplier Development representative.

Suppliers shall immediately notify Metalsa when they become aware of any potential supply disruption.

The supplier must include the risk assessment for new / re-source tooling in order to ensure all the topics and lessons learned of previous projects are considered during the new program and suppliers need to review all possible identified operational & strategic risks and include facilities, manufacturing process, economic variables, personnel and influence from macroeconomic, social and environmental trends. According with the context of the region,

Metalsa could include but not limited as follows considerations:

- Product, facility or individuals with unique characteristics
- Critical process elements
- Susceptibility to natural phenomena and environmental issues (i.e. flood, earthquake, climate change, water scarcity)

- Tier 2 supplier related issues
- Hazardous Materials and Substances Product Content Reported in IMDS (i.e. End of Vehicle Life requirements, Cadmium, Mercury, Hexavalent Chromium)
- New product or new supplier for a product
- Micro or macro economical market behavior
- Industry sustainability requirements trends
- Legal compliance framework and upcoming requirements
- Influence from different stakeholders (Community, Government, Non-Governmental Organizations, etcetera)
- Tier 2 suppliers with limited financial health

The output of this assessment shall be used to identify where action is required, if economically feasible, to remove or reduce the probability of problems occurring.

## 6. NEW SUPPLIER QUALIFICATION PROCESS

To be Approved supplier.

The topics to consider becoming an Approved Supplier includes:

- a) MSBA results,
- b) Financial health,
- c) Supplier Performance (in the case of current suppliers)
- d) Any additional situation that could generate a disruption in Metalsa Operations (i.e. Child labor, use of minerals in conflict, dumping, etc)
- e) Metalsa Supplier Manual signed

Metalsa reserves the right to assess Approved Suppliers in the following situations:

- Prior to placement of significant new business,
- As a result of not meeting required quality, delivery, and customer service performance, [if the supplier fails to meet minimum KPI requirements](#),
- When there is a change on the supplier facility or one of the initially already assessed process,
- A change in ownership,
- A significant change in the nature of the product previously supplied.
- As part of Metalsa quality surveillance audit program.

### Management systems required for new suppliers

#### Quality

[As a part of the automotive industry all suppliers of production materials and services that directly affect the production parts supplied must have a quality management system implemented and has to be certified to a minimum with ISO 9001 latest version and preferable become certified to IATF 16949.](#)

[Suppliers must demonstrate compliance to the requirements of IATF 16949 latest version. IATF 16949 and AIAG tools must be applied on our suppliers independently on their Quality Management System certification.](#)

Suppliers certified in ISO 9001 latest version may be subject to an annual management system audit by a Metalsa representative [using some tools, but not limited to Metalsa Supplier Business Assessment \(MSBA\), any other determined by the Metalsa facility or by 3<sup>rd</sup> party auditor.](#)

Additionally, the Purpose of this Manual, Metalsa [expects](#) of its suppliers [manage](#) their own sub-suppliers of products or services to ensure compliance with the Minimum Automotive Quality Management System requirements for sub-tier suppliers.

For more information, you can access to: <https://www.iatfglobaloversight.org>

## **Environment**

Metalsa is committed to being environmental responsible and has different programs designed to protect our environment and manage critical resources such as sustain and replenish these resources for future generations.

Having an internal Environmental Management System based on ISO 14001 latest version principles and applications, is mandatory for our suppliers, [certification is not a must unless otherwise required by each Metalsa facility](#). The certification of ISO 14001 latest version will be considered as a plus prior to assigning new business to our suppliers. Also, our suppliers must be aligned with us and with our environmental policy. As a part of the automotive supply chain, it's important that each one of the members of this chain have and share the same vision about environmental practices [to](#) erase or minimize the impact of our activities. Companies should perform different activities to reduce the usage of clean water, virgin materials and fossil fuels and demonstrate continuous reduction of emissions to water, land and air

Also, our Metalsa Supplier Business Assessment (MSBA) which is our supplier evaluation and revalidation tool for current and potential suppliers consider environmental items and impact, so that our suppliers are and will be evaluated considering this matter.

## **Health and Safety**

Suppliers shall demonstrate the implementation and follow up of an internal Safety Management System, that verifies and ensures safe working conditions. The certification of ISO 45001 or equivalent OHSAS 18001 will be considered as a plus prior to assigning new business to our suppliers.

Also, Metalsa Supplier Business Assessment (MSBA) consider H&S practices, so that our suppliers are and will be evaluated considering this matter.

## **Government Regulatory Compliance**

[Suppliers shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environment protection, toxic and hazardous materials, and free trade. Suppliers should recognize that the applicable government regulations might include those in the country of manufacture, as well the country of sale. Registration to ISO14001 is strongly recommended.](#)

## **DUNS Number (for USA & Mexico suppliers only)**

[Every supplier must have a Dun & Bradstreet number \(D&B D-U-N-S number\) for each manufacturing location. Metalsa will use this number to track supplier by each specific manufacturing location. For information on verifying or obtaining a D&B D-U-N-S number at no cost to your company, visit the D&B website \(\[www.dnb.com\]\(http://www.dnb.com\)\).](#)

[Metalsa will use this tool to verify the financial health of the suppliers as required.](#)

## Metalsa Supplier Business Assessment process (MSBA)

Metalsa S.A. de C.V. is committed to improve quality and continuous improvement within our organization. According this, we have a methodology to evaluate our external suppliers to strengthen our business relationships and both parties can continue to grow and become more successful in our businesses.

All new suppliers must be qualified prior to the awarding of new business from Metalsa. Suppliers are qualified based on their ability to meet Metalsa requirements for technical specifications, quality, delivery, price and service.

MSBA is a global assessment that will allow us to clearly understand their capabilities. This assessment is fully aligned with the process audit standards such as ISO 9001, IATF 16949, ISO 45000, ISO 31000, OSHAS 18000, BIQ, VDA 6.3 and requirements in our Metalsa Operating System (MOS) latest version, as an holistic overview of the systems we request to our supply chain.

Regardless of the result obtained the purpose of this assessment is to determine if there are areas within your business that require attention as you go forward with a continuous improvement process in your organization.

The different stages of our MSBA tool includes:



### Assessment Sections (summary of each section)

SECTION	DETAIL	WEIGHT*
Leadership Engagement	Certifications Metrics definition / review Investments plans Human development	15%
Supply Chain	Supplier selection & measurement Incoming inspection Identification & traceability Preservation of product	15%
Production	Production programs and capacities Process control, PFMEA, Control Plan Housekeeping	15%
Quality	Process and final controls – audits – Measurement devices Continuous improvement	15%
Maintenance	Maintenance system, corrective, preventive Personnel, work instructions Spare parts	15%

Project Management	New, modified part management process APQP – responsibilities -	15%
Environmental, Health & Safety	Environmental laws comply System, certification, performance and training. Health & Safety practices	5%
Sustainability	Ethics, corporate governance, laws comply Supplier monitoring AIAG training	5%

*\*The column weight specifies how each section will be considered in the final score calculation*

### **Self-Assessment**

A MSBA self-assessment will be required to be completed and returned, along with relevant information to evaluate the supplier ability to meet requirements.

This information will be reviewed by Metalsa representative to verify the existence of quality systems and practices necessary to meet Metalsa requirements.

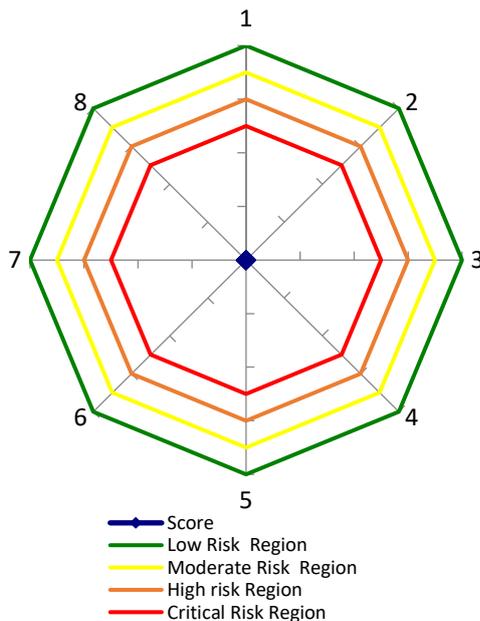
### **Metalsa Assessment remote or on site**

After the review of the MSBA, the supplier will receive a [remote](#) or on-site visit by a qualified team with representatives from a multidisciplinary team such as Purchasing, Quality, Engineering and Technical support depending on the case.

Supplier will be required to develop and complete countermeasures according with all the gaps detected during the MSBA audit as a part of the requirements to becoming an approved supplier.



The possible results of the MSBA are as follows:



- Low Risk**  $\geq 80\%$  Meets requirements with room for minor improvements.
  - Moderate Risk**  $70\% \geq \text{score} < 80\%$  Needs Corrections. There is room for improvements.
  - High Risk**  $60\% \geq \text{score} < 70\%$  Requires immediate corrections and improvements.
  - Critical Risk**  $< 60\%$  New bussines on hold, Requires significant improvement in meeting Metalsa' standards.
- Restrictive Conditions** Supplier presents restricted conditions in Environment, Health & Safety or Social Responsibility in accordance to Metalsa's Code of Conduct. Participation in new development is vetoed. The Supplier is considered NOT APPROVED.

### Countermeasure follows up

After MSBA is performed, a countermeasure is required for each one of the items scored below 8 in the assessment.

The corrective actions are required to have root cause analysis with countermeasures identified within 15 calendar days and closure with Metalsa approval within 90 calendar days. Any deviation from this plan must be approved by the Supplier Development team on site. For action closure, validation on site as needed (according to the type of discrepancy).

