

MATCOR-MATSU AUTOMOTIVE GROUP SUPPLIER QUALITY MANUAL

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1. Introduction

- a. The expectations, requirements and standards defined within this manual are applicable to suppliers providing materials, products and services to any Matcor-Matsu Automotive Group Manufacturing facility that go into or affect the final product. This includes suppliers of direct materials, packaging materials and services (including containment, sorting and calibration services) with potential impact on any product characteristics affecting Matcor-Matsu Automotive Group's Customer Requirements. These requirements also apply, in whole, to any supplier that is directed to Matcor-Matsu Automotive Group, by any Customer. The requirements as detailed in this manual define basic requirements and are supplemental to specific requirements as communicated by your procuring division. This manual is 'distributed' only via the Matcor-Matsu Automotive Group website - <http://www.matcor-matsu.com>. Printed copies are uncontrolled documents.
- b. The suppliers are expected to remain up to date on Matcor-Matsu Automotive Group requirements by frequently visiting the website. Visiting the website should become a business routine. Questions regarding this manual should be directed to Matcor-Matsu Automotive Group manufacturing facility supplier's quality contact. Each Supplier is responsible for control and distribution of this manual within the supplier organization. It is the supplier's responsibility to ensure that the supplier's system meets all requirements of the latest procedure.
- c. It is the supplier's responsibility to ensure that this manual it is communicated to their sub-tier suppliers and all sub-tier suppliers must meet all the requirements of the manual.

1.1 The MatcorMatsu Automotive Group – Supplier Relationship

Matcor-Matsu Automotive Group is committed to maintaining its position as a global leader within the automotive sector and we recognize the integral role that each supplier to Matcor-Matsu Automotive Group has in maintaining our position of excellence in innovation, technology, cost, quality and delivery. Our intent is to establish strategic, long-term relationships with our suppliers and it is incumbent on each supplier to maintain a position of cost leadership while demonstrating a commitment to sustained quality, highest levels of service and a strong focus on continuous improvement.

We will endeavour to make every effort to manage our supplier relationships with the highest degree of integrity and professionalism, and we will ensure that our decisions are based upon optimization of value to Matcor-Matsu Automotive Group. We will not allow any undue influence or inappropriate activity to compromise those decisions.

This Supplier Manual outlines the fundamental requirements for suppliers to Matcor-Matsu Automotive Group. The Quality Systems requirements have been aligned across all our manufacturing sites, to the greatest extent possible. Suppliers are expected to comply with all specific requirements. The quality and delivery requirements defined herein are to be considered an addendum to the Purchase Order issued to suppliers of direct material, and do not replace or alter the terms or conditions covered by these purchasing documents or warranty agreements. Suppliers are also expected to comply with any terms and conditions imposed on Matcor-Matsu Automotive Group, by the customer to whom the final products are ultimately being shipped. This includes compliance with any specific forms or documents specified by any Customer of Matcor-Matsu Automotive Group. Suppliers to Matcor-Matsu Automotive Group are also expected to manage their sub-tier suppliers of products and services to ensure compliance to the requirements defined within this manual, Matcor-Matsu Automotive Group Purchasing Terms & Conditions and any additional Customer or plant specific requirements.

1.2 Communication – Notification of Changes

It is critical that the relationship between Matcor-Matsu Automotive Group and our suppliers be premised on open, effective and proactive communication. The occurrence of non-conforming product, unauthorized changes or any

related supply chain issues, present a risk to both Matcor-Matsu Automotive Group and to Matcor-Matsu Automotive Group's customer(s), when not communicated and managed effectively. These risks also manifest themselves at the sub-tier suppliers and sub-contractors that comprise the overall supply chain. In order to manage these risks most effectively, suppliers must communicate as early as possible, the following:

1. Any pending or potential issue which the supplier has identified.
2. Proposed material and/or process changes, including any change in process or product safety or critical characteristics.
3. Proposed changes, including:
 - Manufacturing location change
 - Tooling capacity change
 - Re-commissioning of tooling that has been inactive for one year
 - Tooling refurbishment/replacement
 - Tooling transfer (re-source)
4. Any potential manufacturing/quality issues. Proactive communication of Quality concerns is encouraged. Any proactive sorts initiated will not be reflected in the supplier Quality Score.
5. Any potential supply and/or capacity issues.
6. Information Technology (IT) or supporting system changes that might impact production or shipment of product to Matcor-Matsu Automotive Group.
7. Organizational changes with the potential for impact on manufacture or supply of product to Matcor-Matsu Automotive Group.

Suppliers will support all tests, validations, approvals and submissions required as a result of product or process changes, as directed by Matcor-Matsu Automotive Group. Suppliers cannot charge for samples or testing resulting from supplier related or requested changes, unless approved by Matcor-Matsu Automotive Group.

Suppliers must be proactive in their communication with Matcor-Matsu Automotive Group. Failure to notify Matcor-Matsu Automotive Group of potential issues or changes will result in escalation, as appropriate, and may result in notification of the issue to Matcor-Matsu Automotive Group's customers. If necessary, a supplier's ISO/IATF Registrar will be contacted and asked to conduct any necessary investigations or assessments. Continued non-compliance may lead to loss of business.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.2.1.1 Customer Communication – supplemental Formel-Q-Capability Appendix (Chapter 2; 7.2) Access approval for the VOLKSWAGEN Group Communication Platform (www.vwgroupsupply.com) (VW Suppliers only).

1.3 Continuity of Supply

Suppliers are required to have well defined business contingency plans in place to ensure continuity of supply in the event of disruption to their operations and/or supply of materials, as a result of man-made events, natural disasters, utility or labour disruptions or equipment or logistics failures or interruptions. These contingency plans shall be reviewed on a regular basis. Suppliers shall immediately notify Matcor-Matsu Automotive Group manufacturing facilities to which they ship product, the moment they become aware of any potential supply disruption. Suppliers shipping to a Matcor-Matsu Automotive Group manufacturing facility, from a unionized facility, are required to submit a strike plan at least three (3) months prior to contract expiry. This plan needs to detail contingencies to meet material requirements in the event of a labour disruption.

Each supplier to Matcor-Matsu Automotive Group shall identify an individual from the supplier's manufacturing location, with sufficient authority to assume responsibility for dealing with any product quality and/or delivery related issues that may impact Matcor-Matsu Automotive Group or Matcor-Matsu Automotive Group's Customers. The identified contact needs to be available at any time such issues arise. Contact information shall be made available to the Matcor-Matsu Automotive Group plant being supplied.

1.4 Social Responsibility

The Environment

Matcor-Matsu Automotive Group is committed to environmental responsibility and has many different programs designed to protect our environment and manage critical resources so as to sustain and replenish these resources for future generations. We expect our suppliers to show the same dedication and commitment to the environment, and recommend certification to ISO14001 environmental standards. Suppliers not currently holding environmental certification are encouraged to develop a plan of execution having the objective of achieving certification status. Matcor-Matsu Automotive Group supports End-of-Life Vehicle (ELV), International Material Data System (IMDS) and REACH directives.

As required, suppliers shall comply with applicable standards on the classification, packaging and labeling of hazardous substances and mixtures, including national implementations of the UN Globally Harmonized System (GHS), such as Regulation (EC) No 1272/2008 on the classification, labeling and packaging of substances and mixtures (CLP Regulation) and the Workplace Hazardous Material Information System (WHMIS). Matcor-Matsu Automotive Group expects our suppliers and their sub-tier suppliers, as appropriate, to register and comply with all applicable reporting requirements that are applicable to their products and processes, i.e.:

Environmental Policy Statement

It is the policy of MatcorMatsu that our manufacturing operations and products should accomplish their functions in a manner that protects the health of the environment. MatcorMatsu is committed to meeting or exceeding all regulatory requirements; however, when necessary and appropriate, MatcorMatsu may establish its own standards, which may exceed regulatory requirements. Consideration of potential health and environmental effects should be an integral part of all Company business decisions including those relating not only to the manufacture of our products but also the design and ultimate disposal of those products. It is clear that strong and profitable companies of the future will be the ones that lead the way for sustainable use of our resources. MatcorMatsu is focused on many environmental initiatives which reduce our environmental impact not only within our operations but in the products we design and manufacture.

Our key commitments are:

1. Ensure that associates and other stakeholders are made aware of their individual responsibilities contained within our EMS by effective communication.
2. Plan to achieve our environmental objectives.
3. Encourage continual improvement of the environmental management system to enhance environmental performance.
4. Strive to ensure that all associates, contractors, customers, and members of the public are aware of the environmental impacts of our business and understand how we can work together to meet the needs of our business in a safe and sustainable manner.
5. Train, educate, and inform our associates about environmental issues that may affect their work.
6. GHG Emissions Reporting. Reduce our carbon footprint (e.g., by reducing energy use and increasing energy efficiency, switching to renewable energy, reducing waste, reducing personal transport emissions. Work to increase awareness of the threat that climate change poses. Measure, and seek to constantly reduce our environmental footprint.
7. Energy Efficient. MatcorMatsu will promote the efficient use of energy to produce and deliver world class products and services to our customers. We are committed to responsible energy use and will practice energy efficiency in all facilities and processes, wherever it is cost effective.
8. Renewable Energy. We encourage the development and deployment of renewable energy technologies to speed the

application of the resulting technologies to our energy needs.

