Corporate Purchasing

Supplier Manual

For Production Suppliers

Revised

November 2021

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General Information

1. Purpose

This manual details the requirements and expectations Lacks Enterprises has of its production suppliers. It is a supplement to Lacks *Terms and Conditions of Purchase*.

2. Corporate Structure

Lacks Enterprises consists of three (3) separate manufacturing business units: Lacks Trim Systems, Lacks Wheel Trim, and Plastic Plate. All purchasing for these three business units is handled by the Lacks Enterprises Corporate Purchasing Group (Purchasing). A complete list of Lacks facilities can be found in Appendix A.

3. Website and Lacks QAD Supplier Portal

The Lacks Enterprises website address is: www.lacksenterprises.com.

The Lacks SupplyWeb website can be accessed directly at https://supplierportal.qad.com/qad-sp or it can be found through the Supplier Portal link on www.lacksenterprises.com .

4. Confidential Information

All dealings with Lacks Enterprises, Inc. and its business units are considered confidential. A supplier must have a signed confidentiality agreement on file with Lacks Purchasing as a condition of doing business with Lacks.

5. Lacks Terms and Conditions of Purchase

All Lacks purchase orders, blanket and discrete POs, are subject to the Lacks *Terms and Conditions of Purchase,* which supersede any terms and conditions of the seller or supplier. The Lacks *Terms and Conditions of Purchase* are posted on the Lacks website www.LacksEnterprises.com. It is the supplier's responsibility to obtain a copy from the website or by contacting your Lacks Purchasing Agent.

All supplier communication and correspondence must be in the English language.

6. Insurance Requirements

Lacks requires its suppliers whom perform work onsite at Lacks facilities or have possession of Lacks tooling or equipment to carry certain types and levels of insurance. Refer to *Insurance Requirements for Suppliers and Contractors* posted on the Lacks website www.LacksEnterprises.com.

Purchasing Information

7. Approved Supplier List

Lacks maintains an Approved Supplier List (ASL). Only the suppliers who are on that list may provide production materials to Lacks. Any suppliers wishing to do business with Lacks must be approved and added to the ASL.

8. Request for Quote (RFQ)

Suppliers will receive a request for quote (RFQ), most often via email. Quotations must be returned to Lacks **on time**. Quotes submitted after the due date may not be considered.

Estimated Annual Volumes (EAU) on RFQs are estimates only. **LACKS DOES NOT GUARANTEE ANY ANNUAL VOLUMES**. Any estimates or forecasts of production volumes or program durations, whether from Lacks or a Lacks' customer, are subject to change from time to time, with or without notice, and shall not be binding upon Lacks.

The supplier should be prepared to provide Lacks with cost breakdowns for piece prices, tooling, material, overhead, and any other suitable costs. These breakdowns may be submitted on the supplier's form, or on a form provided by Lacks or a customer of Lacks.

9. Engineering / Component Prints / CAD Data

Lacks may provide its suppliers with sketches, detailed component drawings, and/or CAD data in the RFQ process. However, when business is awarded, Lacks may rely on its suppliers to provide detailed component drawings and/or CAD data. Suppliers are assumed design-responsible for the parts they supply unless otherwise agreed upon in writing with Lacks Purchasing. As necessary, Lacks will provide data only in native CAD format (typically NX or CATIA). Supplier is responsible for data translations needed from its native form.

Suppliers shall be responsible for the following:

- Creating and maintaining detailed component prints and CAD data not otherwise supplied by Lacks. These supplier-provided drawings and/or CAD must be approved by the appropriate Lacks Engineering representative prior to tool kick-off.
- Ensuring only part data transmitted by Lacks Engineering designated as "OK-TO-TOOL" is used at kick-off.
- Building of gages to measure Special/Critical Characteristic points, as necessary. Frequency of measurements must be defined on the control plan.
- Dimensional information from each pre-production run.
- Coordinating part testing responsibility to meet DVP&R requirements.
- Engineering and feasibility support during product development.

10. Continual Improvement

Lacks expects continual improvement from its suppliers through corrective actions, supplier audit finding resolution and commercial opportunities. Those suppliers who provide Lacks with commercial opportunities (EG improvements in: costs, lead time, payment terms, etc.) may be given special consideration when awarding new business.

11. Supplier Codes

Each supplier is assigned a 6-digit enterprise-based supplier code in the Lacks materials management system. The supplier code(s) should be detailed on PPAP warrants, labels, and packing slips.

12. Purchase Orders

Lacks Purchasing issues a variety of purchase orders. Blanket purchase orders are issued for repetitive production materials. The purchase order will not specify a quantity ordered. Suppliers are to ship against this purchase order per the quantities that appear on their weekly material release. A supplier usually has one blanket purchase order per Ship-To facility. These blanket purchase order numbers begin with 'SS' and do not usually change on an annual basis.

Lacks Purchasing also issues discrete purchase orders for production tooling, spot buys, prototype buys, etc. These purchase orders will have a unique number assigned to them and will begin with a 'P' or a 'T'. These purchase orders will detail a specific quantity of goods or services required and a delivery date required. There will be no weekly material release associated with these discrete purchase orders.