The countermeasures will be detailed in the format provided by Metalsa facility.

### Re-validation

After the Supplier qualification sub-process has been conducted and the supplier is approved for production, the monitoring and revalidation cycle begins.

During the [Supplier qualification sub-process](#) a full MSBA which includes the following: a systemic approach, review of the production capacity, technical and financial health will be developed.

In the [serial life \(risk management\)](#), the supplier must monitor the available capacities of their processes to fulfill with the releases and aligned with the information received from Metalsa (see Chapter 5.2).

The systemic evaluation (MSBA) will be conducted by Metalsa according the risk that each supplier represents in the supply chain or in the case of assign new business (production capacity available). The MSBA may be done as a self-assessment, remote or on-site evaluation. In the case of current suppliers, Metalsa will define the frequency to conduct the MSBA on-site or remote as a revalidation based on supplier performance (quality, delivery and customer service topics), complexity of the parts/process and risk level (low, moderate, high or critical) to Metalsa operations.

The MSBA will be performed by a Metalsa representative as needed based on KPI Scorecard. In addition, a Capacity Analysis Report (CAR) will be performed on the award of new business or uplift in current volume of product.

## 7. QUALITY SYSTEM REQUIREMENTS

### General Expectations

The purpose of a quality system is to provide the direction, action plans and measurements needed to accomplish the suppliers stated objectives and plans. To this end, suppliers shall use some form of systematic planning and review for new products and product changes. Quality development and control activities require planning to be effective and economical. The quality planning process shall emphasize problem prevention rather than detection, that supports a continuous quality improvement philosophy.

When quality planning is properly performed, waste, scrap, rework and customer complaints are reduced while productivity, efficiency, and profits are increased. Metalsa requires that its suppliers plan for quality. Information on quality planning may be found in the Advanced Product Quality Planning and Control Plan (APQP) Reference Manual, published by AIAG. The quality planning activity shall be a regularly scheduled, cross-functional process, involving all departments with goals and objectives supporting the quality system.

Each supplier is responsible for the quality of its own products. The supplier's failure to provide Metalsa quality goods may result in a formal claim (according with the report used by the region) for assembly, sorting and/or administrative costs due to poor quality, late delivery and other non-conforming conditions.

The following quality planning methods and documentation are suggested: Process Flow Chart, Process Failure Mode and Effects Analysis (PFMEA), Control Plans (Prototype, Pre-launch and Production) where applicable such as: Measurement System Analysis for all applicable equipment specified in the control plan. Manufacturing Feasibility Reviews. Key product/process characteristics. Packaging Plans. PTR's (Production Line Trials) R@R (Line Speed Demonstration Trials), and PPAP submission with a (PPAP Part Specification Warrant)



## **The Advanced Product Quality Planning (APQP) Process**

On each new business with Metalsa, the supplier must follow the APQP manual (AIAG) guidelines latest version. APQP fulfillment and follow up will be supplier's responsibility and must be available upon request on any time of the new launch and/ or serial life.

The objective of the Metalsa Advanced Product Quality Planning (APQP) process is to provide an overview of the AIAG APQP requirements and to track the supplier APQP activities in support of the Metalsa Customer Specific requirements.

The APQP/PPAP document enables Metalsa to determine the readiness of supplier activities. In the cases where the supplier already has their own APQP tracking document addressing the focus areas as defined in the Metalsa APQP document, they may continue to utilize this method and Metalsa's template need to be completed (according with the form provided by the Metalsa facility).

When implemented the APQP Readiness Tracking Document is to be submitted to Metalsa for review upon request.

When the supplier populates the document or comparable document it is the tool that focuses on key components of supply activity from the start initiation of commercial activity through the submission of the PPAP documentation to Metalsa.

On site Supplier Development along with Plant Quality can review these documents on scheduled intervals throughout the APQP process when submitted for review or during On Site Evaluations with the suppliers.

Documented APQP PPAP activity through effective management of the supplier is the key to a successful launch.

The key areas of focus include:

- Commercial
- Customer Input Requirements
- Failure Mode Avoidance
- Design Record
- Process Planning
- Equipment, Tools and Gages (Home Line)
- Quality Verification
- Capacity Verification
- PPAP/PSW submission
- Risk Assessment for the Tooling and Material status



## **Production Part Approval Process (PPAP)**

Suppliers shall fully comply with all requirements in the AIAG Production Part Approval Process Manual when doing business with Metalsa. Before making a shipment to a Metalsa facility the supplier must meet all of the purchase order requirements and must ensure that all parts conform to Metalsa engineering and quality specifications. This includes the submission of a PPAP with PSW, unless it is waived in writing. Conditions requiring submission can be found in the AIAG PPAP Manual, Section 2, and are noted in the Metalsa Supplier PPAP Manual:

- New part or product
- New supplier
- New process or technology
- Changes to existing product
- Change to material or component
- New or modified tools
- Upgrade of existing tools
- Tooling, production or equipment transferred to a different site
- Product when tooling has been inactive for 12 or more months
- Product or process changes on the component of the product
- Change in test or inspection method
- New material source
- Change of sub supplier material source

Whenever one or more of the conditions listed above or within the AIAG PPAP Manual is imminent, the supplier must notify Metalsa team of the pending using [the document defined by each Metalsa facility](#) and following the steps required by each facility in order to formalize this change request. For clarification of the requirements, contact the Metalsa manufacturing site where you supply.

## **PPAP Submissions**

Suppliers are directed to the Metalsa Supplier PPAP Manual for detailed instructions for PPAP submittal. Bullet points below are some of the requirements detailed in the manual:

- All PPAP's are to be submitted electronically
- All PPAP's (new projects) will be submitted according the timing agreed with the Metalsa responsible team.

Unless otherwise noted, all elements of the PPAP are to be included. A Metalsa representative may be assigned to the supplier facility to witness the PPAP R@R.



- The supplier will submit a Level 3 PSW (according with AIAG, core tool: Production Part Approval Process – PPAP – latest version).
- Data used for the PPAP submission shall be taken from a minimum of a 300-piece production run or according with Metalsa manufacturing site requirement. The full dimensional layout using: Metalsa dimensional form [according with the Metalsa facility](#) or the document provided by supplier shall be completed on a minimum of six parts per tool or mold/die cavity. PPAP submission is Level 3 unless directed by the Metalsa responsible. Sample shipments must be clearly identified as PPAP samples, to prevent the samples from being mixed with production material or being otherwise misdirected
- All samples submitted for PPAP approval must be visually inspected to ensure that they are free of flaws, defects or discontinuities that might adversely affect the form, fit, function or durability of the part or that might injure a person handling the material.
- PPAP may be rejected for substandard workmanship, even if such characteristics are not specifically identified on the engineering drawing or related specifications
- All required PPAP paperwork and the sample articles used for dimensional layout must be submitted as a package. The sample articles must be properly identified
- If a PPAP will be submitted late, it is the supplier's responsibility to notify the Metalsa responsible for the product or component in new launches, in the case of changes in the process (according with sub chapter Production Part Approval Process (PPAP), this information is submitted to Plant responsible. On time PPAP submission is a critical to Metalsa's requirement to our customers. A late PPAP submission is reflected on your Metalsa Supplier Evaluation Scorecard
- PPAP samples must be packaged separately from production parts and these sample parts must be identified according with measurements description in the drawing without any cost or fee to Metalsa. Samples should be submitted and approved before the shipment of production parts.



## PPAP Status

There are five submission levels listed below, and each is typically applied to the specific area listed.

<u>Requirement</u>	<u>Submission Level</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
1. Designed Records	R	S	S	*	R
a) for proprietary components/details	R	R	R	*	R
b) for all other components/details	R	S	S	*	R
2. Engineering Change Documents	R	S	S	*	R
3. Customer Engineering Approval	R	R	S	*	R
4. Design FMEA	R	R	S	*	R
5. Process Flow Diagrams	R	R	S	*	R
6. Process FMEA		R	S	*	R
7. Control Plan	R	R	S	*	R
8. Measurement Systems Analysis (MSA)	R	R	S	*	R
9. Dimensional Results	R	S	S	*	R
10. Material, Performance Test Results	R	S	S	*	R
11. Initial Process Studies	R	R	S	*	R
12. Qualified Laboratory Documentation	R	S	S	*	R
13. Appearance Approval Report (AAR)	S	S	S	*	R
14. Sample product parts	R	S	S	*	R
15. Master Sample	R	R	R	*	R
16. Checking Aids	R	R	R	*	R
17. Records of Compliance With Customer-Specific Requirements	R	R	S	*	R
18. Part Submission Warrant (PSW)	S	S	S	S	R
Bulk Material Checklist	S	S	S	S	R

S= The organization shall submit to the customer and retain a copy of records or documentation items at appropriate locations.

R= The organization shall retain at appropriate locations and make available to the customer upon request.

\*= The organization shall retain at appropriate locations and submit to the customer upon request.

All submissions must be in English and/or the language of the Metalsa destination facility. Immediate rejection will result if this is not fulfilled.

Changes to existing parts will be handled on a case by case basis and submissions other than Level 3 require approval of the Metalsa Engineering, Quality and Supplier Development teams. After PPAP approval has been granted, suppliers are responsible for seeing that future production continues to meet all customer requirements

## **Out-of-tolerance Conditions on PPAP Samples**

The supplier must make every reasonable effort to correct any discrepancies discovered when parts are being evaluated for a PPAP. If, for any reason, the samples inspected for the PPAP do not conform to all requirements and the supplier is unable to correct the discrepancy, the supplier must notify to the appropriate Metalsa contacts prior to submitting the PPAP. This will allow for remediation if needed.

