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EXPECTATIONS AND PHILOSOPHY

Continental Structural Plastics competes for business in the most competitive markets in the world. We must constantly improve our performance, our technologies and our costs to remain competitive. Our suppliers are critical to our ability to succeed and must fully support our efforts in these activities.

The goals for Continental Structural Plastics and our suppliers are simple; be the very best at what we do and do it at the lowest cost. We must have the best quality, the lowest cost and the highest level of customer satisfaction to survive and to ensure profitable growth. To achieve this we must have a highly flexible, highly motivated and highly robust supply base.

Continental Structural Plastics requires 100% on-time delivery from all suppliers. We expect “zero” defects and rigorous continuous improvement from suppliers. We expect 100% on time and 1st time approval for PPAP from all suppliers. We expect “flawless” supplier launches.

The procedures and policies defined in this manual will help support supplier efforts toward our shared objectives.
SECTION 1- Introduction

A. Policy and Vision

It is the policy of Continental Structural Plastics (hereafter referred to as CSP) to utilize only those suppliers that can fully support our competitive goals, fully embrace the concepts of continuous improvement and strive to be “world class” in quality, delivery and costs.

It is our vision that by utilizing suppliers that share our sense of urgency and profound desire to be the best, we will continue to be leaders in our market place and we will continue to provide products and services with exceptional value to our customers, our employees and our stakeholders.

B. Purpose

The purpose of the Continental Structural Plastics Supplier Quality Requirements Manual is to clearly define the expectations and policies for suppliers to Continental Structural Plastics.

C. Scope

This manual applies to all direct material suppliers to Continental Structural Plastics. In addition, many of the policies and procedures defined in this manual apply to indirect material and service providers.

D. Responsibility

1. Suppliers are responsible for meeting the requirements defined in this manual, the TS 16949 / ISO9001:2008 standard and other requirements as specified on the Continental Structural Plastics Purchase Order.
2. Failure to meet these requirements may result in loss of existing or future business with CSP. Any/all costs associated with supplier failures will also be the responsibility of the supplier.
3. Suppliers are responsible for 100% on-time delivery and “Zero” defects.
4. Suppliers are responsible for supporting CSP continuous improvement activities.
5. Suppliers are responsible for supporting CSP efforts and procedures for ensuring flawless launches, including on-time PPAP submissions.
6. Suppliers are responsible for developing and implementing part specific and executable contingency plans for ensuring continued delivery of product and services in the event of unplanned events including catastrophic events.
7. Suppliers are responsible for adhering to all applicable governmental regulations and industry safety and health standards.
E. Distribution

1. The Continental Structural Plastics Supplier Quality Requirements Manual will only be available at www.cspplastics.com. All printed copies will be “Uncontrolled Copies”. CSP will ensure all updates are posted and available to suppliers. It is the supplier’s responsibility to ensure they have the most current revision.

SECTION 2- CSP Supplier Requirements

A. Supplier Selection and Approval Process

1. ISO/TS 16949 Registration
   • Suppliers to Continental Structural Plastics are expected to be 3rd party certified to TS 16949 / ISO9001:2008
   • Suppliers must also satisfy the appropriate AIAG standards. Some examples: Production Part Approval Process (PPAP), Advanced Product Quality Planning (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement Systems Analysis (MSA) and Statistical Process Control (SPC).

2. Suppliers must be qualified and approved to do business with CSP. We have an approved supplier list which we maintain. All suppliers will be subject to the same approval criteria.

3. Diversity
   CSP is committed to fostering, cultivating and preserving a culture of diversity and inclusion in our supply base. The use of diverse suppliers is an integral part of our purchasing procedures, just as equal opportunity employment is central to our personnel policies and procedures. We recognize that supplier diversity creates a competitive advantage for our company and positively impacts the global community. We believe that the success of the company and society depends on enabling diverse businesses to share and grow in the global market. We hold our suppliers to the same standards to which we hold our own employees. We expect our suppliers, at the very least, to:
   • provide top-quality products and services along with the highest level of service;
   • demonstrate that they are proactive, innovative and able to think strategically;
   • have achieved an acceptable third-party certification/registration.