9. Sustainable Resource Management. MatcorMatsu is committed to seek continual improvement throughout our business operations to lessen our impact on the local and global environment by conserving energy, water, and other natural resources; reducing waste generation; recycling and reducing our use of toxic materials.

10. Waste Reduction. MatcorMatsu is committed to minimize the generation of waste, including waste from products and packaging. Minimize the need for waste disposal. Minimize the environmental impacts that result from resource recovery activities and waste reduction activities, including from waste disposal.

11. Soil Quality. MatcorMatsu is committed to minimizing the impact of our activities on the soil.

12. Land, forest and water rights and forced eviction. MatcorMatsu's commitment is to refrain directly or indirectly from any practice or activity that destroys or arbitrarily impairs existing access to, use and management of land and natural resources.

13. Biodiversity, land use and deforestation. Protecting life on land is a shared challenge that requires a shared response. MatcorMatsu is committed to operating in harmony with nature so that future generations may continue to enjoy the natural wonders of our world.

14. Decarbonization. Decarbonization is the process of reducing the amount of carbon, mainly carbon dioxide (CO₂), sent into the atmosphere. MatcorMatsu is committed to seek continual improvement throughout our business operations to lessen our impact on the local and global environment by reducing our carbon footprint (e.g., by reducing energy use and increasing energy efficiency, switching to renewable energy, reducing waste, reducing personal transport emissions).

15. Air Quality, Water Quality, Consumption and Management. Wherever possible, we will strive to minimize pollution (air, water, land), including greenhouse gases and waste, including solid waste, conserve and more efficient use and management of water and energy, protect habitat, support renewable energy resources, and encourage environmentally preferable transportation.

16. Responsible Chemical Management. MatcorMatsu's approach to responsible chemical management in all our facilities aims to minimize potential risk of chemicals to human health and the environment.

17. Animal welfare. MatcorMatsu is committed to continuous improvement of the welfare of all animals.

18. Noise Emissions. MatcorMatsu is committed to reduce noise levels to lowest levels practicable for associates and members of the public.

19. Reuse and recycling. MatcorMatsu is committed to using an increasing number of materials which are reusable/recyclable and, when practical, locally sourced. We promote reuse and recycling, as well as the use of supplies that are recycled and recyclable and whose production and use minimize the consumption of natural resources.

20. Water quality and consumption management. MatcorMatsu is committed to reduce the impacts of water pollution and to ensure that water utilization of all operations is managed in accordance with the compliance regulations of all the countries where we operate.

The Environmental Management System (EMS) operated within all MatcorMatsu locations is to support these commitments and comply with the requirements of ISO 14001:2015. This policy will be reviewed as needed and made available to any interested parties upon request.

Code of Conduct and Ethics

Introduction

MatcorMatsu believes that operating in a socially responsible, ethical manner which is in compliance with the laws and regulations of those countries in which we operate is fundamental to our long-term success. As our Company continues to grow and change, our business becomes more complex and doing the right thing has become more complicated. This means that it is more important as our business boundaries reach across the globe, for the Company to adopt fair employment practices, protect safety in the workplace, support and foster environmental consciousness and fully comply with applicable laws. This Code of Conduct and Ethics is intended to give our associates the information they need to guide their actions in an ever-challenging environment. It is critical that MatcorMatsu associates conduct themselves with the highest ethical standards so that we can earn the trust of our customers, suppliers, and associates as well as the communities in which we operate. Following these guidelines will not only help us do the right things but will help us enhance our reputation as an outstanding and responsible corporate citizen. Our future success depends on it.

This Code of Conduct and Ethics and the provisions contained in the related policies, guidelines and procedures apply to all MatcorMatsu associates, suppliers, contractors and visitors. Specific to associates, this Code of Conduct and Ethics is an integral part of MatcorMatsu's terms of employment. In addition, managers have elevated responsibilities to lead by example according to the standards in this Code. Managers are responsible for promoting a culture of compliance and integrity and as such, are expected to:

- have an in-depth understanding of the Code of Conduct and Ethics
- facilitate the understanding and promote the Code of Conduct and Ethics values and guidelines to MatcorMatsu associates, and
- lead by example by demonstrating a standard of high personal ethical conduct

MatcorMatsu reserves the right to amend this Code of Conduct and the related policies, guidelines and procedures from time to time. Failure to comply with the letter and spirit of this Code of Conduct and Ethics and the policies, guidelines and procedures of MatcorMatsu will lead to disciplinary measures up to and including termination. Certain violations may also lead to legal action.

Note: For the purposes of this document "MatcorMatsu" refers to Matsu Manufacturing Inc. and any of its affiliates and subsidiaries.

1. Adherence to Applicable Legislation and Regulations.

MatcorMatsu and its associates are expected to always comply with all applicable laws and regulations. MatcorMatsu will not condone the activities of any associate who violates the law or engages in unethical business practices, regardless of whether an unlawful act is motivated "in the interests of the Company" or "in the interests of the customer". No activity may be carried on that will not stand the closest public scrutiny. Accordingly, associates must ensure that their conduct cannot be interpreted as being in any way in contravention of the laws and regulations governing MatcorMatsu's operations. If you are in doubt about the application or interpretation of any legal requirement, you should refer the matter to your supervisor or manager.

2. Workplace Environment

2.1 Basic Principles. In the performance of their duties, all associates will act honestly and with integrity. We will carry on our business with respect for individual rights to equality and non-discrimination. MatcorMatsu will not hold any worker's passport for any circumstance except for administrative purposes where this is required and permitted by law.

2.2 Health and Safety - General. MatcorMatsu is committed to protecting the health and safety of its associates, contractors, and visitors. In fulfilling this commitment, safety must be the most important factor in any decision. Accordingly, we have adopted and will strictly observe our Health & Safety Policy which requires us to, among other things, comply with or exceed applicable occupational health and safety laws. In seeking ways to improve

health and safety, the cost of such measures should not rule out the implementation of any such reasonable alternatives. Our goal is zero injuries and to achieve this we must each take personal responsibility not only for our own health and safety but for all those around us. *[Refer to the Health & Safety Policy Statement]*

2.2.1 Emergency preparedness. Specific plan, approved by your MatcorMatsu Joint Health and Safety Committee (JHSC), is designed to assist all associates to evacuate the premises, or in the case of severe weather to take shelter, in the safest possible manner. The duties and guidelines of each group: Associates, Team Leads / Lead Hands, Supervisors are identified and communicated accordingly.

2.2.2 Incident and accident management. MatcorMatsu, is committed to the protection of all its associates, its physical assets and the environment. In fulfilling this commitment to protect both people and property, we will provide and maintain safe and healthy working conditions, consistent with acceptable industry standards and in compliance with legislative requirements. We will strive to eliminate foreseeable hazards which may result in personal injuries/ illness, environmental pollution, property damage, accidents, security loss, fire, and perils. Our management/ supervisory staff will be held accountable for the health and safety of associates under their supervision. They are responsible to ensure the machinery and equipment are safe and that the associates work in compliance with established safe work practices and procedures. Associates must receive adequate training in their specific work tasks to protect their health and safety. MatcorMatsu recognizes the associate's duty to report to their supervisor or manager, as soon as possible, any hazardous conditions, injury, accident, or illness related to the workplace. Associates will be supported and encouraged to play an active role by offering suggestions or ideas to improve the health and safety program. MatcorMatsu, through all levels of management, will cooperate with the Joint Health and Safety Committee and associates to create a healthy and safe work environment. Cooperation will also be extended to Visitors and Contractors. Without exception, MatcorMatsu, shall comply with loss prevention requirements as they apply to the design, operation and maintenance of facilities and equipment. As importantly, each associate must protect his or her own health and safety by working in compliance with the law and with safe work practices and procedures established by the company.

2.2.3 Fire protection. MatcorMatsu has an emergency fire plan to be carried out in the event of this emergency. Annual fire drills will be conducted, and the associates will be provided with information concerning the emergency plan for your work area. The emergency routes are posted throughout the plant.

2.2.4 Substance Abuse. Substance abuse poses a threat to all of us in virtually every aspect of our lives, including the workplace. For the protection of all, it is imperative that the workplace be free from substance abuse, including use or possession of illegal or illicit drugs, and alcohol abuse. You may not use, possess, manufacture, distribute, dispense, transport, promote, or sell illegal or illicit drugs or drug paraphernalia while on Company business or on Company premises. You are prohibited from being at work or on Company business while under the influence of, or impaired by, alcohol or illegal or illicit drugs. Associates shall not perform any work while under the influence of any substance which could impair their judgement or diminish their capacity to render their employment obligations.