The PPAP submission will be reviewed by Metalsa and either (1) approve (2) reject (3) be given an Interim Status.

1. Approve: Formal acceptance of the submission by Metalsa
2. Reject: Not accepted. Requires resubmission for approval
3. Interim: Permits shipment of material for a specified period of time. (NOT TO EXCEED 90 CALENDAR DAYS) The supplier must submit a plan to Metalsa for approval that clearly documents the supplier's corrective action plan to achieve full approval within the 90-day interim approval period.

## **PPAP Record Retention**

Suppliers are responsible for retaining a complete record of all PPAP submissions. The records shall show conformance to all dimensional, chemical, metallurgical, physical, performance and other test specifications. The following will be kept on file: Inspection results accompanied by customer's engineering approved design record for all dimensional requirements. Laboratory test reports covering all chemical, metallurgical, physical and performance tests along with the laboratories scope and certificate of accreditation to ISO/IEC 17025 or equivalent latest version. Preliminary process performance results for all critical and significant characteristics. Measurement systems analysis (Gage R&R) results, process flow diagrams, process failure mode and effects analysis, control plans, preliminary process performance evaluations, subcontracted supplier warrants and supporting documentation, appearance approvals and master samples.

## **Ongoing PPAP Maintenance (Annual submission)**

At latest an annual validation is required to be performed by the supplier and be documented in the supplier control plan unless the region according with its own customer specific requirements determinates a different frequency. Results shall be maintained by the supplier and made available upon request to Metalsa. Conformance to this requirement is subject to random audit by Metalsa.

[The results of the annual validation must be submitted to each Metalsa facility representative.](#)

## **Material Certifications**

The supplier shall ensure that the product supplied to Metalsa is in compliance with all material specifications on the product drawing and/or purchase order. Material certifications



containing actual measured results are required at PPAP and during normal production on an as needed basis, as designated by the facility

For all materials / products delivered to Metalsa, batch certification of raw material must be present and submitted to the Quality department if required.

### **Traceability**

Unless otherwise agreed to, the supplier shall have a process and maintain the ability to trace the product from the lot identification as shipped to Metalsa back through their manufacturing system to the raw material source.

### **Restricted Substances**

Metalsa is concerned for the safety of its employees and customers. Suppliers must assure compliance with all governmental and safety requirements on restricted, toxic and hazardous substances used in the manufacture of products delivered to us. Our suppliers are required to have a correct chemical storage to assure a safety environment as well as a compatibility chart required to identify which chemicals can be stored in the same room.

When applicable, Material Safety Data Sheets, (MSDS's) are to be sent to the attention of the user plant prior to the first production shipment and upon request.

Suppliers are required to report any hazardous materials contained in any part of the product shipped (including coatings, etc.) to Metalsa.

The supplier is responsible for creating the IMDS module on every part that is supplied to Metalsa. The IMDS module must be submitted via the IMDS website ([www.mdsystem.com](http://www.mdsystem.com)) to the Metalsa recipient code ----- (this code depends on the plant that will receive the part, for clarification, contact the responsible on place).

It is the responsibility of all suppliers to submit the necessary information into the IMDS database. As a result, the supplier must require their sub suppliers to submit IMDS to their appropriate recipient code. The supplier is required to review their sub supplier IMDS submission for compliance.

For easy management of the IMDS numbers must be followed according with IMDS:

<https://www.aiag.org/corporate-responsibility/chemical-management/international-material-data-system>

Any questions regarding IMDS submission, please contact the [Metalsa representative](#) for assistance.

## **Inspection and Measuring Equipment**

Statistical and analytical techniques may be used by the supplier to measure and improve process capability, efficiency, and quality of the product. Some of these techniques widely used are:

- DOE
- X&R charts
- P, C, U, NP charts
- Histograms
- FMEA
- Pareto analysis
- Ishikawa or Fishbone diagrams

The supplier must develop a system which documents responsibilities, involvement, plans and criteria for implementing statistical and analytical methods. (See Section 6 Reference to the AIAG Statistical Process Control Manual).

The supplier is responsible for ensuring that tooling, equipment, and processes used to demonstrate the capability to consistently produce quality parts with minimum variation. The special characteristics identified on customer prints and/or Metalsa process data sheet documents will require a minimum of 1.67 Cpk (pre-production). Process Performance Index (Ppk) basically tries to verify if the sample that you have generated from the process is capable to meet customer specific requirements. Metalsa manufacturing facilities may request additional requirements for statistical control and process capability. For specific requirements of each facility, refer to specific requirements annex depending on the Metalsa facility involved.

All dimensions on the drawing must demonstrate statistical process control at time of PPAP, unless otherwise agreed upon by Metalsa.

## **Calibration**

The supplier shall establish a calibration system that will track and account for each gauge and measuring instrument individually. Established calibration intervals shall be documented, and each instrument shall be traceable to its last calibration date. Documentation shall include the actual quantitative measurements taken during the calibration, in order to monitor long term performance.

All gages used in evaluating process potential must be in compliance with Quality System requirements and the AIAG Measurement System Analysis Manual before proceeding with the process potential study. Copies of the GR&R study data and results must accompany the process potential study information. Information on conducting GR&R studies may be found in Measurement Systems Analysis Reference Manual, published by AIAG.

All calibration must be traceable to an industry recognized standards/accreditation authority. These calibration records shall be retained for verification purposes.



Employees involved in using calibration equipment should have documented training on the instruments they use. Documentation of training records shall be retained for verification purposes.

### **Gauge R&R**

The supplier shall conduct GR&R studies upon receipt of new or repaired measuring equipment. Documented action plans shall be in place for completion of GR&R studies on existing equipment. After the initial studies, established intervals for repeat verification, GR&R studies must be documented and be traceable to the last date of evaluation. The study shall include all significant study information. These repeat studies are necessary on a regular basis to assure continued suitability to the application. GR&R studies shall be conducted under actual operating conditions

Metalsa requires a GR&R analysis of all measurement systems identified in Control Plan. The minimum requirements for Metalsa suppliers are:

- % R&R should be at 10% or less for KPCs / KCCs
- Marginal gages (between 10% and 30%) need an action plan to address and improve the method of measurement.
- Gages with R&R above 30% cannot be used.

### **Notification of and Control of Nonconforming Material**

All suspect material must be properly contained at the supplier's facility. All suspect non-conforming material must be quarantined in a segregated area, designated for that purpose only. An effective system is required for proper identification and timely disposition of non-conforming material. The supplier is responsible for maintaining and analyzing data for those non-conformances.

Metalsa shall be notified immediately if suspect stock has been shipped to our facility.

Disposition decisions to "use as is" or "repair" will require technical justification, customer approval, and documentation of the actual condition to ensure product performance will not be adversely affected.

In cases where Metalsa has determined that it has received non-conforming material, the supplier will be contacted to secure a return authorization or other possible remedy. Replacement of non-conforming material must occur in a timely manner to ensure the continued supply of product.

### **Preventative/Corrective Action and Problem Resolution (See 8D/A3 document)**

The supplier shall establish systems to document and track corrective actions. Corrective actions could be referred to as Non-conforming Material Reports (NCMRs), Corrective Action Reports (CARs), Defective Material Reports (DMRs), Quality Alerts (QA's), Reclamo a proveedor (RP) and/or Relatorio de Anomalia (RA). Results must be traceable to the initial reason for the corrective action request. The format used must drive towards root cause analysis and



implementation and effectiveness of permanent action to eliminate the problem and the possibility for recurrence. Analysis of actions taken, and results of those actions taken shall verify the effectiveness of the solution. The suggested documented problem-solving form is the 8D's, A3, but other formats may be used.

Incidents involving product shipped to Metalsa facilities, require specific response times and trigger charges. Suppliers need to provide containment activities and corrective action process to Metalsa facility as following:

Time	Description	Metalsa expectations
<b>4 hours</b>	Immediate response from the supplier	Suppliers confirm who start the inspection on site (3 <sup>rd</sup> party company selected by supplier), otherwise, Metalsa apply the inspection of suspicious parts and apply the chargeback to the supplier (3 <sup>rd</sup> party company or Metalsa workforce)
<b>24 hours</b>	Containment actions	Method of containment (batch/lot) – <i>specific inspection techniques</i> -, how new product is identified and containment plan for product on transit to or on site at Metalsa facility
<b>3 days</b>	Permanent corrective action	Root cause(s) analysis and action plan ( <i>includes verification, activities, dates and responsible</i> ) to correct & prevent the defects
<b>15 days</b>	Closed out	All corrective action responses are to be closed out in a timely and expeditious manner ( <i>maximum target closure of 15 calendar days</i> ) unless there is a reasonable justification
<b>30 Day</b>	Clean Point Verification	Closure of 30 calendar Day Clean Point

Corrective action requiring more than 15 calendar days requires written approval by the appropriate facility quality contact.

The supplier's system shall contain a mechanism for escalating unresolved problems to the supplier's executive management to ensure action is taken and to enable an understanding of any strategic implications.

The supplier shall develop a method for assessing the responsiveness and effectiveness of their problem resolution process.

During specific instances a Metalsa supplier may be requested to attend an Incoming Quality meeting. These meetings will include Metalsa plant personnel and the divisional supplier development and purchasing representatives. A targeted supplier may be one with a high PPM or one with chronic repetitiveness [defective components or packaging or delivery incidents](#). Suppliers who are unable to control non-conforming material from shipping to a Metalsa facility are subject to Controlled Shipping procedures.

