

Daimay NAAET
Global Supplier Requirements
June – 2021

PURPOSE

- The purpose of the Global Supplier Standards Manual is to communicate Daimay NAAET requirements to the suppliers in our Automotive Experience Division and Corporate Worldwide Headquarters. It is the expectation of Daimay NAAET that all suppliers of Direct Materials comply with all of the requirements and expectations documented in this manual.
- Daimay NAAET expects this manual to provide the foundation for our working relationship with our Suppliers. We will strive for excellence through continuous improvement in the products and services we receive through close working relationships with our suppliers.

SCOPE

Geographic Applicability-

- This policy applies globally to all Daimay NAAET Automotive Experience (AE) Manufacturing and Parts Distributions locations that are involved in the purchase of products and services for use internally or resale.

STANDARD PRACTICES

- The **Main Chapter** of the Global Supplier Standards Manual was developed to present a minimum set of requirements to current and potential suppliers.
- The main chapter is divided into seven specific areas
 1. General Expectations
 2. Global Terms & Conditions
 3. Social & Environmental Responsibility
 4. Supplier Scorecard
 5. Engineering Requirements
 6. Program Management General Expectations
 7. Procurement / Commercial General Expectations
 8. CTPAT Global Security Requirements

The Quality, Supply Chain Management and Tooling requirements and expectations are contained in separate chapters and can be found in the Supplier Portal.

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Change Log

Date of Change	Section	Description of Change
June 28, 2021	1.2	Added IATF 16949 standard requirement
June 28, 2021	Header Date	Updated the master document date for June 2021
June 28, 2021	8.0	Added CPTAP Requirements
June 28, 2021	5.0	Updated numeric sequence.

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1.1 General Expectations

1.2 Management Standards

Daimay NAAET expects our suppliers to demonstrate their commitment to quality and the environment. Key to this commitment is the implementation of appropriate quality and environmental management standards.

The following table indicates Daimay NAAET minimum expectations. Additional requirements may be found in the Business and Region specific sections of the Manual.

Daimay NAAET requires all suppliers become certified to the current version of IATF 16949. Suppliers that have not achieved certification to IATF16949 must have at a minimum achieved certification to ISO9001 and be able to demonstrate compliance to IATF 16949. Suppliers are required to submit updated copies of all certifications (IATF 16949, ISO9001, TS16949, and ISO14001) on an annual basis through the PLEX Supplier Portal.

Daimay NAAET encourages all suppliers become certified to the current version of IATF 16949 environmental certification (or equivalent).

1.3 Supplier Development

Daimay NAAET will collaborate with our suppliers to establish development plans to ensure compliance and continuous improvement with respect to the requirements established in this manual. The methods for executing the supplier development activities are established by each business and region as appropriate.

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2.1 Global Terms and Conditions

2.2 Access to Global Terms and Conditions

Terms and Conditions may be reviewed by accessing through the Plex Supplier Portal or the Daimay website.

If a supplier is unable to locate these documents, please contact your Daimay NAAET Purchasing Contact.

3.1 Social and Environmental Responsibility

3.2 Responsibilities

The senior manager for each business and location that procures materials and services is ultimately responsible for implementing appropriate processes and systems to ensure their suppliers comply with the Daimay NAAET Ethics Policy or equivalent policy. Procurement personnel will oversee suppliers to ensure compliance. Personnel from other functional areas (e.g., Quality, Environmental and Safety) will support Procurement as requested to assess supplier compliance.

Daimay NAAET' Standards of Responsibility recognizes the health and safety of our employees, as well as that of our suppliers throughout the world is of utmost importance. Our work processes and policies are designed to minimize risk. We all must routinely review and improve workplace conditions to ensure a safe and healthful workplace and must report unsafe working conditions anywhere in the world to supervisors and management.

We respect the needs and concerns of the communities in which we live and work. This is exemplified in the company's long tradition of caring about the quality of the environment. Our products, services, and manufacturing methods reflect this concern and our belief that what is good for the environment is good for Daimay NAAET.