2.3 Non-Discrimination & Harassment.

2.3.1 Diversity, equity, and inclusion. Diversity, equity, and inclusion is a conceptual framework that seeks to promote the fair treatment and full participation of all people, especially in the workplace, including populations who have historically been under-represented or subject to discrimination because of their background, identity, disability, etc. MatcorMatsu is committed to equal opportunity in employment and to fostering diversity in our work force. Our hiring policies and workplace practices require that there be no discrimination because of race, color, religion, age, gender identity or expression, sexual orientation, creed or any other factors which may be covered by local law. We recognize that diversity in our work force is a valuable asset, and we strive to provide an inclusive work environment in which different ideas, perspectives, and beliefs are respected. Violations of the Company's equal opportunity policies may result in discipline, up to and including termination.

2.3.2 Harassment. As part of our commitment to having a respectful and inclusive work environment, the Company has long maintained an Anti-Harassment Policy. Harassment includes language or conduct that may be derogatory, intimidating, or offensive to others. All of us, including suppliers, contractors, customers and visitors to our premises, are protected under this Policy and are expected to abide by it. Violations of the Company's Anti-Harassment

Policy will result in discipline, up to and including termination or release. [Refer to the Workplace Violence & Harassment Policy]

2.3.3 Rights of minorities and indigenous peoples. Minorities and Indigenous peoples and individuals are free and equal to all other peoples and individuals and have the right to be free from any kind of discrimination, in the exercise of their rights, in particular that based on their indigenous origin or identity. Indigenous peoples have the right to self-determination. MatcorMatsu is committed to respect the rights of minorities and indigenous people in the communities where we operate.

2.3.4 Women's rights. MatcorMatsu is committed to respect the Women's Rights, which are the Human rights. These include the right to live free from violence and discrimination; to enjoy the highest attainable standard of physical and mental health; to be educated; to own property; to vote; and to earn an equal wage.

2.4 Media. The only official spokesperson for the Company is the Chief Executive Officer ("CEO"). Every other person is prohibited from representing himself or herself as a spokesperson for MatcorMatsu without the prior written consent of the CEO. All requests from the media for official statements of MatcorMatsu should be referred to the CEO, whom shall also approve all articles, press releases or other public communications involving MatcorMatsu.

2.5 Political Contributions. No associate may make any political contribution of any kind in the name of the Company or utilizing MatcorMatsu's funds, assets, services or facilities. Furthermore, you cannot require, nor should you request a supplier or vendor of the Company to make a political contribution of any kind as a condition of doing business with MatcorMatsu. As an associate, you are free to make a personal political contribution or engage in personal political activities so long as such contributions or activities are lawful, do not interfere with your work responsibilities or give the appearance of a conflict of interest.

2.6 Competition and Antitrust. Competition and Antitrust laws protect free enterprise and encourage fair and honest competition. At MatcorMatsu, we seek competitive advantages by strategic alignment with our suppliers and customers as well as through superior operational performance, never through unethical or illegal practices. Stealing or illegally appropriating proprietary information or inducing disclosures by past or present associates of other companies is prohibited. If you improperly obtain proprietary information from competitors, suppliers or other third parties, you should treat that information as confidential and not use it for improper business purposes. In addition, you should promptly report the situation to your manager. You are expected to comply with applicable domestic and international antitrust and competition laws. Engaging in, conspiring to or agreeing to do any of the following actions may be prohibited:

- Bid Rigging – agreeing with competitor(s) regarding bids to be submitted;
- Group Boycott – agreeing with competitor(s) not to deal with vendors or distributors, other competitors or customers;
- Territory or Customer Allocation – agreeing with competitor(s) to split territories or customers;
- Bribes or Kickbacks – offering to pay bribes or provide kickbacks to do any of the above.

The above list is not intended to be exhaustive but is an illustration of certain types of conduct that constitute illegal antitrust behavior.

3. Corporate Responsibility - Supplier Code of Conduct

Social responsibility is an inescapable element of the long-term success of our Company, just as it is for our stakeholders, business partners, associates, and our customers. A plan for true sustainability requires not only that we are a good global citizenship but that we remain competitive in the long term. True social responsibility is not an obstacle but an enabler to this end. These principles are followed by our Company and our Suppliers worldwide. This documentation of Corporate Social Responsibility beliefs and expectations notifies every supplier and contractor that they must share in the adherence to these practices.

3.1 Human Rights. We respect and support compliance with internationally accepted human rights policies and laws.

3.2 Forced Labour / Recruitment. We condemn all forms of forced and compulsory labour. All recruitment

efforts, including recruitment efforts by recruiters will comply with applicable labour laws. Labour must be voluntarily and freely chosen. All suppliers, including recruitment agencies used by a supplier, must verify the legal employment eligibility of all persons to work and not use any prison, indentured, forced, involuntary, bonded or slave labour.

3.3 Child Labour and Young Works. We support the effective abolition of exploitative child labour and Young Workers. Suppliers will not employ individuals in violation of local mandatory school age or under the legal employment age in each country where they operate.

3.4 Non-Discrimination and Harassment. Suppliers will uphold equal opportunities with respect to employment and will refrain from discrimination in any form unless national law expressly provides for selection according to specific criteria. Discrimination against associates based on race, color, religion, age, gender identity or expression, sexual orientation, or creed and other factors that may be covered by local law is not acceptable.

3.5 Working Conditions. We are opposed to all exploitative working conditions.

3.6 Protection of Health and Safety. Suppliers will ensure health and safety at the workplace to a level no less than required by applicable legislation and supports the continuous improvement of working conditions.

3.7 Wages and Benefits. MatcorMatsu will meet applicable minimum wage requirements of each host country we operate in. Suppliers will honour the right to reasonable compensation of a level no less than the legally established minimum-wage and the local job market, based on local laws and regulations. Within the scope of national legislation, suppliers will respect the principle of “equal pay for work of equal value.”

3.8 Working hours. Suppliers will comply with national provisions and agreements regarding working hours and regular, paid holidays.

3.9 Environment. We believe in stewardship of our natural resources. Suppliers will comply with all applicable environmental laws and regulations and will promptly develop and implement plans or programs to correct any non-compliant practices.

3.10 Anti-Corruption and Anti-Money Laundering

3.10.1 Corruption and Ethics. We will work against corruption in all its forms. We strictly adhere to all local and applicable local laws and regulations related to corruption and ethics and require its suppliers to act in a similar manner.

3.10.2 Anti-Money Laundering. It is the policy of MatcorMatsu to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable regulations.

3.11 Privacy. We will endeavor to protect the personal information of our associates, customers and anyone else we are engaged in business with, in accordance with each country’s laws and hold our suppliers to the same standard.

3.12 Protection of intellectual property. All suppliers must respect intellectual property rights and safeguard all MatcorMatsu’s information including but not limited to, know-how, trade secrets, financial information, new product or service development plans and other sensitive MatcorMatsu or personal information and limit access to such information only to those supplier personnel who have a legitimate business need for such information.

3.13 Freedom of Association and collective bargaining. All suppliers shall freely allow their workers to join associations, and bargain collectively, in accordance with local law, without interference, discrimination, retaliation, or harassment.

3.14 Improper Payments. Any form of bribery, “kickback”, or improper payments (of cash or anything else of value) to government officials, Company associates, or other third parties, to obtain an unfair or improper advantage are strictly prohibited. All Suppliers and their associates, agents or representatives are prohibited from directly or indirectly accepting, soliciting, offering or paying a bribe or providing anything else of value (including gifts or gratuities, with the exception of commercial items of modest economic value) to any MatcorMatsu associate or any third party.

3.15 Accurate Records. All Suppliers will provide MatcorMatsu with accurate and complete invoices and other transaction documentation and will not assist or engage in any action or inaction that could reasonably be expected to

result in the Company's books and records not being accurate and complete in all respects. Among other things, discounts, rebates and other credits will be provided to the Company in full and in the applicable period earned or granted, unless otherwise specified in the terms of the applicable agreement with the Company. In addition, the amount and effective date of any price changes must be in accordance with the terms and limits, if any, set forth in the applicable agreement with the Company. Costs, fees and expenses chargeable to the Company must be clearly and accurately described and actually incurred.

3.16 Responsible Material Procurement. Use deliberation and care in the procurement of materials to prevent purchasing materials which are unlawful or obtained through unethical means. Specific to conflict materials, suppliers shall exercise due diligence from Conflict-Affected and High-Risk areas, on its entire supply chain with respect to the sourcing of all tin, tantalum, tungsten, and gold contained in its products, to determine whether those metals are from the Democratic Republic of the Congo (DRC) or any adjoining country and, if so, to determine whether those metals directly or indirectly financed or benefited armed groups that are perpetrators of serious human rights abuses in the DRC or an adjoining country. Countries that adjoin the DRC are Angola, Burundi, Central African Republic, Rwanda, South Sudan, Tanzania, Uganda and Zambia.

3.17 Export and Trade Compliance. Our suppliers must comply with all applicable laws and regulations concerning export licences and other consents in connection with any goods and services, transactions, and transactions in so-called Sensitive Countries or with legal and natural persons subject to restrictive measures.

3.18 Counterfeit Parts. Our suppliers should use the best quality goods, materials, standards and techniques, and ensure that all goods and materials supplied, used or transferred to the Company will be free from defects in workmanship, installation and design, as well as free of second hand, counterfeit and/or replica parts.