## Chargebacks

The following charges will apply for all non-conforming material. The supplier will receive a formal notification describing the non-confirming material. An administration fee could be

charged per each notification issued. [Please refer to the specific local requirement for cost related.](#)

The initial response to a notification failure must be received within 2 hours (start the inspection of suspicious material). It will show action when certified stock will arrive and how it will be labeled. Failure to comply will result in a deduction to your monthly Production Performance Scorecard.

*\*Note 1: For cases, where Metalsa establish a bi-directional supply with some business partners (customer-supplier/supplier-customer), chargebacks will be determinate in same conditions (\$USD) for both parts and according with original contract.*

The first 3 sections of the Corrective Action report are to be received within 3 calendar days of the DMR notification. Failure to complete and return this section of the 8D's/A3 will result in a deduction to your monthly Production Performance Scorecard. These (3) sections includes:

- a) Problem statement,
- b) Team members with champion,
- c) Interim C/A for containment and containment verification.
- d) Root cause identification

Within 15 calendar days of receipt of the DMR the supplier is to complete the final 8D's/A3:

- a) Chosen / Implemented corrective action,
- b) Validation of corrective action,
- c) Preventive action taken to prevent recurrence,
- d) Systemic action taken to ensure similar operations have been reviewed, PFMEA, Control Plans and Work Instructions (WI's) have been updated.
- e) Team recognition.

If the Supplier determines the root cause(s), interim and permanent corrective action cannot be completed within 15 working days, the supplier must communicate with the Quality Representative of Metalsa facility issuing the DMR and get written approval to exceed the 15-day closure requirement. Agreed timing for closure will need to be provided to the Metalsa Quality Representative.

All costs related to the notification failure incurred by Metalsa at a Metalsa supplied manufacturing facility will also be charged back to the supplier. These costs may include (*see topic Chargeback of this manual*):

- Down time
- Containment
- Sorting
- Scrap
- Supervision (*administration fee for activities related to manage all document administration*)
- Rework



- Premium Freight

### Metalsa Supplier Performance Scorecard

Metalsa has recognized the fact that our suppliers must meet fundamental requirements and expectations to become an approved Metalsa supplier. Metalsa also recognizes the fact, for suppliers to meet our requirements and expectations, we must present these, but also provide feedback to the supplier, as to how the supplier is performing according to these requirements and expectations.

The purpose of this section of the manual is to define the measurables and calculation, but it will be the responsibility of each facility/division to manage the supplier rating and also help the supplier in determining the areas of required improvement.

The supplier can access their Metalsa Supplier Performance Scorecard through the Metalsa Supplier extraMET portal, if available on the region supplied. If extraMET is not available, the location will provide on a regular basis or as requested the Performance Scorecard of each supplier.

### Supplier Performance Evaluation - KPI's

KPI's measured to evaluate each supplier performance will be related to quality, logistics and customer service (includes project management - PPAP's -, corrective action response on time, as well as other quality metrics and it depends of the requirement by facility).

The table below describes the Global KPI that Metalsa will evaluate. Specific information related to targets may vary between each Metalsa site and are shared by each region in an annual basis.

Topic	Quality	Delivery	Customer Service
Weight	According with the region (see Metalsa site requirements)	According with the region (see Metalsa site requirements)	According with the region (see Metalsa site requirements)
KPI's	PPM's	OTD	Quality alerts / DMR's
		Expedited freight	
Quality or Delivery	Customer pass through		As needed by the Metalsa facility

Scorecard (overall) and weight (per topic) will be determined by each Metalsa facility.

### Definitions:

Quality	PPM's	Defective parts per million
		Customer pass through
Delivery	OTD	On time delivery
	Expedited freight	Premium freight
Customer Service*	Quality alerts	Official rejects to the supplier (example: DMR's)

*\*Depends on the region, they could integrate additional KPI's as needed by the context and specific requirements*

## Metalsa Requirements

Site eligibility:

- Site must be an external manufacturing location of production parts or materials
- Sites must be assigned to a Supplier Development Specialist who is responsible for verifying Metalsa supplier eligibility
- Site must be shipping for at least 6 months (for USA facilities)

## General Metalsa Supplier Rules

- **Metalsa Supplier Performance Evaluation** is based on a demerit deduction system for Production Quality, On Time and accurate delivery and Customer Satisfaction. Each supplier will begin a monthly rating period with 100 points including these three sections (Quality, Delivery and Customer Satisfaction).
- Scoring adjustments are based on ongoing Production Quality Capability, Delivery Performance and Customer Satisfaction demerits will be awarded based on the demerit system noted below.
- PPM and Chargebacks to the supplier:

Chargebacks for non-conforming product is captured in the SPE scorecard (if SPE web-based is available, if not, it will be manually documented and sent by e-mail to the supplier.

The supplier is given the opportunity to dispute the PPM / Chargeback within 5 business days by notifying in writing the at the manufacturing site. Failure to dispute in writing within the 5-business day window of receipt of the Notification forfeits the suppliers to dispute the notification failure and PPMs will remain on the scorecard and Chargebacks will be taken by Metalsa.

This section is not applicable for SA suppliers.

## Supplier Scorecard Eligibility

If web-based scorecard is available, the supplier will be assigned a site code and password to enter the Metalsa extraMET when sourced.

SPE Score for Quality, Delivery and Customer Satisfaction must be above target to maintain their Metalsa supplier rating based on a 12-month rolling average.

Supplier with a score below target may be recommended for removal as a Metalsa supplier.

A site that has not supplied parts to Metalsa for the last 13 months of delivery data will have "N/A" displayed on the Metalsa Scorecard information screen.

Any "N/A" situation will result in an 'Incomplete' SPE Scorecard. Incomplete only means missing data and does not mean poor performance.

Targets for performance, PPM and delivery will be defined by each Metalsa facility / region. Refer to the annex of the facility / region supplied for specified targets.

### **Required to obtain Metalsa Site Eligibility:**

Customer site visit and audit by Purchasing, Supplier Development team and Program management team

### **Ongoing Performance: Scoring Thresholds**

Metalsa uses key metrics of quality, delivery performance and customer satisfaction in determining a supplier's SPE Scorecard:

- **PPM Performance** - quantity of defective parts per million – (expressed on % of compliance)

$$\% \text{ PPM} = \frac{\text{Rejected parts (Monthly)}}{\text{Received parts (Monthly)}} * (1,000,000)$$

- **Delivery Performance** – parts delivered vs releases - (expressed on % of compliance)

$$\% \text{ OTD} = \frac{\text{Received parts}}{\text{QTY shipped from supplier}} * (100)$$

- **Customer satisfaction** – attention from the supplier to the voice of customer, including:
  - Part failure notification events
  - Delayed corrective actions
  - Recurrence of non-conforming parts
  - PPAP's rejected (new program and/or annual validation)
  - Containment actions implemented
  - Production re-schedule
  - Delay shipments
  - ASN or invoiced delayed
  - Corrections needed in the invoice

- Labeling errors
- Discrepancy upon arrival
- Incorrect packaging standard
- Over shipping

### Supplier Controlled Shipping Procedures

The following procedures are considered escalation to control non-conforming material being shipped to our facilities. A request to implement a process indicates existing measures by a supplier have been insufficient in stopping shipment of non-conforming material. There are two levels of controlled shipping to ensure our facilities receive material that conforms to specification and does not shut our lines down.

Level 1 Controlled Shipping	Level 2 Controlled Shipping
Triggers	Triggers
Containment activity over and above current process controls and containment activity.	Containment activity and pay the cost related to containment actions with an outside source inspect product within supplier's facility
Activities	Activities
<ul style="list-style-type: none"> <li>• Corrective action to Metalsa approval</li> <li>• Shipments clearly identify as being on <b>Level 1 Containment</b></li> <li>• Add labels to each container indicating inspection</li> <li>• Provide an inspection log for each shipment that details approval by container within the shipment.</li> <li>• 100% inspection at the supplier's facility</li> </ul>	<ul style="list-style-type: none"> <li>• Clearly identify <b>Level 2</b> inspected shipments with a color-contrasting tag that reads "<b>containment process complete.</b>"</li> <li>• Each tag must be initialed and dated by the inspecting employee.</li> <li>• 100% inspection at Metalsa facility</li> </ul>
Exit criteria	Exit criteria
1 month or designated number of shipments without any incidences of non-conforming material. <i>The duration can also be designated by the Metalsa facility</i>	1 month or designated number of shipments without any incidences of non-conforming material. <i>The duration can also be designated by the Metalsa facility</i>
Consequences	Consequences
<b>Level 2 Controlled Shipping</b>	New business hold or potential de-sourcing.

### Supplier Development Escalation Process

According with our internal escalation process (see Appendix D) in the cases where a supplier presents a low performance (quality, delivery and/or customer satisfaction), Supplier Development per manufacturing will conduct activities to collaborate with the supplier to improve their performance.

Level 0 & 1: [Plant Quality and/or Plant Logistic team](#) in manufacturing site informs about the low performance of supplier to Supplier Development team.

Level 2: Supplier Development [team](#) will conduct a technical visit to the supplier in order to evaluate the action plan in place to improve the performance, during this stage, documents

such as Corrective Actions, PFMEA, Control Plan will be evaluated. Supplier performance is informed to Metalsa Procurement team and a third party inspect all production for Metalsa

Level 3: Metalsa Procurement will participate in the intervention with the supplier and review all corrective actions implemented and other activities could be requested to the supplier according with Metalsa Operation System (MOS) such as problem solving, Kaizen events, Design of Experiments (DOE's), etc In this stage, Metalsa intervention "on-site" is mandatory and all material will be inspected by third party company.