13. Purchase Order Pricing

Refer to *Lacks Terms and Conditions of Purchase*. Lacks shall not pay more for smaller quantities during the ramp-up or a phase-out of a program.

14. FOB and DDP Terms

Lacks' delivery terms with all domestic origination points are "FOB-Destination, Freight Prepaid" per the Uniform Commercial Code, Article 2. Shipments should be prepaid and freight included in the price unless otherwise agreed upon in writing by Lacks Purchasing.

Lack's delivery terms with all international suppliers are "Incoterms 2020, DDP-Destination", unless otherwise agreed to in writing by Lacks Purchasing. The supplier is responsible for the delivery routing, carrier duties, customs clearance, transportation costs, etc.

15. Payment Terms for Production Shipments

Standard payment terms for production material shipments are "Net 42 days." Lacks encourages discounted terms for early payment (for example, 2%, Net 10).

16. Payment Terms for Component Tooling

Standard payment terms for supplier component tooling are "Net 60 days" after PPAP approval is achieved by the supplier. A full PPAP approval is required for tooling payment. Any deviation to these payment terms must be approved by Lacks Purchasing in writing prior to tool kickoff.

Lacks reserves the right to audit production tooling prior to payment for those tools to ensure that the tools are of the correct quantity, quality, capability, and cost per the supplier's quote to Lacks.

17. Invoicing

All invoices must be sent in a PDF file format to Lacks via the below email address:

LacksTrimAP@LacksTrim.com

In order to avoid rejection of an invoice, the following minimum information must be included:

- Purchase Order number (include revision number, if applicable)
- Lacks' Bill To/Invoice Address from PO
- Seller's Name and contact information

Repeated failure to meet these minimums may result in potential penalties such as a $400 debit to recover administrative costs, loss of preferred vendor status, or loss of Lack's business.

Additional information should include:

- Lacks Part number
- Seller's part number, if different
- Bill of Lading number
- Part quantity
- Carton count
- Unit Price

Lacks encourages suppliers who have multiple daily and weekly shipments to submit one (1) weekly summary invoice. Please contact Lacks Purchasing to discuss this method of invoicing.

18. Lacks-Owned Tooling

Refer to *Lacks Terms and Conditions of Purchase*. The supplier is responsible to maintain Lacks-owned tooling, or tooling which Lacks is the custodian of, and keep it in good working condition capable of producing product meeting all applicable specifications. The supplier shall insure Lacks' property with full fire, casualty, and extended coverage insurance for its full replacement value.

Tools must be made to Lacks approved "OK-TO-TOOL" part CAD data and must be identified and tagged as being the "Property of Lacks" and/or Lacks' customer, as required. Tooling cannot be scrapped or disposed of without the written authorization of Lacks Purchasing.

19. Common Tooling–Tooling Owned by Another Customer

If the tooling used to manufacture a part for Lacks is owned by another of the supplier's customers, then Lacks Purchasing must be notified of this relationship in writing.

The supplier must notify Lacks of any changes the other customer makes to the tooling or process, which would affect the part supplied to Lacks. The supplier must give Lacks ample warning of the change **BEFORE IT HAPPENS** through a written request to Purchasing. Lacks is required to notify its customer(s) of all impending changes and it must get its customer to approve all changes. Lacks and its suppliers are required to follow normal PPAP procedures.

20. Applicable Laws

Supplier and all sub-suppliers shall be able to demonstrate, upon request, compliance with all local, national, and international standards and regulations regarding health, safety, and environmental issues relevant to the supplier's business as defined in the *Lacks Terms and Conditions of Purchase*.

21. Tooling Timelines

Suppliers shall submit tooling timelines to Lacks Purchasing, Engineering, and/or Program Management as required. These timelines should be emailed as a Microsoft Project file.

22. Supplier Diversity

It is the policy of Lacks Enterprises to encourage the use of Minority, Women, and Veteran-owned businesses. Utilization of a diversified supplier base is beneficial to both the communities it serves and Lacks' growth as a company. Lacks is committed to maximizing the use of diverse business enterprises where it makes good business sense. All suppliers are encouraged to attend training to become knowledgeable in diversity opportunities and the certifications afforded them.

These are three widely recognized certification bodies, currently acknowledged by OEMs, that can assist with certification:

- National Minority Supplier Development Council (NMSDC)
- Women's Business Enterprise National Council (WBENC)
- Department of Veteran's Affairs (VA)

Please contact your Purchasing Agent if your company is already certified or if you feel you may qualify.

Lacks also encourages its suppliers to use diversified sub-suppliers as defined in Lacks' *Terms and Conditions of Purchase - Section 32: Suppliers with Particular needs*.

23. On-site Inspection

Lacks employees, its customers, or its designate(s) reserve the right to inspect parts, tooling, and services on the supplier's premises pursuant to *Lacks Terms and Conditions of Purchase*.

24. Service and Replacement Parts & Tooling

Refer to *Lacks Terms and Conditions of Purchase* for a supplier's contractual obligations to provide service and replacement parts to Lacks and its customers.

25. Supplier Evaluation/Supplier Development

Lacks Purchasing monitors supplier performance for all direct material suppliers. Suppliers are evaluated every six months (or more frequently) based on specific criteria related to the product or service supplied.