3.19 Supplier Relations. All Suppliers are expected to assist MatcorMatsu in enforcing this Supplier Code of Conduct and are responsible for communicating these principles to their respective associates, subsidiaries, affiliates, and subcontractors.

3.20 Modern Slavery. Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. MatcorMatsu has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all its business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in any part of its supply chain.

3.21 Reporting Violations. Suppliers are responsible for reporting to the Company suspected violations of law or the MatcorMatsu Code of Conduct and Ethics Guidelines.

3.22 Use of private or public security forces. In the performance of their duty, private or public security forces shall respect and protect human dignity and maintain and uphold the human rights of all persons. Private or public security forces shall respect the law and the present Code. They shall also, to the best of their capability, prevent and rigorously oppose any violations of them.

3.23 Responsible chemical management. Responsible chemical management is a systematic approach toward selecting, evaluating, procuring, storing, transporting, using and disposing of chemicals. Our Position, our approach to responsible chemical management in our operations focuses on occupational health & safety, and aims to minimize potential risk of chemicals to the environment and the communities in which we operate.

4 Conflict of Interest.

Each associate is expected to give his or her first business loyalty to MatcorMatsu. Where we are entrusted with making decisions and choices for MatcorMatsu, it is essential that these decisions are (and are seen to be) free of any inappropriate bias arising from personal relationships or the opportunity for personal gain. Personal relationships with suppliers, customers, contractors and other associates must not affect your ability to act in a manner that is best for the Company. All suppliers must disclose any actual or potential conflict of interest and discuss it with MatcorMatsu management. Any activity that is approved, despite an actual or apparent conflict, must be documented.

4.1 Avoiding the Appearance of Conflict of Interest. We must always act in such a manner that your conduct will bear the closest scrutiny. Not only actual conflict of interest, but even the appearance of conflicts is to be avoided. Perception of conflict of interest can be just as damaging to the reputation of the Company and its associates.

4.2 Outside Activities. Outside employment, whether for another Company or for yourself, can create a conflict of interest. It is strongly discouraged at every level and is prohibited under the following circumstances:

- It interferes in any way with the performance of your duties.
- It is connected in any way with a Company that has any business relations with MatcorMatsu.
- It is connected in any way with a business competitor.
- It calls upon the primary professional skills for which you are employed at MatcorMatsu.

If you are at all unsure as to whether your outside employment violates the above rules, you should check with your manager and ensure that the conclusion is documented.

4.3 Bribes and Kickbacks. As MatcorMatsu associates we do not offer, give, solicit, or receive any form of bribe, kickback, or improper inducement in order to secure business from customers, award contracts to suppliers or gain regulatory approval from government officials. This applies to all transactions everywhere in the world, even where the practice is widely considered “a way of doing business.”

4.4 Purchasing Decisions. We never exert influence to obtain special treatment on behalf of a particular supplier. It is essential that suppliers competing for MatcorMatsu’ business have confidence in the integrity of our selection process.

4.5 Charitable Donations. MatcorMatsu supports a wide range of charitable and social causes in the communities where our associates live and work. We are dedicated to working with charitable organizations that share our goal to help make a difference. Through our donations and sponsorships, we provide significant support to local communities. We will continue to focus on strategic areas through direct support that helps organizations develop the resources and capacity required to be effective. MatcorMatsu associates are not to solicit suppliers for charitable donations.

4.6 Personal Relationships. Personal relationships may at times develop with suppliers and customers. Asking these suppliers or customers to provide products or services can create a real or perceived conflict of interest. We refrain from all such activities. If you learn of such activities, you should report them in confidence to your manager. From time to time, suppliers who may be relatives or friends of MatcorMatsu associates solicit business from MatcorMatsu. In these situations, it may be difficult to maintain objectivity in your decisions. Although it’s not strictly prohibited to do business with these suppliers, it is required that you disclose any such relationships to your manager.

4.7 Family and Friends within the Company. MatcorMatsu supports relatives working in the organization as we are always trying to attract top talent. However, it is our strong preference that they should not report within the same organizational line or where there is a significant sphere of influence. In this respect, relatives are defined as direct family members including grandparents, grandchildren, aunts, uncles, cousins, siblings and those who share a conjugal relationship. The same organizational line means a reporting relationship whereby, the junior person would fall under the supervision of the senior one if you traced a line up the organizational chart. Significant sphere of influence refers to a situation where one relative, although in a different reporting line, still could have significant influence over the other relative.

4.8 Receiving of Gifts or Favours. Except where prohibited by law, associates may offer and accept reasonable business gifts and entertainment to and from business associates provided that the gifts or entertainment are modest in value and appropriate under the circumstances. Business gifts and entertainment on a modest scale are legitimate tools in building good business relationships. For instance, providing or accepting occasional meals, promotional items and tickets to sporting and other events may be appropriate in certain circumstances. Exchanging gifts or providing entertainment will generally not be considered a breach of our Code of Conduct and Ethics when the gift or entertainment is (i) given pursuant to accepted business practices, including this policy, (ii) not intended as an inducement, and (iii) consistent with applicable law. Any associate with questions about the propriety or legality of offering or accepting a particular gift or providing certain entertainment should check with their manager or the Chief

Executive Officer of the Company. "Gifts and entertainment" are anything of value, including:

- cash equivalents (such as gift cards or gift certificates);
- a loan, unless it is from a regular financial institution on normal terms;
- tickets to any event, unless the supplier is in attendance and the situation meets all other entertainment limitations;
- gifts or other donations for parties or social events attended principally by Company personnel;
- meals and beverages;
- use of vehicles or vacation facilities;
- travel expenses;
- transportation;
- discounts;
- prizes
- favours

Return any inappropriate gifts with a polite note explaining the Company's policy and advise your manager. If it is not practical to return the gift, consult your local Human Resources representative to determine what to do with the gift.

4.9 Giving of Gifts or Favours. Giving gifts, just like receiving gifts, can harm the Company's reputation by creating the appearance of impropriety. In some situations, giving gifts or favours can also violate the law, for example when dealing with government officials. However, it is recognized, that some business entertainment or social activity with business associates may be appropriate and beneficial to MatcorMatsu when undertaken with discretion. If there is a good business case for entertaining or socializing with business contacts in your role as a MatcorMatsu associate, you must pay for all costs of such entertainment and apply for reimbursement through the established expense claim process. If you participate in business related entertainment that advances MatcorMatsu's interests but where it is inappropriate or impossible for MatcorMatsu to pay (e.g. social courtesy and grace would make attempted payment offensive to the host) then you should accept the entertainment graciously on behalf of MatcorMatsu and disclose it to your manager in writing, preferably in advance.

5 Company Assets.

As associates, each of us is responsible for protecting the Company's assets and ensuring that they are used for Company business purposes and in accordance with Company policies.

5.1 Care of Company Assets. You are responsible for the proper use and security of Company property entrusted to you. You should ensure that all MatcorMatsu property assigned to you is maintained in good condition. You should be able to always account for such equipment in accordance with established procedures.

5.2 Personal Use of Company Assets. Any use of MatcorMatsu property or services that are not solely for the benefit of MatcorMatsu must be approved in advance by your supervisor or manager. Common sense dictates that some items, such as the occasional phone call on personal affairs or a personal email are acceptable. Use good judgement and, if in doubt, err on the side of disclosure and seek approval from your supervisor. Company computers and all information contained within these assets are provided to associates as necessary tools for job performance. We are all expected to use these tools in full accordance with our policies. All electronic data stored on Company computers or similar assets are the property of the Company. You should have no expectations of privacy when using Company computers or other Company resources. The Company has the right to monitor or access documents on its systems at any time, within the limits of existing laws and agreements. (This policy statement excludes Company vehicles; see separate policy)

5.3 Theft of Company Assets. Theft of Company assets is the most fundamental breach of the employment relationship. MatcorMatsu will not tolerate theft under any circumstances and will terminate and prosecute in such situations.

5.4 Theft from Coworkers, Customers or Suppliers. The Company will not condone theft of any kind while on Company property or on Company business. We must respect the property of others and any acts of theft may be dealt

with through legal means and may result in termination.

6 Intellectual Property.

The Company's various types of intellectual property are highly valuable assets. They are key to our business strategy of using innovation to sell world-class products that are both unique and technologically superior. Intellectual property shall remain the exclusive property of the Company and includes patents, copyrights, trade secrets, know how or any product or process that was developed or marketed by MatcorMatsu that were either provided to you or that you otherwise obtained access to in the course of your employment. New ideas or inventions may be protected through a formal patent, or as trade secrets. Regardless of whether an idea is formally protected, it shall remain the property of MatcorMatsu if it was conceived or developed through the execution of your position within the Company. It is the policy of the Company to secure and protect its intellectual property rights, and to take appropriate action against any individual or group making unauthorized use of our rights. All associates should continually monitor and protect the intellectual property of the Company against infringement by others and should not infringe the intellectual property of others.