4. At the very minimum, to be added to the approved supplier list, a supplier should have:
   • TS 16949 / ISO9001:2008
   • Complete and pass the CSP Supplier Self - Assessment
   • A system to measure their own quality and delivery performance
   • A commitment to provide cost breakdowns with quotations
   • A commitment to accept CSP’s payment terms
   • Acceptance of our terms and conditions
   • A standing invitation for CSP personnel to visit
   • An understanding that further information may be required
Any divergence from this policy must be noted in the supplier file in writing and signed by the buyer.

5. Customer dictated sources
   - Customer dictated sources must also comply with the requirements defined in this manual.

6. De-source policy and procedures
   - Suppliers that can not or do not comply with the requirements defined in this manual may be removed from the Approved Supplier List and will not be allowed to quote or receive new business. The process for removing suppliers may include:
     a) Probation/new-business hold
     b) Formal containment activities including 3rd party audits (CS1 or CS2)
     c) Removal and relocation of tools and transfer of business

7. Verification of Purchased Product
   - CSP and/or our customer reserve the right to verify at the supplier’s premises that the product/services supplied meet specifications. Such verification shall not be used by the supplier as evidence of effective control of quality by the supplier.

A. Supplier Launch Readiness

Suppliers will be required to follow formal procedures for launching new product. The procedures will include the steps identified in TS16949 and the appropriate AIAG guidelines. Successful launches and submitting launch documentation on time will be a key performance metric for suppliers. Examples of some of the requirements include:

1. Advanced Product Quality Planning (APQP)
   Suppliers to CSP shall meet the requirements defined in the AIAG APQP Manual - Current Edition. Specifically, CSP requires suppliers include “process” parameters in the PFMEA and Control Plans and not just product parameters.

2. Production Part Approval Process (PPAP)
   Suppliers shall submit parts and processes for approval following the AIAG PPAP Manual guidelines. All suppliers must submit to Level 3 unless notified in writing another level of submission is permissible.

3. Run @ Rate
   Suppliers shall be required to submit Run @ Rate data to CSP. CSP manufacturing facility will determine Run @ Rate requirements. (sqa-400 Run @ Rate Summary)

4. Government Regulatory Compliance
   Suppliers shall comply with all applicable governmental regulations and safety standards. Registration to ISO 14001 is strongly recommended. At a minimum, suppliers shall have a formal process in place to ensure compliance to government regulations, health and safety of employees and a positive impact on the environment.

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End-of-Vehicle Life Directive (ELV)
The European Commission implemented the End-of-Life Vehicle Directive (ELV) which prohibits the use of mercury, lead, cadmium and hexavalent chromium in vehicles and components. The Directive is intended to minimize the impact of “end-of-life” vehicles on the environment. This is mandated for all European Union (EU) Member States and is also required by North American and Japanese vehicle manufacturers.

Restrictive/Prohibit Material Reporting
North American OEM companies require all suppliers supply detailed information for all Restricted and/or Prohibited materials found in their products. The format for this is either the International Material Data System IMDS. The IMDS can be found at www.mdsystem.com.
NOTE: Suppliers must provide the proper information to satisfy this requirement before they can achieve PPAP approval.

Conflict Mineral Reporting
On August 22, 2012, the U.S. Securities and Exchange Commission adopted final rules to implement reporting and disclosure requirements related to “conflict minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The term “conflict minerals” is defined as columbite-tantalite (coltan), cassiterite, gold, wolframite, tantalum, tin, tungsten, and any other mineral or its derivatives determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC) or an adjoining country.
Our Customers have created a robust system for reporting which CSP is required to populate. To this end, we conduct inquiries and expect our suppliers to engage in due diligence of their supply chains to report the content of their parts supplied to CSP. Continental Structural Plastics recognizes Conflict Minerals is an issue and has developed a strong position that outlines expectations for our suppliers. Further, we encourage our suppliers to source responsibly with certified conflict-free smelters, wherever possible, to increase our level of confidence that the material or parts in our products contain conflict-free minerals.

AIAG M12 Crisis Management for The Automotive Supply Chain
Suppliers to CSP must be prepared for natural disasters and man-caused events that can disrupt business practices. A formal plan is required which is executable and part number specific. A plan must include definition of roles and responsibilities, instructions for implementation, verification and timing to complete. This plan should also include a process to manage response and recovery from critical incidents or business interruptions.
5. Packaging
CSP and the supplier will agree upon packaging during Phase 2 of the Supplier Readiness Process. (sqa-460 Packaging Requirements Form) will be used to document approval and will define the packaging details. When required, returnable packaging will be utilized. Suppliers are responsible for developing contingency packaging (expendable) should the returnable containers not be available.