Based on these criteria, suppliers will receive an overall performance rating of:

1. EXCELLENT (90-100)
2. GOOD (80-89)
3. AT RISK/HIGH IMPACT (Less than 80)

A supplier scorecard will be published once every 6 months (or more frequently) and will be available on SupplyWeb or upon request (for non-SupplyWeb Suppliers).

HIGH IMPACT suppliers could be subject to any or all of the following:

- An on-site visit and/or audit by Lacks personnel or 3rd party auditor
- Escalation to appropriate management personnel at Lacks, supplier, and/or OEM or Tier 1 customer.
- Submitting a written corrective action plan, including timing, that addresses all deficiencies causing their HIGH IMPACT status. Additionally, supplier may be required (at its own expense) to perform specific containment activities for specific part numbers, including but not limited to special part or container labeling and identification, utilization of a 3rd party sorting or containment company, participating in daily update conference calls, providing on-site support at Lacks OEM and/or Tier One customer facility
- Participation in a Supplier Continuous Improvement Process (CIP) with Lacks Supplier Development team
- Loss of Lacks' business (i.e. de-sourcing) in the event improvements are not implemented and the corrective action plan is not executed.

Questions regarding the supplier scorecards should be directed to the appropriate Lacks Purchasing Agent within 5 business days of receipt.

Quality Requirements

26. Quality System Certification

Lacks requires that its automotive suppliers comply with the requirements of the latest edition of IATF 16949 or ISO 9001. Lacks prefers to use suppliers that are certified to one of these two standards. In the event a supplier is not certified, they are required to work with Lacks' Supplier Development Manager to develop their Quality Management System (QMS) to position them for pursuing 3rd party certification. Certification to or active development towards these ISO/IATF standards is a minimum requirement for doing business with Lacks Enterprises. Utilizing a risk-based model, Lacks Purchasing will determine a development goal for Direct Material Suppliers. Suppliers who provide testing or calibration services are required to be certified to the latest edition of ISO/IEC 17025.

Exempt to these requirements are tooling, packaging, and miscellaneous service suppliers with no/minimal influence on the Lacks customer's final product. However, Lacks recommends continued QMS development to all suppliers as a best practice.

If a supplier has no plans to become certified, Lacks may choose to move its business elsewhere. Furthermore, the loss of a supplier's certification can result in the loss of previously sourced business.

The supplier must submit a copy of their certification to Lacks Purchasing when their previous registration has expired.

Suppliers must notify Lacks Purchasing, in writing, if any certifications have been revoked at any time or supplier's type of certification changes (e.g. ISO to IATF)

27. PPAP Submissions / Supplier Change Request

A PPAP shall be submitted to Lacks in accordance with the requirements identified by the most recent edition of the AIAG PPAP Manual for reasons including, but not limited to, those listed below:

- Prototype parts (as required).
- Initial submission for production parts.
- Re-submission due to the rejection of the first submission.
- Any engineering change (whether initiated by Lacks, Lacks' Customer, or Supplier)
- Any supplier initiated change as submitted (and approved by Lacks) on *Supplier Change Request form* (available on-line at www.LacksEnterprises.com/Supplier-Resources). Potential types of changes include:
    - Any process change.
    - The movement or transfer of existing tooling.
    - The addition or replacement of tooling or machinery.
    - Any change to a sub-supplier or source of raw material.

When in question, please contact the Lacks Quality Department to determine if an event or circumstance requires a PPAP submission. PPAP packages should be submitted to the attention of your Supplier Quality Manager/Engineering.

28. Default PPAP Level

The Lacks Default PPAP level is "Level 3." Lacks requires that its suppliers' PPAP production parts or production materials adhere to the most recent edition of the AIAG PPAP Manual.

29. PPAP Checklist and PPAP Readiness

A supplier is expected to achieve Full PPAP approval with its first submission. To assist the suppliers, Lacks has created a *PPAP Checklist.* A copy of this document may be obtained through the Supplier Resources at www.lacksenterprises.com. This PPAP checklist is required to be completed, signed, dated, and included with the supplier's PPAP package.

Lacks expects its suppliers to utilize the latest revision AIAG Core Tools (APQP, PPAP, FMEA, SPC, & MSA) as necessary to develop, PPAP, and continue to produce products successfully.

30. PPAP Approvals

Lacks Quality Assurance or designate shall review a supplier's PPAP and give it an Approval, an Interim Approval, or Reject it. The definitions of these three (3) statuses are detailed below:

1. **Approval:** Indicates that the part meets all requirements and specifications. The supplier is authorized to ship production quantities to scheduled releases.

2. **Interim Approval:** The Supplier has not met all requirements or specifications, but Lacks permits the shipment of components for production requirements on a limited-time or piece-quantity basis. Re-submission is necessary unless the supplier is advised in writing that the print and/or specification will be revised to agree with components as manufactured.

3. **Rejected:** Not all requirements and specifications are met. The Supplier may not ship product to Lacks.

31. Surface Coating and Certified Product Data Sheets

Suppliers of surface coatings (e.g. paints, lacquers, varnish, ink, adhesives, or other materials applied on a surface) shall provide Certified Product Data Sheets or their equivalent to Lacks. These data sheets must list all the chemical constituents in concentrations greater than 1% weight, the Chemical Abstract (CAS) numbers, and the concentration of each chemical in percent by weight.