### **Document Control/Record Retention**

Suppliers shall have a system to control the updating, distribution, storage and removal of engineering drawings, specifications, control plans, FMEA's, procedures, work instructions, forms, etc. per Metalsa approved 3rd party quality system registration requirements.

### **Request for Deviation**

Requests for deviation to any print, specification, or other requirement that is initiated by the supplier or Metalsa must be submitted to the appropriate Metalsa Engineering Department. The appropriate document must be approved before any deviated material is shipped to the Metalsa facility. Product shipped without a deviation is subject to rejection by the Metalsa facility. Any liability incurred as result of unapproved material shipped to a Metalsa facility without approval will be incurred by the supplier.

### **Manufacturing Capabilities**

Suppliers shall establish systems and procedures, which seek to continuously optimize the efficiency and productivity of its manufacturing capabilities. These efforts are directed at such activities as minimization of floor space, inventory, cycle time, manpower, and use of other resources in all aspects of the manufacturing process.

Suppliers shall ensure that cross-functional teams are established to develop methods to optimize process effectiveness using Kaizen, mistake proofing, and/or other proven methods. Objective evidence of these methods must be in place during the Preventive and Corrective Action stage of the process.

### **Specific Requirements**

In many cases, this manual will not sufficiently describe all the specific requirements of a particular Metalsa manufacturing site, division or customer. The Metalsa specific requirements shall be identified during the Advanced Product Quality Planning (APQP) activities and will be communicated by the appropriate Metalsa facility. If there are any questions regarding these specific requirements, the supplier shall contact the respective Purchasing Department of that Metalsa division.



Product-specific requirements may include but not be limited to the following:

- Special characteristics.

- Testing.

- Special handling.

Customer-specific requirements may include but not be limited to the following:

- Quality management systems.

- Process techniques and process controls.

- Identification and processing of critical parts and features.

- Automotive and or Environmental Certifications.

Suppliers shall incorporate into their quality systems all product/customer-specific requirements. It is imperative the supplier review all terms and conditions of the Metalsa Purchase Order before acceptance. Formal acceptance of the terms and conditions of the Purchase Order confirms that the supplier accepts and will conform to all applicable expectations and requirements of the stated contract.

### **Economics-Considerations of Quality-Related Costs**

The supplier's management shall define and document a comprehensive quality cost management system and facilitate quality improvement efforts that will lead to operating cost reduction opportunities. Metalsa believes that when quality costs can be measured and related to an area where basic quality performance data exists, the quality improvement process can begin.

An effective quality cost program consists of the following steps:

- Establish a quality cost measurement system.

- Develop a suitable long-range trend analysis.

- Establish annual improvement goals for total quality costs.

- Develop short-range trend analysis with individual targets, which collectively add up to the incremental demands of the annual improvement goal.

- Monitor progress against each short-range target and take appropriate corrective action when targets are not being achieved.

### **Product Safety and Product Liability – Safety and Critical characteristics**

The safety and critical aspects of product quality shall be identified with the aim of enhancing product safety and minimizing the potential consequences of product liability. The company and its employees must be aware of its potential consequences. Associated verification



procedures must be developed by suppliers to ensure that safety attributes of the product are compliant.

Safety and critical characteristics of both product and process must be identified in order to ensure the proper management of these critical features in the normal production process, as well as to carry out a criticality analysis of the product & process critical characteristic and determine if they could result in a safety effect and can be managed based on the potential of a feature, product or system to create a personal hazard to any person in contact with the products or effects caused by the product.

For this practice to be properly implemented involved personnel of the supplier need knowledge of:

- APQP
- Drawings and GD&T
- Customer Specific Requirements
- DFMEA & PFMEA
- Part Identification Requirements
- Capability
- Poka Yoke
- Traceability

Critical Characteristics related to safety product must be posted at all affected work sites using customer symbols, documents mentioned before in order to clarify management priorities to enhance control/correction of abnormalities.

### **Housekeeping**

The supplier shall have a documented system to ensure their facility is clean and orderly. This verification shall be a part of their internal quality audits. Metalsa strongly feels that a supplier with an effective Housekeeping process allows itself to present well to its customers and employees. Japanese Five S methodology is a good standard to follow, control and keep order, cleaning and standardization.

### **Tooling Management**

The supplier shall establish and implement a system for tool control. This includes items manufactured from stampings, template cutouts, etc. A formal procedure addressing tool handling, storage, modification, setup, design, and preventive maintenance shall be maintained. Normal storage, maintenance, and repair of tooling unless otherwise negotiated,



is the responsibility of the supplier, such as expected tool life will be achieved, and conforming parts are produced.

Planification and records of every intervention or maintenance done to the tooling must be documented and maintained. These records must be available and submitted upon request.

Critical spare parts of each tooling must be available on supplier's location.

Quality problems related to tooling issues are supplier responsibility, unless otherwise agreed and deviation by written from Metalsa. This problem must be solved using the problem solving tools described on this manual, and countermeasures over the tooling must be taken to avoid repetition of the non conformity.

Preventive maintenance must be documented and a plan and records of interventions must be maintained as evidence.

### **Sub-Suppliers**

In the cases of a supply source (sub-supplier) has been approved by Metalsa and provided for in a contractual form (e.g., in any Metalsa design drawing or specification), the SUPPLIER shall have to obtain the Products, materials, tools or services from any such approved supply source. The SUPPLIER shall be allowed to propose alternative suppliers at any time. A written delivery release shall be obtained from Metalsa in advance (samples to be sent to Metalsa). The use of any supply source approved by Metalsa, including but not limited to any tool or measuring equipment supplier, shall not release the SUPPLIER from its responsibility for assuring the quality of the products procured. The responsibility for the quality of any sub-supplier shall lie exclusively with the SUPPLIER.

## **8. PRODUCT AND PROCESS DEVELOPMENT**

### **Technical Expectations**

Metalsa requires all Suppliers of production and prototype parts to follow the guidelines provided in the AIAG Core Tools Manuals. For additional detail and guidelines, refer to chapter 7.

When customer directed suppliers are required to be used, the controls and product/process development must fulfill Metalsa requirements, unless otherwise specified by the Supplier Development team on place.

### **Production Capacity**

When assigned a new project, the supplier will be required to conduct production capacity studies to ensure that the release programs during serial life will be fulfilled. These studies must be available on site with the proper documented evidence and must be submitted to Metalsa if required.

If considered, Metalsa may conduct additional studies to verify compliance with this point in the development of the process or in any time in the life of the product.



During serial life, this activity must be recurrent and the information related to production capacities must be updated considering program volume changes. Information must be available if required by Metalsa.

### **Internal Supplier Product/Process Audits**

The supplier shall have an internal process for the routine audit of product and process performance. The supplier shall perform internal process audits scheduled on a regular basis to set a benchmark for continuous improvement of their quality and productive systems and to demonstrate compliance with existing elements of this manual. The results of the internal audits shall be distributed to the appropriate personnel; action plans shall be developed, tracked and documented for all areas that are found to be in noncompliance. This audit must be available on site with the proper documented evidence and must be submitted to Metalsa if required.

The objectives are to:

- Assess the effectiveness of the control plan in assuring conformance to the requirements
- Evaluate 'as delivered' product quality.
- Provide a basis for the improvement of the control plans.
- Provide additional assurance of product quality.
- Evaluate the performance of the process Vs the conditions approved by Metalsa

Assessments of dimensional, functional and/or cosmetic features may be required to adequately evaluate the part or process to Metalsa requirements.

### **Engineering or Specification changes**

No process / product changes will be accepted unless written approval by Metalsa. Any modification on the process or product must be initiated with a formal change request submitted to the Metalsa Procurement, Quality and Engineering personnel. Approvals to a request for a change must be obtained before implementing the change.

For more details on the situations that require written approval from Metalsa, refer to chapter 7.

Deviations for changes may be obtained from Metalsa only by written request. The requirements for accepting this deviation shall be defined by Metalsa.

## **Continuous Improvement / Cost reduction**

The supplier shall have a process that ensures:

- All costs are controlled during the full life cycle of a product
- All potential cost reduction opportunities are clearly identified
- Key customer performance indicators are measured and improved (quality, delivery, support, commercial, sustainability)
- Individual process performance is measured and improved (stability, capability)
- Tier 2 process is measured and improved (cost reduction, delivery, quality)

After a process / product is approved and SOP event takes place, a continuous improvement cycle must start aimed to improve product performance, quality, delivery and cost.

Suppliers agree on supporting Metalsa in any joint effort with respect to improve competitiveness and performance.

Metalsa reserves the right to conduct market studies on similar processes and products and use the obtained information for benchmarking and improvement purposes over the supplier process.

Cost reduction programs should be implemented on the supplier processes. These programs will be rated and considered by Metalsa for new projects assignation. Any cost reduction program implemented on the supplier must be communicated and validated by the Purchasing Department of Metalsa.

Cost reduction programs that involves product / process modifications must be formally approved by Metalsa before being implemented.

Cost reduction oriented to the process that have aside environmental or safety benefits, shall document, as well as the improvement obtained in the corresponding environmental and safety performance (i.e. electricity usage reduction of XX,XXX kWh and thus YY,YYY eTon CO<sub>2</sub>), since this affects the upstream or Scope 3 environmental performance of Metalsa

## **9. OVERALL SUSTAINABILITY**

### **What is sustainability?**

When something can be sustained it means that it can be done the same way or with very little modification for a long period of time. This means it "endures" or is "perdurable".