In the same respect we are committed to provide a workplace that is free of harassment or any other behavior that diminishes a person's integrity and self-esteem. Neither physical nor mental harassment, nor abuse will be tolerated. Additional information related to Daimay NAAET ' commitment to sustainability may be found in the Daimay website and through the Supplier portal via PLEX.

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3.3 General Expectations

- Daimay NAAET expects its suppliers to conduct their operations in a socially and environmentally responsible manner. The goal is to work collaboratively with suppliers to encourage the following:
- Compliance with applicable laws and regulations.
- Integration of environmental, occupational health and safety, and human rights and labor policies into the decision-making process based on a sound management system.
- Clear, accurate and appropriate reporting to Daimay NAAET upon request.
- Check with your Daimay NAAET representative for any customer specific forms that may be required.

3.4 Labor Requirements

Suppliers should treat workers with dignity and:

- Prohibit the use of forced, bonded, indentured or involuntary prison labor.
 - Allow workers to leave employment upon reasonable notice and not require workers to hand over government-issued identification; passports or work permits as a condition of employment.
 - Employ workers who are at least 16 years old. Youth (between 16 to 18 years) should enjoy all the benefits of a nurturing workplace such as training and development programs. Workers under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.
 - Set work hours to comply with local law. Limit a workweek to 60 hours or less, including overtime, except in emergency or unusual situations.
 - Comply with applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Employees receive at least the minimum wage required by law or the prevailing industry wages whichever is higher. Workers receive full details regarding deductions for taxes, benefits, etc. Wages are not deducted for disciplinary purposes and are paid in cash, check form or by direct deposit.
 - Maintain workplaces free of physical or mental harassment, abuse, or any other behavior that diminishes a person's integrity and self-esteem. This includes harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers.
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- Maintain workplaces free of unlawful discrimination and harassment in all of its

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forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity, and religious beliefs. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.

- Respect voluntary freedom of association, including the right to organize and bargain collectively in a manner that is legally compliant. Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions. Where worker representation and collective bargaining are restricted by law, efforts should be made to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers' rights, needs and views are considered and acted upon appropriately and in good faith.

3.5 Health and Safety

Suppliers should practice the following:

- Control worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, heat, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/ tag-out). Where hazards cannot be adequately controlled by these means, provide workers at no cost as appropriate the proper personal protective equipment and ensure proper maintenance of the equipment. Workers are not to be disciplined for raising safety concerns.
- Maintain appropriate emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- Manage, track and report occupational injuries and illnesses, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.
- Identify, evaluate and control worker exposure to chemical, biological, radiological and physical agents as well as physically demanding tasks. Provide appropriate personal protective equipment, when hazards cannot be otherwise controlled.
- Provide and properly maintain machine safeguards, interlocks and barriers.
- Provide clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the vendor or a labor agent are to be clean, safe, and provide emergency egress, adequate ventilation and reasonable personal space.

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3.6 Environmental

Adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public as well as ensure the following:

- Obtain, keep current and follow required environmental permits (e.g. discharge monitoring) and registrations.
- Implement programs to conserve water and energy and reduce waste.
- Identify and manage the materials posing a hazard if released to the environment are to ensure safe handling, movement, storage, recycling or reuse and disposal.
- Monitor, treat and control air emissions, wastewater and waste as required prior to discharge or disposal.
- Adhere to applicable laws and contract requirements regarding prohibition or restriction of specific substances, materials and waste.

3.7 Sustainability

Suppliers should recognize, believe in, and practice the principles of a sustainable business woven into the fabric of how they will conduct themselves.