32. Appearance requirements

Some production parts have appearance requirements based on their utilization on the vehicle. Lacks requires these parts to meet appropriate appearance requirements for defects. Supplier Quality Managers/Engineers for each business unit can provide the appearance standard as appropriate.

33. Containment

All new part PPAP packages must include a Containment/Pre-Launch Control Plan with enhanced inspection of parts at the supplier's facility, prior to shipment. Suppliers are required to be in

containment for at least the first lot of any new part number. This time period may be reduced or extended at the discretion of Lacks Purchasing and/or Quality Departments.

34. Run-at-Rate

Suppliers may be requested to submit a run-at-rate summary sheet with their PPAP package. Lacks may visit the supplier to view a run-at-rate if applicable.

35. Supplier Zero Defects Policy

Lacks Enterprises expects "zero defects" from its suppliers. Suppliers are expected to have process controls, tooling, checking fixtures, documentation, and systems in place to ensure that defect-free product is supplied to Lacks. New part numbers, regardless of supplier status or part PPAP approval, may undergo initial incoming inspection as required by the applicable Quality department. Defects found may cause supplier to be deemed a High-Impact supplier.

36. Defective Material Notices (DMN)/Corrective Action

In the event that a supplier ships in non-conforming material, the material may be rejected. Lacks Supplier Quality will evaluate the non-conforming material. The supplier may be contacted and corrective action may be required. **The immediate containment of the rejected material is critical.** Suppliers must react quickly to all non-conforming material issues.

Corrective Action:

The supplier is required to submit to Lacks an initial corrective action within twenty-four (24) hours of the occurrence, which details their immediate containment activity. The supplier will then follow up with a permanent corrective action report within ten (10) business days. The Supplier's corrective actions should be submitted to the appropriate Supplier Quality Manager/Engineer.
The supplier must include the identification of all potential root causes and mistake-proofing techniques. PFMEAs, control plans, and process flow documents should all be changed for the new mistake-proofing techniques.
The supplier will be expected to replace the non-conforming material with certified stock as soon as possible. A Return Material Authorization (RMA) should be given to Lacks immediately so parts may be returned or scrapped. If Lacks requests an RMA and one is not provided, Lacks reserves the right to return the defective material to the supplier at their expense.
Lacks will review the DMNs and submitted corrective actions and approve the Supplier's corrective actions for closure.
For component suppliers, there is a DMN category rating on a supplier's scorecard.

37. Rejections Per Million Parts Shipped (RPM)

Lacks tracks suppliers by how many rejections per million parts shipped (RPMs). For component suppliers, this is a category on the supplier's scorecard and this category is negatively affected by higher RPM numbers. The quantity of DMN's divided by the total number of parts shipped is used to calculate a supplier's RPM rating.

38. Costs of Poor Quality/Poor Delivery Performance

A supplier's defective material and/or poor delivery performance may cause economic harm to

Lacks. Pursuant to *Lacks Terms and Conditions of Purchase,* Lacks may charge a supplier for all costs associated with non-conforming product or poor delivery performance, including:

- Sorting
- Rework
- Full-assembly part costs
- Downtime
- Lacks-paid expedites from the supplier
- Lacks-paid expedites to the customer

These costs could be incurred at any Lacks facility, 3rd party off-site facility, and/or customer facility. Lacks may also charge a $400 administrative fee for processing debit memos relating to non-conforming materials or delivery performance issues.

39. Appeal of Debit Memos

A supplier has the right to appeal a debit memo to the Lacks Purchasing Department. Final determination will be at the sole discretion of the Lacks Purchasing Department.

40. Process Audits

As part of its IATF 16949:2016 certified quality system, Lacks conducts process audits internally and at supplier locations. Process audits at supplier locations are conducted based on a risk-based evaluation of its suppliers. Suppliers will be notified at least five business days in advance of a scheduled process audit.

However, Lacks reserves the right to conduct a process audit at any time, with or without notice, in the event that the supplier has shipped defective material to Lacks or they have been deemed a High Impact Supplier.

41. W-HTX Heat Treating Specification Special Process Assessments

Suppliers providing heat-treated product and heat-treating services shall demonstrate compliance to Ford Motor Company Manufacturing Standard W-HTX and with *AIAG CQI-9 Special Process: Heat Treat System Assessment* (see below). Compliance is required to the more stringent specification where W-HTX has different specifications from that listed in CQI-9 for the same requirement.

42. Special Process Assessments

All Suppliers shall comply with AIAG's Special Process Assessments as listed below. Suppliers shall ensure that their own processes and the processes of their sub-suppliers comply annually and shall present a copy of these assessments to Lacks for their or their sub-supplier's processes immediately upon request.

- *Heat Treating – CQI-9 Special Process: Heat Treat System Assessment*
- *Plating – CQI-11 Special Process: Plating System Assessment*
- *Coating – CQI-12 Special Process: Coating System Assessment*
- *Welding – CQI-15 Special Process: Welding System Assessment*
- *Soldering – CQI-17 Special Process: Soldering System Assessment*
- *Molding – CQI-23 Special Process: Molding System Assessment*
- *Casting – CQI-27 Special Process: Casting System Assessment*

Environmental/Safety Requirements

43. Restricted, Toxic and Hazardous Substances

Lacks suppliers must comply with all local, state, and federal laws and safety regulations regarding the use of restricted, toxic, and hazardous substances.