If we want to make something sustainable we need to consider not only the present performance of an activity but the future performance of the same activity.

Real life events are systemic. That means that they depend on several things and people which at the same time depend on several other things and people and change over time.



So if something needs to last forever it should consider all the interactions to keep working regardless of what, who or when the activity is done and considering changes over time.

For human activities those interactions or relationships are basically these three aspects:

- Environment or Planet
- Equity or People
- Economy or Profit

In the end sustainability means:

*Maintaining the Planet that all of us Earthlings live on for the longest time possible and with the highest quality relationships amongst everyone.*

### **Global Compact's 10 principles**

Regarding to Social Sustainability, concepts and application, Metalsa adheres and requires that our suppliers are aligned to the UN Global Compact's Ten Principles.

These principles are derived from: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

### **Human Rights**

1. Businesses should support and respect the protection of internationally proclaimed human rights;
2. and make sure that they are not complicit in human rights abuses.

### **Labor**

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor;
6. and the elimination of discrimination in respect of employment and occupation.

### **Environment**

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility;

9. and encourage the development and diffusion of environmentally friendly technologies.

### **Anti-Corruption**

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## **10. ENVIRONMENTAL – Health & Safety MANAGEMENT SYSTEM**

### **General**

#### **Metalsa Environmental Policy:**

At Metalsa, we are committed to perform our operations with a focus on the prevention of pollution to protect the environment through the efficient use of resources and the continuous improvement of our overall environmental performance.

We observe the fulfillment of all our compliance obligations as required by our stakeholders.

Objectives are oriented to systematically reduce our usage of energy, fuels, water and materials, mitigating the associated environmental impacts. Environmental targets and standards are reviewed periodically to align current and future actions.

We engage employees at all levels of the organization to support all applicable Management Systems by linking environmental initiatives to business targets and involving our value chain in the achievement of common goals.

### **Environmental Policy for Suppliers**

Metalsa suppliers shall not only comply with Governmental Laws and Regulations, we encourage the supplier to be ISO 14001 certified or equivalent and also to have a robust EH&S program to minimize and constantly reduce all the impact of their products or services. The certification of both ISO 14001 and ISO 45001 or OHSAS 18001 will be considered as a plus prior to assigning new business to our suppliers.

### **Environmental Management system**

Based in a typical Plan-Do-Check-Act (PDCA) process, it establishes the framework that helps an organization achieve the environmental goals, through the review, evaluation, and improvement of its environmental performance. The most recognized EMS is ISO 14001, which is integrated by different components that include the next topics:

- Observe Legal Compliance and records keeping.
- Consideration of the scope and context of the organization
- Leadership commitment



- High level organizational structure
- Full organization participation
- Environmental Management integration in Business Strategy
- Planning on a Life Cycle approach and considering Risk management
- Support from complete organization
- Environmental internal assessments and walkthroughs
- Integral operation knowledge and observation, over complete value chain
- Performance monitoring and evaluation
- System evaluation and revision
- Proved continuous improvement
- Communication and involvement of stakeholders
- Flexibility and adaptation to environmental context

Metalsa expects that its suppliers to set policies and goals oriented to proactively protect the environment and systematically reduce its impacts to it. For that, the following considerations are taken into account:

- Identify the environmental aspects and environmental risks associated to operations and set actions plans to reduce or eliminate such risks
- Perform periodic audits for evaluation of the effectiveness of the Environmental Management System and related programs.
- Train employees on the procedures to be followed to protect the environment and to identify the environmental aspects of your site and how to reduce the impacts associated.
- Management should lead the projects and activities oriented to improve environmental performance and ensure that environmental objectives are aligned to business objectives, under a protective and preventive approach.
- Company should provide enough resources to ensure that environmental impacts of the operations are minimized to the minimal possible.
- Full staff should share common environmental objectives, oriented to improve the environmental goals of the company.
- Measure and monitor environmental performance, by the establishment of Key Performance Indicators (KPI). Both, lag and leading indicators should be considered. Lag indicators refer to emissions to air, land and water; leading indicators are oriented to prevent from origin those emissions, by reducing the amount of resources used to operate.
- Maintain accurate and up-to-date compliance records. Revise the local Environmental related regulations and perform a verification process to ensure full compliance. It is highly recommend performing periodical third party Legal Compliance audits in site.
- Communicate to key stakeholders how the environmental performance of the company is going and what is it being done to improve.

## **Waste Management**

Seven Rs (7Rs) is the acronym that puts together up to seven different principles to maximize the effective usage of material, energy, fuels or water, and therefore minimize the rate of consumption and waste generation of manufacturing operations, understanding waste as any kind of resources consumed by inefficient or non-essential activities. Though the most common application for these principles is made for general soil emissions from material waste, each R can be applied as well to water and air emissions

Each R represents a way to manage waste and reduce their impacts, that must be applied instead of disposing or confinement. Those R's are, by application order:

1. Reduce: Reduce waste from the very origin of it.
2. Re-use: Give more than one use to materials, water or energy.
3. Return: Take back materials, water or energy to perform exactly the same function after usage.
4. Recover: Take back materials, water or energy that was going to be disposed off, to serve as feedstock to a different process. This can be as a whole or by parts.
5. Repair/re-engineer: Modify or repair items that are at least 50% functional and take them back to their primary function. This item is highly related to maintenance practices.
6. Replace: Change one hazardous or environmental/human health detrimental thing, to one that reduces negative impacts to environment (i.e. fossil based energy by renewable energy, non- biodegradable by compostable wrap, etc.)
7. Recycle: Applied whenever it is not possible to apply any of the previous Rs, it consist in taking the disposed matter and transform it to a new product.

Suppliers should demonstrate that they manage their different waste types under most of the previous 7Rs principles, and that Reduce is pursued first than Recycling.

## **Hazmat**

Hazmat stands for "Hazardous Material" which is any substance that can be dangerous for health or the environment.

These materials can be toxic chemicals, waste products, biological, chemical and radiological agents and can come as liquids, solids, gases, or a combination of those three.

According to the Globally Harmonized System (GHS), every container with chemicals should include a chemical label and material safety data sheets (MSDS) linked. Supplier commits to have identified under GHS (or similar) all the substances used in their process and to deliver to Metalsa the corresponding MSDS of the provided product.

Suppliers should train their employees to know the labeling system, material handling, how to interpretate the MSDS and what to do in case of spillages or contact with Hazardous Materials and to know the potential safety or environmental disaster.

## **Environmental footprint**

Metalsa is committed to reduce its value chain environmental footprint. Reducing supplier's carbon, hydric and land footprint is necessary to minimize the impacts associated to the production of our products. Metalsa reports to Carbon Disclosure Project (CDP) and the upstream and downstream impacts are part of it and as the environmental policy states, we involve the full value chain to achieve common goals on environmental footprint reduction.

Suppliers should perform reduction activities in order to minimize the resources (energy, water, materials) used for the operation of the company and thus, improve its own environmental footprint.

Metalsa may request to selected supplier providing information about their carbon, water and land emissions, so the supplier should be ready to provide next data, allocated to Metalsa:

1. Total amount of equivalent carbon dioxide emissions to atmosphere.
2. Total amount of clean water used for operations, by source.
3. Total amount of water discharges, by quality and destination.
4. Total weight of waste generated by production process, by quality and destination.
5. Total weight of materials entering to production process, by type.

Suppliers should then, control their own environmental footprint, with the main objective of constantly and systematically reduce their environmental footprint, and as second benefit, to be prepared to provide such information to Metalsa.

Projects to reduce the logistics environmental impacts should be pursued, mainly the delivery related footprint and product packaging.

## **Air Quality**

Metalsa looks to protect our environment that's why we care for the condition in the air that surrounds us. Air Quality should be addressed in suppliers' Environmental policies including procedures and standards on how to monitor, treat and control their Scope 1 and 2 emissions. Scope 1 referring to Manufacturing generated emissions and Scope 2 referring to Purchased electricity emissions.

## **Health & Safety**

People are the most important asset of a Company and should be the #1 priority in our industrial life as in daily life.

Having a safe and healthy environmental for working is a basic human and labor right which warranties physical and mental wellness of employees.

Avoiding safety and health recommendations is costly and dangerous not only for the employee but for the company and the community.



Auto Industry guidance states that workers shall have a safe and healthy working environment that meets or exceeds applicable standards for safety and occupational health.

Suppliers' Safety Management System should consider rules that protect employees from accidents related to:

- General facility conditions
- Fire events
- Machine, robotic and automation safety (guards or light curtains)
- Working at heights
- Electrical safety
- Body protection (usage of personal protective equipment)
- Hazardous material handling

Additionally, Job Safety Analysis, a matrix to evaluate the potential and real safety and health risks of an activity, should be made in every single process of production.

All identified health and safety issues should be taken seriously and immediately addressed in order to protect the wellbeing of the workforce. A quality system structure to address health and safety issues should focus on reducing risks and eliminating hazards and exposures; the total incidents with its corresponding corrective action and monitoring of improvements, must be documented. Regularly evaluate the effectiveness of your system. One recognized approach to ensuring that your system is successful is: Plan, Do, Check, Act.

The PLAN includes performing a risk assessment and ensuring that the appropriate policies and procedures are in place to mitigate that risk. DO involve training and communicating the plan and expectations to all employees and affected personnel. It is critical to periodically CHECK the metrics to ensure that the system put in place is effective. Once the system is in place you should ACT to put the appropriate countermeasures in place to address any areas of concern.