6.1 Data Privacy and Protection. Data privacy laws safeguard information about individuals. This information includes name, age, contact details, employment, and financial information. MatcorMatsu respects the basic right of individuals to privacy including Associates, contractors, customers, and suppliers. It is often necessary to collect such personal information and MatcorMatsu will make every effort to ensure that such information is protected from misuse. [Refer to Information Technology Policies: (a) Internet Access & Acceptable Use; (b) System Access & Acceptable Use; (c) Email Acceptable Use]

6.2 Careful Communications. Each associate is responsible for ensuring that your communications are clear, correct, and appropriate. Responsible and appropriate communications are essential not only to conducting our business, but also to the Company's reputation. Copies of communications may be used as evidence in court, in submissions to government agencies, in the development of media articles as well as in determining corrective actions. Communication includes written memorandums/letters, handwritten notes, email, drawings, computer files, voicemail, and photographs. In addition, be cautious in public places, during travel or when using public forums as to not disclose confidential Company information as it may be overheard.

6.3 Confidential Information. Each associate must keep strictly confidential and use solely for the purposes of performing your employment related duties, any Intellectual Property or Confidential Information disclosed to you either by the Company or their customers and suppliers in the course of your employment. Confidential Information includes, without limitation: all business plans, strategies, corporate policies, financial information, operational and technical information, marketing information, customer lists and preferences, current or anticipated customer requirements, price lists, marketing studies, sales analysis, product plans, supplier information, associate information, organizational structure, associate lists, information regarding labour relations, associate remuneration, and any other confidential information concerning the business and affairs of the Company or their customers and suppliers, including information which, though technically not trade secrets, the unauthorized dissemination or knowledge of which might prove prejudicial to the business interests of the Company.

7 The Environment.

It is the policy of MatcorMatsu that our manufacturing operations and products should accomplish their functions in a manner that protects the health of the environment. MatcorMatsu is committed to meeting all regulatory requirements; however, when necessary and appropriate, MatcorMatsu may establish its own standards, which may exceed regulatory requirements. Consideration of potential health and environmental effects should be an integral part of all Company business decisions including those relating not only to the manufacture of our products but also the design and ultimate disposal of those products. It is clear that strong and profitable companies of the future will be the ones that lead the way for sustainable use of our resources. MatcorMatsu is focused on many environmental initiatives which reduce our environmental impact not only within our operations but in the products we design and manufacture.

7.1 GHG Emissions Reporting. Reduce our carbon footprint (e.g., by reducing energy use and increasing energy efficiency, switching to renewable energy, reducing waste, reducing personal transport emissions. Work to increase awareness of the threat that climate change poses to the health and wellbeing of our children and future generations. Measure and seek to constantly reduce our environmental footprint.

7.2 Energy Efficient. MatcorMatsu will promote the efficient use of energy to produce and deliver world class products and services to our customers. We are committed to responsible energy use and will practice energy efficiency in all facilities and processes, wherever it is cost effective.

7.3 Renewable Energy. We encourage the development and deployment of renewable energy technologies to speed the application of the resulting technologies to our energy needs.

7.4 Sustainable Resource Management. MatcorMatsu is committed to seek continual improvement throughout our business operations to lessen our impact on the local and global environment by conserving energy, water and other natural resources; reducing waste generation; recycling and; reducing our use of toxic materials.

7.5 Waste Reduction. MatcorMatsu is committed to minimize the generation of waste, including waste from products and packaging. Minimize the need for waste disposal. Minimize the environmental impacts that result from resource recovery activities and waste reduction activities, including from waste disposal.

7.6 Soil Quality. Healthy soil is essential for achieving climate neutrality, a clean and circular economy and stopping desertification and land degradation. They are also essential to reverse biodiversity loss, provide healthy food and safeguard human health. MatcorMatsu is committed to minimizing the impact of our activities on the soil.

7.7 Land, forest and water rights and forced eviction. The right to land and natural resources is as much a collective right as an individual right. The land and natural resources fulfil multiple functions which are closely related to the realization of multiple human rights. Rural people need land and natural resources in order to make from them an adequate standard of living, to have a place to live in security, peace and dignity, to attain the highest standard of health and to develop their cultures including their spiritual relationship with nature. MatcorMatsu commitment and obligation is to respect the right to land and natural resources. MatcorMatsu will refrain from interfering directly or indirectly with the enjoyment of this right. This obligation includes, inter alia, recognizing and respecting the customary rights and the natural commons; and refraining from forced evictions or any practice or activity that destroys or arbitrarily impairs existing access to, use and management of land and natural resources.

7.8 Biodiversity, land use and deforestation. Protecting life on land is a shared challenge that requires a shared response. By protecting and restoring terrestrial ecosystems, and halting and reversing land degradation and biodiversity loss, we are helping to build a healthier future for society, business and the planet. Land use involves the management and modification of natural environment or wilderness into built environment such as settlements and semi-natural habitats such as arable fields, pastures, and managed woods. Deforestation or forest clearance is the removal of a forest or stand of trees from land that is then converted to non-forest use. Deforestation can involve conversion of forest land to farms, ranches, or urban use. MatcorMatsu is committed to operating in harmony with nature so that future generations may continue to enjoy the natural wonders of our world.

7.9 Animal welfare: Animal welfare is a global concern. The Universal Declaration on Animal Welfare (UDAW) is a proposed inter-governmental agreement to recognise that animals are sentient, to prevent cruelty and reduce suffering, and to promote standards on the welfare of animals such as farm animals, companion animals, animals in scientific research, draught animals, wildlife and animals in recreation. (Note: this it is not applicable for MatcorMatsu Automotive Group)

7.10 Noise Emissions: Matcor Matsu is committed to reduce noise levels to lowest levels practicable for associates and members of the public.

8 Reporting of Non-Compliance Incidents and Enforcement.

All associates must report all known or suspected violations of Company Policy or business-related legal requirements to their local Human Resource representative, including:

- Legal or regulatory items;
- Violations of the Company Code of Conduct and Ethics; and

- Company Policies and Procedures.

All complaints and reports will be handled promptly and discreetly. MatcorMatsu is committed to maintaining adequate procedures for the confidential reporting by concerned persons. Any complaint or report of a contravention or possible contravention will be treated on a confidential basis. The complainant's identity will be treated confidentially, unless specifically permitted to be disclosed by him/her or required by law.

MatcorMatsu prohibits retaliation against any person for reporting in good faith a complaint or contravention or possible contravention by another concerned person or for cooperating in an investigation regarding another concerned person's contravention or possible contravention. Any person who retaliates against any complainant may face disciplinary measures.

Reporting Methods:

There are several reporting methods that are available to report suspected violations, including:

- Open Door Policy
- Direct Communication
- Website: www.MatcorMatsu.com
- Mail: 7657 Bramalea Road, Bramalea, Ontario, L6V 5T3 (RE: Code of Conduct & Ethics)
- Quality of Work Life Survey

Conflict Minerals

Under legislation which came into effect in 2012, manufacturers who file certain reports with the U.S. Securities and Exchange Commission (SEC) must disclose whether products they manufacture, or contract to manufacture, contain conflict minerals that come from sources that support or fund inhumane treatment in the region of the Democratic Republic of the Congo or an adjoining country.

OEM Customers are required to be in compliance with Conflict Mineral Reporting. To ensure compliance with the SEC and OEM requirements the Matcor-Matsu Auto Group is required to request that suppliers under contract with Matcor-Matsu, review, manage and enforce compliance in order to prevent the use of conflict minerals.

Matcor-Matsu Automotive Group requires all suppliers be free from conflict minerals, in the product or processes they support the Matcor-Matsu Automotive Group and OEM's with. Conflict Mineral Reporting is required to be reviewed and updated on annual basis and/or as required by the OEM customer supplier product/process are applied towards.

Any supplier contacted by Matcor-Matsu Automotive Group, must support Matcor-Matsu Automotive Group by accurately conducting their due diligence through the CMRT process and provide all requested data and reports.

Additional information on conflict minerals reporting can be found by checking either of these two links:

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

2. Basic Requirements

2.1 Supplier Qualifications

Any suppliers currently shipping to any Matcor-Matsu Automotive Group must provide all information profiling applicable business systems, commodity capabilities and identifying key contact personnel. If a supplier has multiple manufacturing sites with applicable unique DUNS identification, each manufacturing DUNS site is required to provide all information profiling applicable business systems, commodity capabilities and identifying key contact personnel details. Suppliers are required to maintain information up to date, at a minimum; data must be reviewed and, if necessary, updated at least annually. Maintaining current information is critical to all Matcor-Matsu Automotive Group buyers and quality personnel.

Suppliers to Matcor-Matsu Automotive Group must also meet key operational, financial and quality criteria, which combined determine a supplier's status. These metrics are reviewed on a regular basis and assist in development of Matcor-Matsu Automotive Group's overall purchasing strategies.