44. Safety Data Sheet (SDS)

Supplier is responsible for providing new or updated SDS sheets prior to or at receipt of shipments of all raw materials considered to be controlled under the OSHA Hazard Communication Standard.

45. ISO 14001

Lacks is certified to the latest edition of ISO 14001. Lacks expects all of its suppliers to comply with applicable environmental attributes identified by Lacks Enterprises and pertaining to the latest edition of ISO 14001. Lacks *Environmental Health and Safety Requirements For Contractors* can be found at www.lacksenterprises.com.
Lacks encourages all of its suppliers to become certified to the latest edition of ISO 14001 standard.
Suppliers must notify Lacks Purchasing, in writing, if any regulatory violations have been issued or the certification revoked at any time.

46. Sustainability

Lacks prefers relationships with suppliers who provide a safe working environment, treat workers with respect, and work in an environmentally sound way. Lacks encourages all of its suppliers to adopt a sustainability strategy as part of their business.

47. IMDS-International Material Data System/Conflict Minerals

All direct material suppliers are required to submit IMDS data with their component PPAP Packages. The method of IMDS submission is the supplier entering their specific IMDS data via the Internet at www.mdsystem.com. The supplier then would include a printout of the IMDS submission confirmation number or an initial sample report with its PPAP package to Lacks.
Failure to submit IMDS data will prevent Lacks from granting a supplier full PPAP approval.
IMDS data includes a submission confirmation number, an initial sample report or a data sheet.

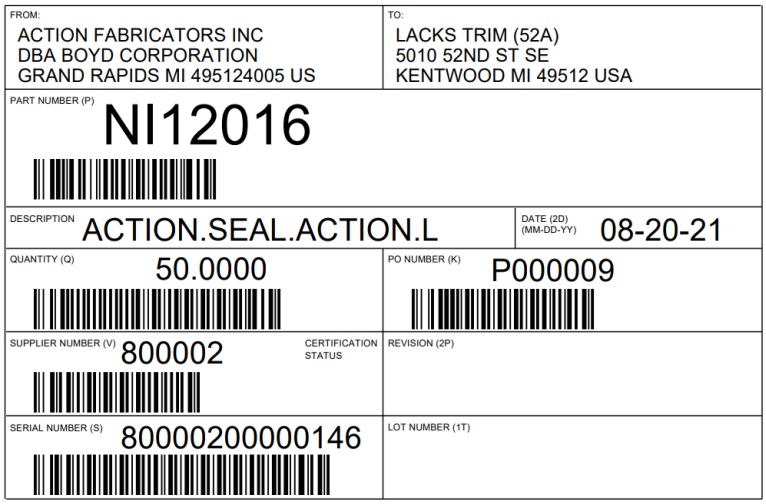
Lacks Enterprises Conflict Minerals Policy Statement can be found in Appendix B.

Materials Management Requirements

48. Labeling (Production and Pre-Production)

All containers of production and pre-production parts and materials must have a bar code label attached to them. Lacks utilizes a bar code scanning receiving process, which requires unique serial numbers on each bar code label. Therefore, Lacks requires that its suppliers print bar code labels that meet the format specifications and are scannable upon receipt. Lacks' label specifications available on-line at www.LacksEnterprises.com/Supplier-Resources. The use of the QAD Supplier Portal or EDI is preferred along with transmitting an ASN via one of those methods. Both are required for Lacks to receive product electronically. Failure to attach Lacks bar code labels on containers and transmit an ASN will negatively affect a supplier's delivery rating. Colorants, chemicals or other materials deemed hazardous should also be identified with the applicable safety labeling required by government agencies and required by Lacks Enterprises.

An example of a Lacks bar code label is shown below:

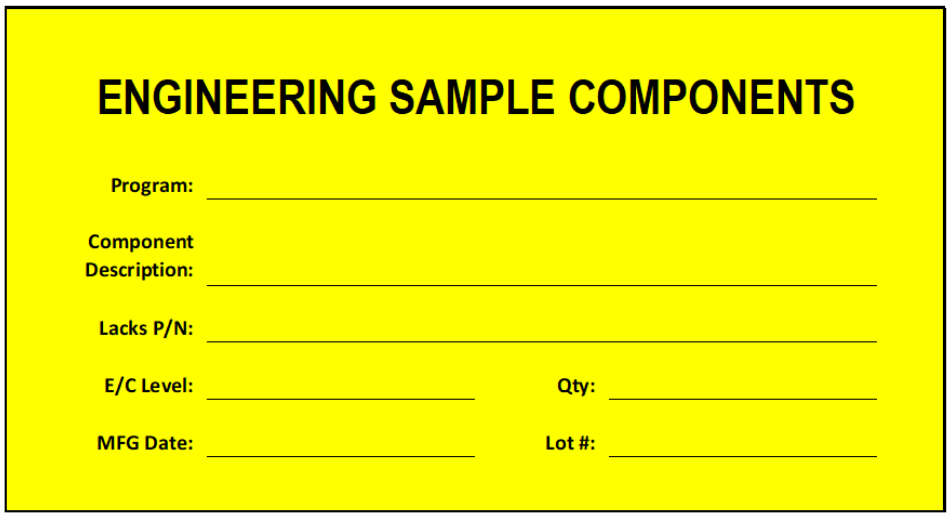


49. Engineering Sample Component

Any component supplied to Lacks prior to being PPAP approved by Lacks are considered Engineering Samples and their containers should be identified with a yellow "Engineering Sample Components" label affixed to each box or container with all information completed. A downloadable copy of the label can be found through the Supplier Resources at www.lacksenterprises.com.