A system should be established where workers can report concerns without fear of retaliation. It is important that each facility has trained personnel to address health and safety issues.

Be aware and comply with your Local Law and the corporate standards whichever are stricter and revise, enforce and update the constantly changing laws and standards. Every employer should provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of the employees.

### **To Ensure Compliance you must:**

- Inspect the facility and equipment on a regular basis to identify and address at-risk conditions and at-risk behaviors



- Audit the effectiveness of your health and safety management system and technical programs
- Provide correct Personal Protection Equipment (PPE) to employees free of charge, replace when worn, and train on the use thereof
- Management shall ensure that PPE is correctly used with no exceptions, and clear rules in case of violations should be known by all personnel, including top management
- Appoint and train health and safety committee which has regular, documented meetings
- Measure and monitor safety performance, by the establishment of Key Performance Indicators (KPI). It is highly recommended to include both lag and lead indicators. Suggested lag indicators are, but not limited to: Lost Time Rate and Total Incidents Rate; leading indicators could be, but not limited to: Safety training hours, Safety audits closed observations. Trend analysis of such indicators is crucial to understand safety situation of the operation.
- Performed health and safety training Total safety related training hours should be part of the overall training programs and it is suggested to keep periodical training of employees and annual refreshments for core safety aspects in the operations. Put more attention on the high priority Safety Risks identified by Job Safety Analysis and reinforce those that present a negative trend of the safety indicators
- Maintain accurate and up-to-date compliance records. Revise the local Safe and Healthy related regulations and perform a verification process to ensure full compliance. It is highly recommend performing periodical third party Legal Compliance audits in site
- Communicate to all employees how the safety performance of the company is going and what is it being done to improve the performance.

An effective occupational safety and health program must include the following four elements

- Management commitment and employee involvement
- Worksite analysis (Job safety analysis)
- Hazard's prevention and control
- Safety and health training

# 11. SOCIAL SUSTAINABILITY

## General requirements

Additionally, to what is stated in the Global Compact Principles, Metalsa expects the suppliers to have Social Sustainability Management System, which includes verification and improvement of processes related to:

- Working conditions: Observe physical y psychological conditions that ensure healthy and safe development of activities in the company and that promote a healthy Life-Work balance.
- Equity, diversity and inclusion: Create policies and processes that support the creation of equal opportunities, balance of circumstances of all talent, regardless of personal differences (as gender, ethnicity, age, skin color, body form, sexual orientation, gender identity, religion, marital status, etc.) and that promote the inclusion of persons of minority or typically undervalued groups.
- Human Rights: Internal processes that ensure that there are not violations to universal human rights, in the influence of company activities.
- Labor Rights: Internal process to verify that there is no child labor, forced or compulsory labor, collective bargains, freedom of association,
- Talent Development: Train personnel as for technical skills needed to perform their job and improve their life. Create growth process and improve the talent retention of the company.
- Community Development/Involvement: Involve the community, supports its development and minimize or reduce impacts to community from company activities.
- Wages and benefits fairness: Wages should go according to the activity performed, local macro and microeconomic circumstances to balance company needs and employees acquisition power, the average industry wages and always comply with legal requirements

Metalsa may subject its suppliers to Social Sustainability Assessment, to ensure that the previous aspects are being observed inside the company, and that there are no risks associated.

## Conflict Minerals

Conflict Minerals refers to raw materials that come from a particular part of the world where armed conflicts are occurring. The conflicts are financed by selling specific products which violate human and environmental rights in the production process.

Currently, Conflict Minerals only refers to compounds of gold, tin, tantalum and tungsten (and cobalt before long) the armed conflict in Democratic Republic of the Congo. Armed groups in that area earn hundreds of millions of dollars every year by trading conflict minerals and their derivatives. These minerals are products of slavery, pillaging, extortion, violence, among other inhuman acts, that the armed groups exert all over this region. Nevertheless, as in the case of

Child labor, stopping the support will move the violence to other activities and can worsen the social and economic situation of the region creating other problems.

Conflict Mineral initiatives, require for the metal processing industry to make an extensive investigation of the smelters they source from and try to trace the metal ore up to the extraction point. The objective is to make sure it was done in a fully compliant and humane manner.

Most of the automakers, request their suppliers to perform the due diligence on a yearly basis and encourage the avoidance of such materials. This customer requirement for the Tier 1 supplier means 100% compliance in the processes of the complete supply chain.

Materials suppliers must provide yearly the last released version of Conflict Minerals Reporting Template (CMRT), verifying that the contained information is accurate and up to date. By supplying your CMRT to Metalsa. Those suppliers which are directly involved in the metal processing industry, must request directly to the smelters to join the Conflict Free Certification Process.

Minimal quality aspects of the report must include:

- Responses at Company Level (product level for specific suppliers, as requested by Metalsa's customer)
- 100% of the immediate Tier 1 direct raw material suppliers surveyed • At least 75% of respondent suppliers
- Usage of last officially released version • Complete mandatory information (marked with \*) in the CMRT format
- Full contact data of smelters
- Updated and verified CFSI ID for 100% of reported smelters
- Demonstrable action plans for Smelters reported as potential Conflict Minerals source.

For more information about Conflict Minerals reporting, please access <http://www.conflictreesmelter.org/cfshome.htm>

AIAG has developed procedures and checklist documents to facilitate the reporting of Conflict Minerals. AIAG offers program training related to this topic. It is highly recommended that suppliers follow the recommendations of AIAG for Conflict Mineral reporting.

### **Metalsa Conflict Minerals Policy**

Metalsa, as a global company with a sustainability model that promotes supply chain engagement, aims to comply with the reporting obligation set out by the Security Exchange Commission (SEC). In support of this policy Metalsa will:

- Make a reasonable effort to ensure our products are free of conflict minerals from the Democratic Republic of Congo (DRC)
- Adopt relevant policies, due diligence frameworks and management systems to support the reporting and disclosure requirements related to Conflict Minerals.
- Provide resources to comply with our reporting obligations.
- Disclose to our stakeholders relevant information regarding Conflict Minerals in our products
- Cooperate with Conflict Minerals due diligence processes across the supply chain.
- Require our suppliers to comply with reporting and disclosure requirements related to Conflict Minerals.
- Implement and communicate to our personnel and suppliers our Conflict Minerals Policy.

Metalsa understands the importance of this issue, and as part of its commitment to sustainability we encourage all of our suppliers to support efforts that work towards a DRC Conflict Free supply chain.

Additional information can be found on <http://www.aiag.org> or <http://www.conflict-minerals.com>

## **Sustainability Disclosure**

Public disclosure of sustainability performance is highly encouraged, though not mandatory yet by Metalsa. Those suppliers who perform Sustainability Report may be subjected to acquire extra consideration in the sourcing processes.

Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB) or any other international standard for sustainability reporting can be used as a methodology to report full sustainability performance. Supplier can choose the methodology that best fits their business needs and circumstances.

## **Sustainable Sourcing**

As part of the efforts to improve environmental and social performance, suppliers should revise their own supply chain in order to find opportunities to improve it.

Suppliers that show that they chose their own suppliers according to the best balance between price, quality, delivery time, financial stability, environmental footprint and labor practices of suppliers. Metalsa encourages the usage of different tools to evaluate the sustainability of suppliers and those with the lowest supply chain disruption.

Metalsa may request supply chain diversity information to key suppliers as:

- Country and plant of origin of raw material
- Ownership status of suppliers



- Applicable Environmental, Social or Quality Certifications (as ISO 14001, ISO TS, etc.)

For this, it is highly recommended that suppliers set a procedure for selection of their own supply chain, that includes different variables beyond cost, similarly as Metalsa is requesting to its suppliers.

## **12. MATERIALS AND DELIVERY EXPECTATIONS**

### **Delivery**

For production and prototype orders, 100% on-time (“0” tolerance) delivery performance, which includes correct quantity shipped to release or order, is mandatory. Metalsa will monitor supplier delivery performance. Suppliers not meeting the performance level must submit a corrective action response. Failing to meet the delivery requirements may result in a charge-back to the supplier with the associated premium freight and any out-of-pocket cost incurred by Metalsa. Metalsa monitors premium freight. A few examples of delivery non-conformances resulting in premium freight are listed below.

- Supplier is behind schedule (past due)
- Supplier missed designated ship date, or excessive carrier waiting time.
- More than authorized number of shipments per week or month
- Extra shipment due to rejects or supplier discrepancy or returns
- Incorrect quantity shipped to release or order.

Suppliers should refer to Metalsa’s purchase order and/or release, for quantities, dates, shipping method, engineering specification, revision level, etc.

### **Materials Management System**

Suppliers are encouraged to use the AIAG’s M-7; Materials Management Operations Guideline (MMOG/LG) as the basis for a robust materials management system. The MMOG/LG is a collaborative effort between automotive companies and the supplier community to establish the essential components of a materials management system and drive continuous improvement activity within the materials management process.

### **FIFO (first in / first out)**

The suppliers have to ensure that no obsolete material is shipped to Metalsa. The suppliers shall use first in/first out (FIFO) inventory management practices. This means all material should be used and manufactured in the order it was received.

## **Packaging/Labeling**

All suppliers shall comply with Metalsa's Supplier Packaging/Labeling Standard, including bar code labeling requirements. The supplier will obtain Packaging Standard specifications and receive approval for supplier proposed packaging concepts (as required) from Metalsa and must be part of the sample submission package.

Suppliers must ensure that all returnable packaging utilized is maintained clean, free of contamination/debris and the effects of the environment (i.e. snow, ice, water), including free of effluence, and infectivity, in order to sustain product quality for the supply of materials, and the health and safety of people who may come in contact with them.