2.2 Certifications

Matcor-Matsu Automotive Group's goal is for all suppliers of materials and services, producing or affecting direct production material, to demonstrate conformity to the latest IATF16949/ISO9001 standard, and to other standards that might be directed by the procuring plant(s) including, but not limited to ISO17025, OHSAS18001, ISO/IEC27001 and ISO15504 SPICE. Unless an exemption is provided by your procuring Matcor-Matsu Automotive Group manufacturing facility, suppliers must be certified, by an accredited certification body, to the latest ISO9001 standard requirements. Suppliers without exemption and who are not currently certified to IATF16949 should have an implementation plan for IATF16949 certification. Matcor-Matsu Automotive Group also encourages our suppliers to work towards certification to Occupational Health and Safety standards through certification to OHSAS18001. Suppliers will be subjected to an initial management system assessment, by a qualified Matcor-Matsu Automotive Group auditor, as part of the selection process and once qualified the management system audit will be conducted on regular basis or as needed. Should any existing certification expire, be revoked, or be placed in suspension or probation, the supplier must immediately contact Matcor-Matsu Automotive Group manufacturing facility to which the supplier ships product, notifying them of the change in certification status. Any suspension in certification status must be reported to all applicable Matcor-Matsu Automotive Group manufacturing facilities within 5 working days.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 9.2 Internal Audit VWAG requires a yearly Supplier Self Audit (VA/SL) acc. Formel-Q-capability (Chapter 3)), a Self Audit has valid time period of max. 12 months. A specific Self-Audit-Format is supplied on Volkswagen Group B2B www.vwgroupsupply.com "Format for Supplier Self Audit" Supplier Self Audit (VA/SL) must be conducted by certified VDA 6.3 auditors (see auditor qualification in Section 3.2 of FQF 8.0). Formel-Q- Capability-Appendix must be considered. In case of D/TLD-marked parts supplied to VWAG, a D/TLD-Supplier-Self-Audit according to Formel-Q-capability is required within every 12 month. (Formel-Q-Capability, Chapter 7: "Quality Verification Audit for D/TLD Parts" (VW Suppliers only).

Where applicable, suppliers shall also maintain CQI-9 (Heat Treat System Assessment), CQI-11 (Plating System Assessment), CQI-12 (Coating System Assessment), CQI-14 (Warranty), CQI-15 (Welding), CQI-17 (Soldering) and all other FMVSS Standards, including but not limited to FMVSS 302 (Flammability reporting) requirements, if directed by your procuring Matcor-Matsu Automotive Group manufacturing facility and in support of applicable OE Customer-specific requirements.

(Ref. www.iatfglobaloversight.org)

In addition to direct material suppliers the scope of these requirements applies to suppliers of subassembly, sequencing, sorting, re-work (either on-site or at a remote location) and calibration services. Suppliers are expected to maintain the same level of quality and manufacturing controls for the production of service parts and assemblies (i.e. for the full life of the program). This shall include any service requirements transferred to any alternate site, location or organization.

Suppliers shall provide all applicable certifications to respective Matcor-Matsu Automotive Group manufacturing facilities. In the event of a lapse between certification expiry and issue of a new certificate, the supplier shall provide the issued letter of recommendation from their registrar to respective Matcor-Matsu Automotive Group manufacturing facilities.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.4.1.2 e) Supplier selection process VWAG requires in the Formel Q-Capability Software (Chapters 4-8) the employed quality assurance tools for evaluation suppliers' quality capability to develop software products. Depending on the product additional requirements may apply, which are described in other applicable documents indicated in Formel Q-Capability Software (Chapter 2) (VW Suppliers only).

2.3 Supplier Assessments

Matcor-Matsu Automotive Group reserves the right to review and assess a supplier's financial, operational, quality, environmental and Health & Safety systems, for the purposes of validating compliance to standards established by applicable IATF16949/ISO9001 Standards or requirements as detailed within this manual. Assessments or reviews may be conducted from time to time in order to ensure the on-going stability and viability of Matcor-Matsu Automotive Group's supply base. Suppliers are expected to provide, upon reasonable notice, access to their facility as well as those of sub-tier suppliers, as necessary. All appropriate measures will be taken to protect confidentiality of operational and financial information.

Assessment results are intended for verification of applicable IATF16949/ISO9001 requirements and Customer Specific Requirements, and in no way reduce or negates responsibility to meet specific regulatory, health and safety or other legal requirements applicable to the supplier.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 7.2.4 / 8.4.2.4.1 Second party auditor competency / Second party audits Formel-Q-Capability Appendix (Chapter 2; 5.7) The process-audits in the supply chain must be conducted in accordance to Formel-Q-Capability by certified VDA 6.3 auditors (see auditor qualification in Section 3.2 of FQF 8.0) (VW Suppliers only).

3. PRODUCT/PROCESS DEVELOPMENT & PART APPROVAL

3.1 Defining the Scope

Matcor-Matsu Automotive Group requires suppliers to complete all advance product planning and submission in full accordance with the AIAG Advance Product Quality Planning and Control Plan manual. Unless otherwise directed and approved by your procuring Matcor-Matsu Automotive Group manufacturing facility, all submissions shall be as per Level 3 requirements, at minimum. As determined by Matcor-Matsu Automotive Group's customer and upon request by Matcor-Matsu Automotive Group, suppliers must additionally meet submission requirements as per Customer Specific Requirements, i.e.: Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual, Volkswagen Specific Requirements.

Suppliers shall conduct all necessary and prescribed activities to ensure clarity of all customer and Matcor-Matsu Automotive Group-specific expectations as defined within Purchase Orders, etc. This includes activities and reporting related to design, testing, verification and/or validation and product conformance. Suppliers shall conduct and document detailed feasibility reviews to ensure all technical, manufacturing, performance, specification, certification (homologation) and timing requirements can be supported. Suppliers shall submit such feasibility reviews to Matcor-Matsu Automotive Group, upon request. In cases where product certification (homologation) is required, the supplier is responsible for ensuring completion of all homologation specifications and requirements. Responsibilities shall be mutually agreed upon prior to the start of any certification activity. Suppliers will ensure that resources are available and able to communicate effectively, to ensure successful completion of all requirements to meet defined program timing. It is also the responsibility of suppliers to ensure any sub-tier suppliers for which they are responsible, also have sufficient resources assigned. Suppliers will develop timing and progress charts, in a format as defined by the procuring Matcor-Matsu Automotive Group manufacturing facilities, and will maintain and review timelines on a regular basis.

As defined specifically by the Matcor-Matsu Automotive Group, suppliers must have the ability to securely communicate CAD data, as required. The supplier shall have adequate safeguards in place to prevent any improper use or communication of this data.

Suppliers are expected to use all appropriate tools in the product and process planning phase including, but not limited to:

- Geometric dimensioning & tolerancing (GD&T)

- Design for manufacturing & assembly (DFMA)
- Design of experiments (DOE)
- Simulation & Modelling
- Failure Modes & Effects (FMEA), Including VDA FMEA format where required
- Finite Element Analysis (FEA)

The supplier's scope of planning will also ensure that all capital and tooling budgets necessary to support the program, are approved and in place in time to meet timing requirements.

3.2 Planning & Definition of Requirements

Suppliers will work with the appropriate Matcor-Matsu Automotive Group manufacturing facilities to ensure definition of key program deliverables, including at minimum:

- Definition of all customer expectations and government or legislative requirements (e.g. FMVSS) related to product development and approval, as well as serial launch and production. Customer requirements shall include all requirements of the applicable Matcor-Matsu Automotive Group manufacturing facilities as well as all final Customer and compliance expectations and requirements.

- Review of past warranty issues (as applicable) for any similar product design and/or application. Wherever possible, every attempt to benchmark competitor products shall be made. The warranty analysis shall include all sub-tier suppliers, where appropriate.

- Historical quality data on previous designs or revisions of the current part, or on similar parts and manufacturing processes, shall be reviewed. Problem reports and corrective actions shall be reviewed to ensure inclusion of adequate controls to prevent recurrence of previous non-conformities.

- Any campaign prevention data, or government recall or technical service bulletin data shall be reviewed, if available.

Suppliers shall work closely with Matcor-Matsu Automotive Group to ensure all processes are controlled adequately so as to prevent the manufacture and transfer of defects. Process controls must be sufficient so as to control failure modes identified through the Process Failure Modes Effects Analysis (PFMEA). During pre-launch and ramp up, supplier must be defect free, or be placed on Controlled shipping status through either second or third part means.

Special attention shall be given to all Customer attach or interface points on the final product and to critical processes such as heat treating, plating, coating, soldering, welding and appearance items.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.6.5 Statutory and regulatory conformity It is to expect a worldwide use if certain destinations were not specifically restricted by Volkswagen Group (VW Suppliers only).

3.3 Product Design & Development

Suppliers with design responsibility must receive Matcor-Matsu Automotive Group approval of all product design, test and validation specifications, including CAD specifications and transfer requirements. All deviations must be approved by Matcor-Matsu Automotive Group, in writing, in advance of implementation. Supplier requests for deviations and engineering approvals shall be documented and controlled as per the requirements and documents of the procuring plant(s).

Suppliers with design responsibility must complete all appropriate Design Failure Modes Effects Analysis (DFMEA), in compliance with latest AIAG standards and have them available for review and approval by Matcor-Matsu Automotive Group. The supplier and Matcor-Matsu Automotive Group will establish performance approval expectations for each phase including Engineering Validation (EV), Design Validation (DV) and Production Validation (PV) as defined by the procuring plant(s).