If, after initial PPAP approval, the supplier is providing any non-production or non-PPAP approved part(s) to Lacks for any reason (e.g. tryout, samples, engineering evaluation), the containers for those parts shall have this yellow label attached.

An example of the Engineering Sample Components label is shown below:



50. Packaging

The supplier is responsible for packaging design and the packaging must protect the component parts or materials from damage. The cost of the packaging should be included in the piece price.
Chemicals, paints, or any materials deemed hazardous should be packaged in accordance with all governmental regulations for hazardous material shipment, transport, and handling.
Lacks Packaging Engineering must approve the packaging design before the packaging can be kicked off.

51. Material Releases and Authorizations

Lacks will provide a firm schedule of at least 6 weeks to suppliers via the QAD Supplier Portal or EDI. Any additional information beyond the firm time fence will be planning data.

Suppliers are expected to order raw materials to support the quantities and dates shown beyond the firm time fence. However, any purchase of raw materials beyond the firm time fence are not authorizations to build and are done so at the suppliers own risk.

If the supplier would like firm demand outside of the 6-week time fence, they will need an approval letter from the Lacks purchasing team to authorize. Lacks is working to more closely mirror the information and authorizations provided to us from our customers.

Refer to the Lacks the QAD Supplier Portal Training slides found through the Supplier Resources at www.lacksenterprises.com for more detailed information and instructions regarding Material Releases.

52. EDI

QAD Supplier Portal is the preferred and primary method of transmitting material releases and receiving ASNs. Lacks is capable of handling EDI communication, however, the decision to use EDI with a supplier is determined on a case-by-case basis by Lacks. Suppliers can find Lacks' EDI specifications and the EDI request form through the Supplier Resources at www.lacksenterprises.com.

53. Advanced Shipping Notices (ASNs)

Lacks requires that suppliers transmit advanced shipping notices to Lacks via the QAD Supplier Portal or EDI. ASNs must be transmitted to Lacks prior to the shipment arriving at Lacks. Receiving Accuracy is one category that Lacks uses to rate its suppliers.

54. Receiving Hours

Lacks has multiple receiving locations, which sometimes have different hours of operation. Please contact the Lacks Materials Department and verify the receiving hours at each individual location.

55. 100% On-time Delivery

Lacks requires 100% on-time delivery from its suppliers.
Suppliers are expected and required to give ample warning if there is a risk that requirements cannot be fulfilled. All significant changes must be communicated as soon as they are identified.

56. Delivery Performance

Supplier delivery performance is tracked based on Receiving Accuracy and Schedule Adherence. Delivery performance scores may be impacted for a variety of reasons including, but not limited to, missed delivery, late or early shipment, under-or over-shipment, missing or incorrect shipping documents, unscannable labels, and missing packing slips.
Lacks may require corrective action from the supplier when a delivery issue occurs, depending on the severity of the delivery issue. All delivery issues will be analyzed on a case-by-case basis pursuant to *Lacks Terms and Conditions of Purchase,* Lacks may be reimbursed for all costs associated with a Supplier's late delivery or other delivery issues.

57. Over-shipments

Over-shipments exceeding one (1) standard pack may be returned to the supplier, at the supplier's expense, unless the over-shipment is authorized by Lacks Purchasing or Materials Departments.

58. Packing Slips

A uniquely numbered packing slip must accompany each shipment to Lacks. The slip must contain the following minimum information: Packing slip/ASN# (in human readable and code 128 barcode), Supplier code, purchase order number, part number(s), part descriptions, quantity, and lot number (as applicable). Suppliers are encouraged to print packing slips directly from the QAD Supplier Portal. An inaccurate packing slip or a missing packing slip can negatively affect a supplier's scorecard.

59. Certificates of Analysis

Certificates of Analysis must be provided per the table listed below based on the supplier's commodity received at Lacks (chemicals, solvents, paints, resin (bulk and containers) etc.).

Commodity	Frequency	Delivery Method
Resin	Per lot	Emailed to: ResinCoA@LacksEnterprises.com
Nickel	Quarterly	Emailed to Purchasing Agent
Waste Caustic	Not Required	N/A
Paint	Per batch/lot	Hardcopy with shipping paperwork
All others	Per shipment	Hardcopy with shipping paperwork

60. Build-out Cums and PPAP Approvals

If a part is undergoing an engineering change, often the Purchasing or Materials Department will give the supplier a build-out number or cum. The purpose of this build-out cum is to coordinate the cut-in and cut-out of new and old materials and most likely build a bank of parts. When a supplier has achieved its build out cum, the supplier shall notify the Materials Department and Purchasing Agent.