Suppliers should look for alternatives to reduce the packaging materials, increase the reuse of it or substitute nonbiodegradable materials for degradable ones.

## **Wooden Packaging**

All solid wood packaging/pallets and crates must comply with the International Standards For Phytosanitary Measures No. 15 (ISPM 15) developed by the International Plant Protection Convention (IPPC).

The ISPM-15 is available on the International Phytosanitary Portal (IPP) at

<https://www.ippc.int/core-activities/standards-setting/ispms>



# Appendix A

## Supplier Acknowledgement and Acceptance of Metalsa Supplier Manual

The Supplier's Management personnel referenced below shall print this page, sign the applicable area acknowledging receipt of this manual and accept the conditions stated herein.

_____ Supplier name	_____ Location	_____ Customer (indicates which Metalsa site is your customer)
_____ Quality Manager	_____ Signature	_____ Date
_____ Operations Manager	_____ Signature	_____ Date
_____ Logistic Manager	_____ Signature	_____ Date
_____ Commercial Manager	_____ Signature	_____ Date

## Appendix B

### Metalsa Supplier Manual Escalation Contacts

**Supplier must update this information, for any organizational change.**

Company name	DUNS number	Company website address
Mailing address; Country, City, State, Zip		

Key contacts	Name	Phone number	Email address	Mobil number
CEO				
President				
Quality				
Engineering				
Sales				
Manufacturing				
Environmental				
24hr contact				
Multiple locations? (Y/N)	Yes / Not	If "yes", all plant specific information shall be completed for each manufacturing site		
Core commodities				
Type of business (check with "X")	Manufacturer <input type="checkbox"/>	Distributor <input type="checkbox"/>	Service <input type="checkbox"/>	Other <input type="checkbox"/>

# Appendix C

## Metalsa specific requirements per manufacturing site

### Region: North America

#### I. Metalsa Apodaca

- MET-SQM-002 Manual Calidad Proveedores – Sorteadoras
- MET-SQM-003 Specific Quality Requirements – Component Suppliers
- MET-SQM-006 Defect Catalog
- APO-PR-CMP-GRL-2653 Manual de Proveedores de Acero
- P-Ge-68 Manual de especificaciones para maquilador
- Delivery Terms for Suppliers

#### II. Metalsa Saltillo

- CQI-12 Coating System
- CQI-15 Welding System
- MET-SQM-003 Specific Quality Requirements – Component Suppliers
- MET-SQM-006 Defect Catalog
- APO-PR-CMP-GRL-2653 Manual de Proveedores de Acero

#### III. Perfek Tools

Not applicable

#### IV. Metalsa USA

1. Metalsa External Supplier Requirements for US LV suppliers

### Region: South America

#### V. Metalsa Argentina

1. Specific requirements – Argentina -

#### VI. Metalsa Brazil

1. Specific requirements – Brazil region -

#### VII. Metalsa India

Not applicable

# Appendix D

## Escalation process

METALSA SUPPLIER PERFORMANCE ESCALATION CRITERIA								
	Escalation Triggers		Consequences	Exit Criteria (all criteria must be achieved)	Information to the next level	Metalisa Internal Escalation RASCI		
	Quality	Logistics				Responsible	Support	Informed
Level 0	Quality issue detected (DMR / Quality Alert issued) Can be handled in the course of normal business operations	Delivery issue detected (DMR / supplier performance issue notification) Can be handled in the course of normal business operations	Potential supplier charge-back for additional labor or line downtime Sorting, inspection and/or certification by third party, if required Supplier rating updated in Metalisa database	Effective corrective action implemented on time No recurrence within 30 days Metalisa Plant Quality and/or Logistics Specialist approval	1. Performance Scorecard 2. Alert (s) / DMR details 3. Root cause analysis (A3, 8Ds) 4. Action Plan presented by the supplier 5. Follow up minutes 6. Evidence of "No response" (when applicable) 7. Escalation Letter	Plant Quality Eng. Sp. or Plant Logistics Sp.	Plant Quality Co. or Plant Logistics Co.	* Plant Supplier Development Co. * Commodity Sp./Co.
Level 1	Quality performance below target for more than 3 months within a 6-month period without adequate corrective action plan Unauthorized product or process change No response or inadequate response to the identified issue(s) The improvement action plan is not met properly and the supplier is unsuccessful in solving the problems	On time delivery performance below target for more than 3 months within a 6-month period without adequate corrective action plan Expedited freight occurring frequently over 3 months Deliveries rescheduled by supplier for more than 4 consecutive weeks Disruptive impact to Metalisa production due to lack of material No response or inadequate response to the identified issue(s)	Plan for action of resolving problem Alert issued to other plants, if applicable Sorting, inspection and/or certification (Controlled Shipping Level I) by third party Potential supplier charge-back for additional labor or line downtime Supplier rating updated in Metalisa database If directed supplier, the customer shall receive a notification about the escalation situation Escalation meetings with supplier to clarify and define further actions	Effective corrective action for all systemic failure modes Minimum of 90 days at approved performance levels for all parts Metalisa Plant Quality and/or Logistics Specialist approval	1. Performance Scorecard 2. Alert (s) / DMR details 3. Root cause analysis (A3, 8Ds) 4. Action Plan presented by the supplier 5. Follow up minutes 6. Evidence of "No response" (when applicable) 7. Escalation Letter	Plant Quality Co. or Plant Logistics Co.	* Plant Quality Eng. Sp. and/or Plant Logistics Sp. * Commodity Sp./Co.	* Plant Supplier Development Co. * Plant Co. * Commercial Team (when supplier selected by OEM) * Multifacility Procurement Co.
Level 2	Quality issue has continued for more than 3 months after Level 1 escalation without an adequate corrective action plan Unauthorized product or process change impacting product specifications Loss of quality system certification No response or inadequate response to the identified issue(s) The improvement action plan is not met properly and requires outside support.	Delivery issue has continued for more than 3 months after Level 1 escalation without an adequate corrective action plan Expedited freight has occurred frequently over 6 months Need of airfreight foreseen Multiple occurrences of disruptive impact to Metalisa production due to lack of material Installed capacity at supplier below demand for 3 months without an acceptable near-term plan	Alerts and objectives failed Joint plan of action to resolve problem Potential New Business Hold Evaluation of potential alternative sources Sorting, inspection and/or certification (Controlled Shipping Level II) by third party Potential supplier charge-back for additional labor or line downtime Supplier rating updated in Metalisa database If directed supplier, the customer shall receive a notification about the escalation situation	Effective corrective action implemented for all open issues Minimum of 90 days at approved performance levels for all parts	1. Performance Scorecard 2. Alert (s) / DMR details 3. Root cause analysis (A3, 8Ds) 4. Action Plan presented by the supplier 5. Follow up minutes 6. Evidence of "No response" (when applicable) 7. Escalation Letter 8. Resourcing Plan	Plant Supplier Development Co.	* Plant Quality Eng. Sp. and/or Plant Logistics Sp. * Commodity Sp./Co. * Multifacility Procurement Co. * Commercial Team (when supplier selected by OEM)	* Plant Co. * Plant Quality Co. * Plant Logistics Co. * Global Quality Co. * Global Operations Co. * Global Strategic Sourcing
Level 3	Quality issue has continued for more than 3 months after Level 2 escalation without an adequate corrective action plan Quality issues impacting product safety Supplier's top management not committed or not capable No response or inadequate response to the identified issue(s) The improvement action plan is not met properly and the supplier is unsuitable for Metalisa quality requirements.	Delivery issue has continued for more than 3 months after Level 2 escalation without an adequate corrective action plan Airfreight has been necessary to support schedules Installed capacity at supplier is below demand for 6 months without an acceptable long-term plan Supplier's top management not committed or not capable	Escalation workshop on supplier's premises New Business on Hold Potential re-sourcing and phase out of existing business Mandatory on-site Metalisa presence Third party company utilized to implement corrective and permanent preventative action Sorting, inspection and/or certification by third party, if required Potential supplier charge-back for additional labor or line downtime Supplier rating updated in Metalisa database If directed supplier, the customer shall receive a notification about the escalation situation	Effective corrective action for all open issues Minimum of 90 days at approved performance levels for all parts		Multifacility Procurement Co.	* Plant Quality Eng. Sp. * Plant Logistics Sp. * Plant Supplier Development Co. * Commodity Sp./Co. * Global Strategic Sourcing * Commercial Team (when supplier selected by OEM) * Legal Sp.	* Plant Co. * Plant Quality Co. and/or * Plant Logistics Co. * Global Procurement Co. * Global Quality Co. * Global Operations Co. * Strategic Business Unit Co.

## **Appendix E**

### **Customer specific requirements (reference)**

Suppliers shall to meet the below specific requirements:

1. OEM's specific requirements
2. Special processes - CQI's applicable – (supplier must to use the designated formats in AIAG)
3. GM Built In Quality Supply (BIQS)
4. Materials Management Operations Guidelines / Logistic Evaluation (MMOG/LE)
5. Conflict minerals
6. International Plant Protection Convention (IPPC)
7. [Minimum Automotive Quality Management System requirements for sub-tier suppliers.](#)

For reference, supplier can consult:

[www.aiag.org](http://www.aiag.org)

<http://www.customerspecifics.com>

<http://www.conflict-minerals.com>

<https://www.ippc.int/core-activities/standards-setting/ispms>

<https://www.iatfglobaloversight.org>

# Appendix F

## Conflict Minerals Platform (iPCMP)