Basic requirements will include:
- All packaging must have a proper label that complies with AIAG barcode label guidelines. The labels must include the following information at minimum:
  - Part Number with engineering change level and description
  - Number of pieces/quantity
  - Supplier name and supplier code
  - Lot Control/Traceability information
  - Any product specific requirements specified by the user plant
- There shall be only one part number in each container and only one part number on each pallet, unless otherwise specified.
- Packaging must be robust enough to protect the component/materials and prevent damage or contamination during shipment. CSP may require formal, independent testing.

6. Lot Control/Traceability
Lot control and traceability is required for suppliers of CSP to reduce the amount of risk should a problem with product occur.

Suppliers must have effective systems in place for ensuring incoming materials and components from Tier II & Tier III suppliers are also controlled properly.

B. Continuous Improvement Process

1. Supplier Performance Reporting
CSP will update supplier performance periodically and provide suppliers with access to the performance reports. It is the supplier’s responsibility to communicate the importance of these metrics within their organization. It is also the supplier’s responsibility to develop an improvement plan and implement the required improvements.

CSP’s basic requirements will include zero defects as measured in parts per million (PPM) and 100% on-time delivery. In addition, suppliers may be monitored for on time PPAP and APQP and 1st time approval rate for both processes. Suppliers may also have specific objectives for cost improvement, engineering and EDI support.
2. Plan Do Check Act- (PDCA)
   Suppliers must incorporate the Plan, Do, Check and Act process for monitoring key performance indicators. (KPI)

   Plan - Establish the objectives and processes necessary to deliver results in accordance with customer requirements and the organization’s policies.

   Do - Implement the processes as planned

   Check - Monitor the processes and product against policies, objectives and requirements for the product and report the results.

   Act - Take actions to continually improve process performance.

3. Concern Management/ Problem Solving
   Continental Structural Plastics requires the use of a standard AIAG (CQI-20 Effective Problem Solving Practitioner Guide) format or equivalent to define the requirements and expectations for suppliers for problem solving and corrective action. The procedure outlines a disciplined, formal approach for problem solving and specifies the approach required for each step of the process.

   This requirement applies to all suppliers of production material, parts, subassemblies or services. This is the procedure suppliers will utilize for resolving any/all issues including quality related problems, delivery related problems, late submissions and other issues.

4. Supplier Request or Engineering Change (SREA)
   Any changes to process or product MUST be approved by Continental Structural Plastics using form sqa-100 (Supplier Request for Deviation or Engineering Change) prior to implementation of the change. Failure to obtain approval before any change is implemented may result in immediate business “hold”. It can also result in immediate loss of the existing business.

5. CSP Expectations
   The automotive industry remains a very competitive environment. Continuously managing costs is a critical requirement in the marketplace. CSP cannot absorb customer demands for cost adjustments without the full support of our suppliers. CSP’s expectations are that our suppliers at the very least will:
   
   - Share process improvement methodology and techniques
   - Foster Continuous Improvement, 6 Sigma, and a Lean Manufacturing culture
• Deliver business results that help the supplier and CSP obtain world class performance
• Focus on overall supplier capability and performance

C. Applicable Documents and Forms available on CSP website
   (sqa-400 Run @ Rate Summary)
   (sqa-100 Supplier Request for Deviation or Engineering Change)
   (sqa-460 Supplier packaging form)
   Supplier Self-Assessment

F. REFERENCES

AIAG Sub-tier Supplier Management Process (CQI-19) Ver.1 2012
AIAG (CQI-20 Effective Problem Solving Practitioner Guide)
AIAG (CQI-23 Molding System Assessment)
AIAG Production Part Approval Process (PPAP) ~ Current Edition
AIAG Advanced Product Quality Planning and Control Plan (APQP) ~ Current Edition
AIAG Potential Failure Mode and Effects Analysis (FMEA) ~ Current Edition
AIAG Statistical Process Control (SPC) ~ Current Edition
AIAG Measurement Systems Analysis (MSA) ~ Current Edition
AIAG M-12 Crisis Management for the Automotive Supply Chain
AIAG M-9 Materials Management Operation Guidelines
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Continental Structural Plastics Code of Conduct www.cspplastics.com