Obtaining a PPAP approval from Lacks, does not allow for immediate shipment of the new revision level or product. A supplier may get PPAP approval from Lacks days or weeks before the new material is scheduled to be built at Lacks. Often old inventories at the supplier and at Lacks must be exhausted prior to implementing the new revision.
Once a supplier is given PPAP approval by Lacks, time is often required for Lacks to obtain PPAP approval from its customers.

61. Premium Freight–AETC and PFA

Lacks is not liable for premium freight costs unless specifically agreed to in advance, in writing. In addition, pursuant to *Lacks Terms and Conditions of Purchase,* Lacks may charge a supplier for all costs associated with a Supplier's late delivery.

No premium freight shall be paid without an approval by the Lacks Materials Department. Premium freight is a category that Lacks uses to rate its suppliers.

62. USMCA Certificates of Origin

Suppliers must submit a USMCA Certificate of Origin for all parts supplied to Lacks. The blanket period for certification shall be from July 1– June 30 of the following year. A supplier may utilize the Certificate of Origin found through the Supplier Resources link at www.lacksenterprises.com or use any certificate of origin so long as it provides the 9 minimum data elements as required Chapter 5 Annex 5-A of the USMCA.

A USMCA Certificate of Origin must be submitted with PPAP for a new part. Certificates for existing parts should be submitted to Lacks Purchasing each June for the new 12 month period.

63. Country of Origin - Box and Part Labels

All containers and individual parts/components (size permitting) must be identified with the country of origin. For example, if component parts are manufactured in Mexico, the shipping container should be labeled as "Made in Mexico."

Each individual part should be identified with its country of origin where size constraints allow. Molded parts or emblems are required to have this where small components like clips, u-nuts, and screws would not. If there is any question as to if country of origin is or is not required, contact your Supplier Quality representative.

64. Contingency Plans

Suppliers must have on file (and available upon request) contingency plans that would be implemented in the event of a deviation or disruption from the normal business process, including but not limited to EDI, transportation, packaging, equipment/facility failure, etc.

65. Risk Assessment

Supplier must have a risk assessment process in place to identify areas within the supply chain process that could affect the organizations ability to meet requirements in the event of a deviation from the normal business process.

66. AIAG MMOG/LE (Materials Management Operations Guideline and Logistics Evaluation)

In order to fulfill our MMOG/LE obligation to our AIAG customers, Lacks recommends all suppliers complete a MMOG/LE Basic self-assessment on a yearly basis. These assessments should be kept on file and made available upon request.

APPENDIX A: Locations

Corporate Locations:

Lacks Enterprises Corporate Headquarters
5460 Cascade Rd, SE
Grand Rapids, MI 49456

Lacks Enterprises Corporate Purchasing
5460 Cascade Rd, SE
Grand Rapids, MI 49456

Lacks Enterprises Research & Testing Facility
4975 Broadmoor Ave, SE
Kentwood, MI 49512

Lacks Trim Systems:

44th Logistics
4470 44th St SE
Kentwood, MI 49512

52nd DC North
5357 52nd Street SE, Suite G
Kentwood, MI 49512

52nd Logistics
4365 52nd Street SE
Kentwood, MI 49512

52nd Pack DC
5361 52nd Street SE
Kentwood, MI 49512

52nd Paint East
4375 52nd Street
Kentwood, MI 49512

52nd Paint Central
4315 52nd Street
Kentwood, MI 49512

52nd Paint West
4245 52nd Street
Kentwood, MI 49512

Airlane North & South
4260 Airlane SE
Kentwood, MI 49512

Airlane Northwest
4221 Airlane Dr.
Kentwood, MI 49512

Airwest Engineering
4275 Airwest, SE
Kentwood, MI 49512

Airwest Mold
4260 Airwest SE
Kentwood, MI 49512

Barden Assembly – Trim
4080 Barden Dr. SE
Kentwood, MI 49512

Kraft Mold
5801 Kraft Ave SE
Kentwood, MI 49512

Kraft North/South
5711 Kraft Ave SE
Kentwood, MI 49512

Lacks Wheel Trim:

Barden Plating
4090 Barden SE
Kentwood, MI 49512

Barden Assembly
4080 Barden SE
Kentwood, MI 49512

Brockton Mold
4251 Brockton Ct, SE
Kentwood, MI 49512

Brockton Assembly
4240 Brockton Ct, SE
Kentwood, MI 49512

Plastic Plate:

Raleigh West
3500 Raleigh Dr. SE
Kentwood, MI 49512

Plastic Plate Monroe
1648 Monroe Ave NW
Grand Rapids, MI 49503

Raleigh East
3505 Kraft Ave, SE
Kentwood, MI 49512

Kraft Plater
5675 Kraft Ave, SE
Kentwood, MI 49512

Plastic Plate DC
5357 52nd St SE, Suite B
Kentwood, MI 49512

APPENDIX B: Lacks Enterprises – Conflict Minerals Policy Statement

The U.S. Securities and Exchange Commission ("SEC") 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 rules require manufacturers who file certain reports with the SEC to disclose whether the products they manufacture or contract to manufacture contain "conflict minerals" that are "necessary to the functionality or production" of those products.