Data and results from EV, DV and PV testing shall be used in the design and construction of test and inspection equipment that will later control the manufacturing process.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.3.2.1 Design and development planning – supplemental VWAG requires all Suppliers to implement the Maturity Level Assurance process (QPN-I) See: Formel-Q-konkret (Chapter 3.1) (VW Suppliers only).

3.4 Tooling, Assembly Equipment, Gauges & Test Fixtures

Tooling, Assembly Equipment, Gauges & Test Fixtures design and build is generally the responsibility of the supplier, however many Matcor-Matsu Automotive Group plants have developed detailed Tooling, Assembly Equipment, Gauges & Test Fixtures Standards to ensure suppliers manufacture tools that will provide high quality parts throughout the life of the tooling. These Tooling, Assembly Equipment, Gauges & Test Fixtures Standards will be communicated to you via the procuring plant, if necessary. Suppliers are responsible for the maintenance of all tooling, testing and inspection equipment. Customer owned tooling, gauges and test fixtures must be identified as prescribed by the customer, including identification with appropriate asset tags, or similar identification. Final payment of tooling, assembly equipment, gauges & test fixtures will be contingent upon verification of proper identification and completion of PPAP as defined by AIAG PPAP or additional Customer Specific Requirements, i.e.: Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual, Volkswagen Specific requirements. PPAP approval will not be signed off without completion and signing of Matcor-Matsu Automotive Group approved documentation (i.e. receipts incorporating pictures of tooling, assembly equipment, gauges and test fixtures, and associated tagging or identification) reflecting the rights of Matcor-Matsu Automotive Group and its customer in goods, including tooling, which are placed in supplier's care and custody. At any time following notification to the supplier, Matcor-Matsu Automotive Group reserves the right to complete an on-site inspection of tooling owned by any Matcor-Matsu Automotive Group customer directly, or by Matcor-Matsu Automotive Group.

Payment terms may differ within various Matcor-Matsu Automotive Group and suppliers need to make certain that they reference any applicable tooling purchase order(s) for actual payment schedule.

3.5 Process Design & Development

As part of the advance planning process, suppliers must design and develop a manufacturing process that will meet quoted production volumes and all quality requirements as approved by Matcor-Matsu Automotive Group. Quality planning documentation such as Failure Modes Effects Analysis (FMEA), Process Flow Diagram (PFD, PQCT I) and Process Control Plan (PCP, PQCT II, MQC), Inspection Standards must be developed, reviewed and approved by Matcor-Matsu Automotive Group prior to production approval and launch. When a FMEA has a severity or failure mode of 9 or 10, or as defined by any unique requirements of a Matcor-Matsu Automotive Group customer, the risk must be addressed through design action / controls or process prevention/correction actions, regardless of the Risk Priority Number (RPN). Suppliers are expected to have a strong focus on prevention, as opposed to detection, and potential failure modes identified through the Advance Quality Planning process must have appropriate error-proofing designed into the manufacturing process to ensure capture and containment of product non-conformances. Suppliers must ensure that sufficient floor space is available to support all necessary manufacturing and testing equipment. Once production approval is received from Matcor-Matsu Automotive Group, any change to the manufacturing process must be communicated to Matcor-Matsu Automotive Group, prior to the change taking place. These changes must subsequently be approved by Matcor-Matsu Automotive Group prior to implementation.

The supplier will also develop necessary packaging and labeling, as per Automotive Industry Action Group (AIAG) or as defined by Customer or any applicable legal requirements. In the event that specialty handling or packaging is required, the appropriate Matcor-Matsu Automotive Group plant will communicate requirements to the supplier.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.3.2.1 Design and development planning – supplemental VWAG requires all

Suppliers to implement the Maturity Level Assurance process (QPN-I) See: Formel-Q-konkret (Chapter 3.1) (VW Suppliers only).

3.6 Product & Process Validation

Prior to final production approval, the supplier shall validate all control documentation (FMEA, PCP, PQCT II, MQC and PFD, PQCT I) to ensure the manufacturing process is properly detailed and all measurement and control systems are identified and implemented. The supplier shall establish appropriate production reliability/quality goals along with disciplined corrective action processes to drive improvement through the manufacturing process. Production Validation (PV) samples must come from the approved manufacturing process and flow, unless specifically authorized in writing by the procuring Matcor-Matsu Automotive Group manufacturing facility. Final production approval will require completion of all AIAG/Customer Requirements prescribed activities including component part dimensions, material certifications (as defined by procuring plant) and all approved supporting documents, and any additional requirements that may be defined by your procuring Matcor-Matsu Automotive Group manufacturing facility. Deviations required to be part of a PPAP submission package, must be approved in writing by the procuring Matcor-Matsu Automotive Group manufacturing facility, prior to PPAP submission. Unless otherwise specified by Matcor-Matsu Automotive Group, all level 3 requirements as detailed in the AIAG PPAP Manual or additional Customer Specific Requirements, i.e.: Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual. Unless otherwise approved in writing, by Matcor-Matsu Automotive Group, production approval will be contingent upon successful completion of run-at-rate production trials at the quoted rates, including low or high threshold rates as defined by Matcor-Matsu Automotive Group, and using the procuring plant's process and form. Successful run-at-rate must meet statistical capability requirements as defined through technical, AIAG/ Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual, or as approved by Matcor-Matsu Automotive Group. For suppliers with IMDS/REACH requirements, verification of data entry (using approved MDS number) must be submitted with PPAP. Failure to comply may result in a delay of PPAP approval and subsequent payment of tooling funds (for assistance with the IMDS system contact the IMDS Helpdesk at the contact numbers listed within the IMDS site at www.mdsystem.com). Final approval will be determined by the procuring plant. Suppliers are also expected to develop and implement detailed launch readiness reviews.

All product characteristics, as identified by Matcor-Matsu Automotive Group or its OE Customer, affecting design, manufacture, assembly, fit or function (including future / subsequent processing), will be identified and communicated by the procuring Matcor-Matsu Automotive Group manufacturing facility. As part of the ultimate product and process validation, suppliers shall be required to establish, validate and maintain short and long term capability, as defined by Matcor-Matsu Automotive Group. Customer designated special characteristics, as identified by Matcor-Matsu Automotive Group or its Customer, affecting safety or compliance with regulations, must be validated to have acceptable short and long term capability and must be controlled through acceptable statistical process control methods.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 4.4.1.2 Product safety VWAG requires a management role defined as "Product Safety Representative". See Formel-Q-konkret, Chapter 4.2 – Product Safety Representative (PSB) and "Produktsicherheitsbeauftragte bei Lieferanten (PSB)" / "Product Safety Representative (PSB)" in www.vwgroupsupply.com VW-specific Remark to "Note": VWAG considers the "special approval" a responsibility of the supplier. No additional approval by VWAG is required (VW Suppliers only).

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.2.3.1.2/ 8.3.3.3 Customer-designated special characteristics VWAG requires suppliers that supply parts with D/TLD-marking, to perform an annual self-audit according to the VW-defined D/TLD-Audit. (See: Formel-Q-Capability (Chapter 7) – Quality Verification for D/TLD-Parts; Formel-Q-Capability Appendix (Chapter 2; 6.2.3; D/TLD-requirements) (VW Suppliers only).

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.6.1 Release of products and services Formel-Q-konkret (Chapter 3.2) - Initial Sample testing and approval: The sample testing is to be based on VDA vol.2. The latest version of Formel Q-Neuteile Integral contains additional, more detailed Customer requirements regarding the sample testing process. This section 3.2 defines rules for designated parts in

assemblies and for assuring consistent component quality. Responsibility for the initial sample testing and approval of designated parts in higher-level assemblies resides with the first-tier Supplier in coordination with the receiving plant (if there is more than one, with the receiving plant of first use, which is generally also the type leader plant). (refer for complete requirements to Formel-Q-konkret, Chapter 3.2) (VW Suppliers only).

The supplier's annual revalidation to the technical specifications and submission level, as applicable, shall be conducted as per Matcor-Matsu Automotive Group's Customer Specific Requirements or as directed by their procuring manufacturing facilities.

Reference samples must be provided at no cost, for any product requiring surface finish or appearance requirements. These samples shall be taken from a production run made under serial production conditions. Suppliers shall provide the number of samples required by Matcor-Matsu Automotive Group and all samples must be regarded as controlled samples, along with approval signatures and expiry dates, if applicable. Samples will represent the minimal acceptance standards.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.6.2 Layout inspection and functional testing (deutsch: Requalifikationsprüfung) Formel-Q-konkret (Chapter 4.6) – Requalification In the context of Volkswagen Group the term “Requalification” is equivalent to the IATF-term “layout inspection and functional testing”: To ensure quality, the Supplier must carry out a regular requalification of its scope of supply in accordance VDA publication "Robust Production Processes" (section 5.3.4). Volkswagen Group requires a complete requalification (equivalent to Production-and-Process-approval/initial sample release) at least every three years. Requalification cycles can be defined by legislation, government agencies, and by component-specific requirements (e.g. in the performance specifications/Lastenheft) and must be implemented in the related product control plan. Any deviation from the requalification content must be agreed between the supplier and the customer (VW Suppliers only).