Elements which suppliers will consider include:

- Supporting the Global Reporting Initiative including development of a Sustainability Report in alignment with GRI reporting guidelines.
- Our commitment to sustainability includes being a leader in promoting diversity in the supplier base. Daimay NAAET recognizes the benefits of purchasing goods and services from Minority / Women Business enterprises certified as MBE Minority Business Enterprise by the National Minority Supplier Development Council (NMSDC – <http://www.nmsdc.org>) or WBENC Women Business Enterprise Council. Partnering with organizations like NMSDC, our customers and innovative diverse suppliers is not only good business; it's a smart approach to advancing our global competitiveness in an increasingly diverse marketplace of new ideas.
- Taking voluntary initiatives to reduce environmental impacts. These include efforts to improve energy efficiency, control greenhouse gas emissions, recycle materials, curtail or phase out use of toxic substances, minimize waste, conduct life-cycle assessments of products, and promote “greening of the supply chain.”
- Supporting safe, healthful workplaces and communities, hiring and promoting

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employees without discrimination, paying competitive wages and benefits, and being responsible citizens in communities where the parties operate.

- Participating in the Carbon Disclosure Project (cdproject.net) reporting requirements as requested by Daimay NAAET.
- Daimay NAAET has released an on-line supplier sustainability rating. The on-line survey allows suppliers to complete the questionnaire at their convenience. The questionnaire contains questions related to human rights, working conditions employee safety and energy management. The sustainability rating will be a method for measuring sustainability activity and compliance with our supply base. Management Systems
- Suppliers should adopt a management system compliant with and registered to the current version of ISO 9001 and or ISO 16949 and ISO 14001 (or equivalent as approved by Procurement that promotes continuous improvement and compliance with applicable laws, regulations and contract requirements).

3.8 Ethics

- Daimay NAAET Ethics Policy provides guidance to help suppliers meet the environmental and social obligations.

Suppliers are expected to uphold the highest ethical standards to include:

- Prohibit corruption, extortion and embezzlement, bribery, or other means of obtaining undue or improper advantage and to ensure fair business, advertising and competition.
- Properly disclose and protect business information, customer information, and intellectual property rights in accordance with applicable requirements and prevailing industry practices.
- Protect supplier and employee whistleblower confidentiality.

3.9 Implementation

Basic Principles –Daimay NAAET will encourage improvement when appropriate. However, termination of a contract will be considered when the supplier fails to comply with the spirit and intent of our Ethics Policy, has significant social and environmental performance issues that cannot be resolved in a timely or cooperative manner or could result in significant repercussions for Daimay NAAET or our customers.

Supplier Selection Criteria – In addition to cost and quality, social and environmental performance will be used to select and retain suppliers. Acceptance of a Purchase Order means the supplier agrees to abide by the Ethics Policy or equivalent. No Purchase Orders will be awarded to suppliers that refuse to abide by the Ethics Policy or equivalent within a reasonable amount of time; or have significant environmental or social performance issues that cannot be resolved in a timely manner.

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Validation of Supplier Performance – Daimay personnel may require validation of the supplier’s performance. This may include background checks, site visits, third party audits/data, and internal discussions with personnel from other internal (i.e., environmental, safety, human resources and quality) and external organizations (i.e., industry peers, regulatory agencies, investment analysts, and non-government organizations.)

Each business group will establish criteria for auditing key suppliers, especially those posing the greatest risks to Daimay NAAET and its customers (i.e., raw material extraction, chemical processing, manufacturing associated with high labor demands, etc.). Audit results should be tracked to ensure corrective actions are implemented and shared across the business.

3.10 Records and Logs

Suppliers are expected to maintain audit results, records, and performance measures to share with Daimay NAAET as appropriate.

3.11 References

Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI), OHSAS 18001 and ILO Guidelines.