The definition of "conflict minerals" refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed or sold. The U.S. Secretary of State may designate other minerals in the future.

OUR COMMITMENT:

1. Support the aims and objectives of the U.S. legislation on the supply of "conflict minerals".
2. Do not knowingly procure specified metals that originate from facilities in the "Conflict Region" that are not certified as "conflict free".
3. Ensure compliance with these requirements, and ask our suppliers to undertake reasonable due diligence with their supply chains to assure that specified metals are being sourced only from:
   - Mines and smelters outside the "Conflict Region" **or**
   - Mines and smelters which have been certified by an independent third party as "conflict free" if sourced within the "Conflict Region".

This due diligence includes having our suppliers provide written evidence documenting that raw materials used to produce gold, tin, tantalum and tungsten, used in the materials to manufacture components and products supplied to Lacks Enterprises, originate from outside the "Conflict Region" **or** if they originate from within the "Conflict Region", that the mines or smelters be certified as "conflict free" by an independent third party. The aim is to ensure that only "conflict free" materials and components are used in products that we procure.

If we discover the use of these minerals produced in facilities that are considered to be "non-conflict free", in any material, parts or components we procure, we will take appropriate actions to transition product to be "conflict free".

APPENDIX C: Description of Changes

Date	Description of Changes	Approval Initials
2/2/08	Initial release	MP
2/1/12 – 8/28/15	These revisions have been archived.	JMW
2/6/17	▪ Remove section 25 – Certified Supplier Program ▪ Edit section 26 – Supplier Evaluation / Supplier Development ▪ Re-number sections 26-70 accordingly ▪ Changed ISO/TS-16949 to IATF-16949 everywhere listed ▪ Added Kraft N/S facility location to Appendix A	MS
5/18/17	▪ Revised Table of Contents item 27. ▪ Revised section 27 – Change Management / Supplier Change Request. Added language related to Supplier Change Request. Added web link to Supplier Change Request Form.	MS
11/5/18	▪ Reformatted; added Page #s and Revision date to footer ▪ Corrected all instances of "Lacks Purchase Order Terms and Conditions" to correct "Lacks Terms and Conditions of Purchase" ▪ Removed Appendix for Insurance requirements; added reference to Website availability in section #6 ▪ Section 26 – Updated quality system requirement ▪ Section 27 – Clarified supplier change request approval requirement ▪ Section 30 - Interim approval was provisional approval ▪ Section 34 – Clarified initial incoming inspection expectations ▪ Section 35 – Removed "8D" ▪ Section 36 – Renamed PPM to RPM for true metrics tracked ▪ Section 42 – Combined CQI Assessment requirement; added CQI-15,17,27 ▪ Section 45 – Added requirement to notify Lacks of violation or revoked certification. ▪ Section 46 – Added Sustainability statement ▪ Section 48 - Updated label example ▪ Section 49 – Updated Label example; Removed paint sample requirement ▪ Section 63 – Added chart for clarification ▪ Section 67 – Removed Clauses; clarified "Basic" assessment requirement ▪ Appendix A – Updated location and addresses	JW
12/10/19	▪ Section 9 – Engineering added and clarified engineering requirements ▪ Section 10 – rewrite ▪ Section 18 – Clarified "approved CAD data" to "Lacks approved "OK-TO-TOOL" part CAD data" ▪ Section 22 – "Supplier Diversity" was "Minority Owned Businesses and	JMW

	Small Businesses"; total section rewrite. ▪ Section 26 – added "Suppliers who provide testing or calibration services are required to be certified to the latest edition of ISO/IEC 17025" ▪ Section 29 – added "Lacks expects its suppliers to utilize the latest revision AIAG Core Tools (APQP, PPAP, FMEA, SPC, & MSA) as necessary to develop, PPAP, and continue to produce products successfully." ▪ Section 32 – added Appearance requirements and renumbered sections going forward. ▪ Section 44 – Clarified when SDS are required and updated WHMIS to OSHA. ▪ Section 45 – Corrected document name available to suppliers on website ▪ Appendix A – Added LTS - Paint Central, Kraft Mold; PPL - DC	
11/20/2020	▪ Section 14 – Updated for 2020 Incoterms and add Uniform Commercial Code ▪ Section 17 – reformatted and added minimum invoice data and penalty for repeated invoicing failures. ▪ Section 38 – added downtime and Lacks-paid expedites; $400 admin fee was $250 ▪ Section 49 – Updated Engineering Sample Component label visual (no content change) ▪ Section 50 – removed New or Engineering Part Labels for PPAP Samples ▪ Section 61 – "charge a supplier" was "be reimbursed" ▪ Section 62 – overall update for USMCA requirements ▪ Appendix A – removed sales offices, updated Trim System supplier locations. ▪ Removed Appendix C – Engineering Change/New Part/PPAP Sample label	JMW
12/22/2020	▪ Section 43 – removed Regulated Substance list statement	JMW
11/12/2021	▪ Updated the following sections to replace SupplyWeb with QAD Supplier Portal: 3, 11, 12, 48, 51, 52, 53, 58 ▪ Updated Appendix A to add 44th Logistics facility.	