4.1 Global Supplier Scorecard

At the end of each fiscal year Daimay NAAET is proud to honor and recognize outstanding and high performing suppliers. Suppliers are measured throughout the year on a number of performance metrics. These metrics, along with the suppliers’ overall engagement and support in our mission, our values and our drive to exceed our customers’ expectations will promote the opportunity to receive a supplier award and the potential opportunity for new business awards

4.2 Global Supplier Scorecard Point System

Scorecard Ratings- (based on low section score)

A Rated	93-100%
B Rated	88-92.9%
C Rated	80-87.9%
D Rated	75-79.9%

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E Rated 0-74.9

4.3 Global Supplier Scorecard Rules

<i>Metric</i>	<i>Points</i>	<i>Description</i>
Materials Score	30	Measures on time delivery, premium freight, label and data accuracy
Quality Score	30	Measures quantity of issued DMR's, clean-point effectiveness, response timing, repeat issues and overall PPM performance
Commercial Score	25	Measures payment terms, supplier initiated VAVE/cost saving proposals and quality of quotations
Program Management	15	Measures launch/product change deliverables and responsiveness to information/data requests

Daimay NAAET ' is committed to strengthening the minority business community economically because it contributes to the expansion of our business and strengthens our supply base. Therefore, as part of our Minority Business Development Program, we are actively seeking opportunities to increase our purchases from minority suppliers and we encourage you as a key supplier to do the same (North American initiative only).

5.0 Social and Environmental

Sustainability

1. Suppliers will be evaluated for compliance to ISO14001 compliance
2. Suppliers will be evaluated for the supplier completing the Supplier Sustainability Rating – which is located on the Daimay NAAET Supplier Portal.

5.1 Engineering Requirements

In regards to the Daimay NAAET Engineering and Service Expectations, the following summarizes the expectations and compliance with processes

5.2 International Materials Data System (IMDS) – Material Management

Government and industry regulations, including environment, safety, corporate governance and product performance are being enforced around the world. The IMDS (International Material Data System) is an internet-based database that has been established by the OEMs (original equipment manufacturers) for free-of-charge use by all suppliers of the automotive industry. IMDS tracks chemical ingredients of parts and assemblies across the entire automotive OEM supply chain. The solution helps OEM's comply with the increasing number of national and EU regulations related to material handling and disposal.

IMDS submissions must include all materials present in the finished product. All basic substances must be reported. Process chemicals, by products of reaction and contaminants listed in the GADSL as D or D/P must be reported as soon as the concentration in the end product exceeds the defined threshold

5.3 Daimay NAAET Data Exchange (MOTDX) is an internally developed, web-based tool for **secure exchange of data**, both internally and with our suppliers. (MOTDX is not used to exchange data with OEM customers.) Although it was originally intended for CAD/CAE data, MOTDX can transfer any large data files through network firewalls.

5.3.1 Supplier access to MOTDX – Suppliers can access the MOTDX site by going to the link below and following the instructions. If you have any issues or concerns, please contact your buyer.

5.4 General Engineering Expectations

5.4.1 Engineering support for product feasibility, product design and tooling design / approval may be required for a particular program. Suppliers will be expected to support design reviews and other collaborative efforts to support low cost solutions for tools and products.

6.1 Program Management Requirements

6.2 Program Management Requirements

In regards to the Daimay NAAET Program Management Expectations, the following summarizes the expectations and compliance with processes

- Suppliers must comply with all program specific requirements as outlined in the specific program Supplier Statement of Work (SSOW)

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- Launch support is required by the supplier to engage in Simultaneous Development Teams (SDT) activities at Daimay NAAET such as:
 - Supplier Kick-off Meetings
 - Design Reviews
 - SDT Meetings
 - Advance Quality Planning (AQP) activity
 - Build Events (technical centers and production plants)
 - Etc.
- Launch support is required by the supplier to engage in Simultaneous Development Teams (SDT) activities at the supplier facilities such as:
 - Supplier Build Events
 - Supplier Readiness Reviews
 - Supplier Process Sign-Off Reviews

7.1 Procurement/Commercial Requirements

7.2 Procurement / Commercial Requirements

In regards to the Daimay NAAET Purchasing Expectations, the following summarizes the expectations and compliance with processes

- Suppliers shall provide cost breakdown information (Daimay NAAET Supplier cost breakdown sheet – SCBS or approved alternate).
- Suppliers will be requested to support and participate in regularly scheduled Business Reviews.
- Suppliers must receive approval from the buyer prior to any product or process change. This includes manufacturing location changes. For more information please refer to the Quality Chapter (4) of Standards Manual.

7.3 Calibration Supplier Expectations (Indirect Services)

In regards to the Daimay NAAET Indirect Suppliers that provide calibration services and or equipment, the following summarizes the expectations and compliance with processes. Calibration of Daimay NAAET Inspection, Measuring, and Test Equipment (IMTE) must comply with the following principles:

- A calibration facility must be accredited to ISO 17025 requirements for the calibration services performed. Equipment manufacturers must be compliant to ISO/TS 16949 section 7.6.3.1 requirements. For IMTE used in A2LA accredited facilities, the calibration facility must be accredited by a mutually-recognized accrediting body (i.e. A2LA, NVLAP, IAS, or ACLASS).

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- Calibration must be performed to the complete manufacturer's procedures and tolerances unless instructed differently on the purchase order.
- The facility must notify Daimay NAAET if being asked to calibrate an IMTE that they are not accredited to perform.
- A facility cannot subcontract or broker calibration without Daimay NAAET permission.
- Tolerance Uncertainty Ratios (TUR's) shall meet or exceed 4:1, or be noted on the report.

The following information is required on all calibration certificates or CMM reports:

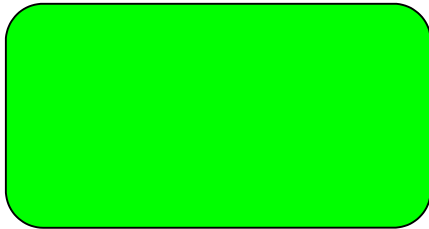
- Service Provider's Information - Name, Address, Phone Number.
- The logo of the accrediting body with certificate number.
- Daimay NAAET IMTE ID number.
- IMTE Manufacturer.
- IMTE model number
- Serial number or Daimay NAAET tool number.
- IMTE accuracy.
- Date of calibration.
- Calibration procedures and standards used.
- Environmental conditions (if applicable to the results).
- Traceability to national standards. Where no national standards exists the basis for the calibration shall be stated.
- Statement of compliance to specified tolerances of the IMTE when received and returned.
- Calibration results before and after any adjustment or repair.
- Signature or initials of the person who conducted the calibration.
- Signature or initials of the person who approved the calibration.

The calibration source is required to apply a calibration label* to the IMTE being calibrated unless directed by the Daimay NAAET facility that a label is not required. These labels can be obtained by contacting a calibration coordinator at one of the Daimay NAAET facilities.

The label looks like this and requires the following information:

CALIBRATION

Due:



Explanation of required information:

Due: Month / Day / Year Calibration due date

ID#: Daimay NAAET IMTE ID # Must have Daimay NAAET IMTE

ID # (not the tool number) Date: Month / Day / Year Date IMTE

was certified.

By: Calibration Source Company performing the calibration

*Labels applied by approved calibration sources are acceptable as long as they contain the required information.

8.0 CPTAP Requirements

8.1 Daimay is committed to ensuring the security of its supply chain. Security measures are set in place with the primary goal of preserving the safety of our employees, protecting the physical property from loss or damage, safeguarding the integrity of our intellectual property and preventing interruptions in the manufacturing process. We expect the same approach to be taken by the supplier with whom we conduct business: to make a commitment toward the common goal of creating a more secure and efficient supply chain.

8.2 Suppliers should develop and implement a comprehensive security plan throughout their operations and supply chain, following the recommendations outlined by U.S. Customs & Border Protection as part the of Customs-Trade Partnership Against Terrorism (C-TPAT).

All suppliers that ship across an international border to a Daimay plant in North America will receive an annual Security Assessment. This assessment must be completed in order for Daimay to complete a security risk assessment for our supply base. Failure to complete the assessment may result in a site visit.

If an assessment shows a security risk to Daimay, a site visit may be conducted at the supplier's cost.