3.7 Feedback & Assessment

As part of the production part approval process for all new and transfer product, suppliers shall develop an early product launch containment plan. The process shall include regular reviews of data collected as part of the containment checks, with appropriate controls and corrective action implemented to address all instances of non-conformance. Containment plans, results and corrective action must be approved by Matcor-Matsu Automotive Group and available for review upon request.

Early product containment must remain in place until the production process is validated to be stable and approval is obtained from Matcor-Matsu Automotive Group. Unless otherwise specifically directed by your procuring plant, supplier early product containment plan must remain in effect for the first 5000 parts, per part number defect free, or until the customer will provide Matcor-Matsu Automotive Group the permission to exit from Containment (whichever is more stringent).

Suppliers shall not proceed with shipments of production material without full PPAP approval, unless an approved waiver, deviation or interim approval has been granted in writing by Matcor-Matsu Automotive Group. Suppliers can only ship the volume of parts, or for the duration of time specified by the interim approval.

First shipments must be identified both pre-production, Serial Production, New Level etc., must be properly identified with two of the following placards on adjacent sides of each container.

First Shipment Identification

		Build Event
<input type="checkbox"/>	Pre Production	<input type="text"/>
<input type="checkbox"/>	Initial Production	
		Change level
<input type="checkbox"/>	Engineering Change	<input type="text"/>
		Description
<input type="checkbox"/>	Other	<input type="text"/>

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4. Serial Production

4.1 Control of Fixtures & Test Equipment Monitoring

The supplier must have a documented system in place to control, calibrate, and maintain the proper function and an accepted level of repeatability and reproducibility of all inspection fixtures, measuring / testing instruments and equipment. All customer-owned fixtures and test/inspection equipment must be clearly identified in the manner prescribed by Matcor-Matsu Automotive Group or by Matcor-Matsu Automotive Group’s customer, as per Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual and Volkswagen Supplier Manual

Updating Instructions

Operating instructions must be readily available at every inspection station with a standard, describing the proper methodology for use in inspection. These instructions must include a reference to the standard, and revision level, and be approved by appropriate personnel. Whenever there is any change to the inspection procedure that affects the use of the standard, or when any identification information is revised, the operating instructions must be updated to reflect the current status. Where applicable all operation instructions must include POKEYOKE or “Red Rabbit” instructions with recorded checks available for review.

Validation

All measurement and test equipment must be calibrated annually, at a minimum, or at such greater frequency as established by the supplier’s Measurement Systems Analysis (MSA) process. The calibration record/certificate must be on file at the supplier’s facility, and be traceable to the actual identification information and to the appropriate standard. Calibration Services of equipment must meet the requirements of the latest released edition of IATF16949/ISO9001 standards.

Inspection, Measuring, and Test Equipment Records

Records must include any revision information, traceable to the part revision level. External/commercial/independent laboratory facilities used for inspection, test or calibration services by the supplier shall have a defined laboratory scope that includes the capability to perform the required inspection, test or calibration and must have evidence that the laboratory

is acceptable to Matcor-Matsu Automotive Group or must be accredited to ISO/IEC17025 or national equivalent.

Measurement System Analysis

Gage and fixture Measurement System Analysis (MSA) must be performed as detailed in the latest released edition of the AIAG Measurement System Analysis Manual, and must meet the standards of the procuring Matcor-Matsu Automotive Group manufacturing facilities. All Calibration records should specify acceptance limits.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.5.1.6 g) Management of production tooling and manufacturing, test, inspection tooling and Equipment Volkswagen Group Standard VW 34022 for Marking of Tools, Auxiliary Tools, Test Equipment, and Gages (Identification Plate) must be ensured (VW Suppliers only).

Record Retention

Suppliers are expected to maintain applicable retention periods as specified in IATF16949/ISO9001 latest edition standard, unless subject to longer retention periods in compliance with all applicable legal, governmental or Customer specific requirements, pursuant to requirements communicated in writing by the procuring Matcor-Matsu Automotive Group manufacturing facilities. Records must be stored in a location and/or environment that protects against inadvertent destruction. Following Customer Specific Requirements applies: Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual.

4.2 Monitoring of Product & Process

Manufacturing process control must include a continuous monitoring of product/process characteristics and of all key parameters influencing the manufacturing process. Appropriate statistical process control methods, or error-proofing, must be applied on all characteristics identified through the APQP process and as directed by your procuring Matcor-Matsu Automotive Group manufacturing facilities. Process parameters and product characteristics subject to legislative safety, environmental and/or emissions regulations must be documented in control plans in compliance with Matcor-Matsu Automotive Group specific requirements and IATF16949/ISO9001 requirements.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.5.1.1 Control plan (see: Formel-Q-capability, (Chapter 4.2) Product Audit) The Product Audit must be defined on the Product Control plan. Product Audit shall take place at least every 12 months for each product manufactured as a Series Production part (VW Suppliers only).

Suppliers must validate compliance to product and process requirements on a regular basis. This can be accomplished through layered process audits, systems self-audits or similar methods of verification. Records of such audits shall be available for review when requested by Matcor-Matsu Automotive Group.

Before and after all shutdown periods, the supplier should implement additional inspection controls to all higher risk products to ensure that defects do not reach Matcor-Matsu as a result of process interventions during scheduled downtime (ie. Holidays, summer shut down or customer driven shut down periods.)

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 9.2.2.4

Product audit Product Audit acc. Formel-Q-capability (Chapter 4) – Product Audit The Supplier is obliged to conduct Product Audits according to VDA 6.5 Product Audit shall take place at least every 12 months for each product manufactured as a Series Production part. For any A and B-faults as well as systematic C-faults caused by the supplier, the supplier shall immediately inform the Supplier Quality department of the Customer by reporting the issue. The implementation of further necessary actions is to be coordinated (VW Suppliers only).

4.3 Non-Conformance & Corrective Action

Non-conformance notices will be issued upon discovery of defective product identified as a result of, but not limited to line rejections, mis-labelling, mis-packaging, testing failures, failed inspection results, customer concerns, warranty and/or customer returns, receipt of obsolete material or material certification or other failure modes. The non-conformance process is typically managed through the following procedure: Supplier will be notified of the concern, through a Material Compliance Notice. All relevant containment actions must be initiated immediately and remain in place until corrective action has been reviewed and approved by Matcor-Matsu Automotive Group. Unless otherwise specified, initial response to the non-conformance must be completed within 24 hours of notification:

- Upon notification, the supplier shall initiate the Corrective Action Report (CAR) and any other supporting documentation as directed by the procuring plant(s). The initial CAR, detailing root cause and corrective action must be submitted to the Matcor-Matsu Automotive Group procuring plant within 5 working days. Validation and closure will be determined by the procuring division
- Quality and delivery non-conformance will be reflected in monthly supplier operational ratings

The supplier will be informed about the material disposition:

1. Return complete shipment
2. Return only rejected materials
3. Rework
4. Scrap defective material
5. Sort
6. Use as is

At the discretion of the Matcor-Matsu Automotive Group manufacturing facility, suppliers may incur costs for non-conformance issues, based on (but not limited to) the following criteria:

- Plant sort of supplier product on production line until certified stock arrives
- Production line shutdown
- Finished product sort and/or scrap of material
- Any material transfer of nonconforming supplier product
- Quality Department time for problem investigation
- Testing if required
- Any sort/rework charges incurred by the Plant
- Related transportation expenses
- Any costs incurred by Matcor-Matsu Automotive Group for disruption of our customers
- Costs associated with the disposition/return of unapproved or unauthorized material sent by the supplier
- Costs incurred by Matcor-Matsu Automotive Group associated with customer recalls or product failures, caused by supplier non-conformance


Suppliers will be responsible for all costs related to non-conformance issues, or unauthorized deviations, for which they are responsible. Those costs are charged to suppliers specifically to offset costs incurred by Matcor-Matsu Automotive Group and will vary according to the plant and specific issue involved.

The total cost may include but will not be limited to:
Return Rejected Material only:

of pieces (raw material)
 # of pieces (in process components completed)
 # of pieces (final products completed)
 Sorting: # of hours required for sorting @ US\$ 50.0 / Hr
 Rework: # of hours required for rework @ US\$ 50.0 / Hr
 Admin: # of hours required, 2 Hr min @ US\$ 250.0 / Hr
 Other: i.e. The cost of any other labor required for this MCN (washing or sandblasting of defective parts cost) or the number of hours required for any other operation @ US\$ 50.0 / HR,
 Customer charge backs: any customer charge backs due to the defective parts
 Equipment downtime: # of hours downtime for equipment @ US\$ 50.0 / Hr
 Premium/Additional freight: premium / additional freight cost

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.7.1.7 Nonconforming product disposition Must include suitable inspection and evidences of sub-supplier parts (VW Suppliers only).

Sample MCN:

		Matsu Ohio Inc. 228 E Morrison St. Edgerton, OH 43517 USA
INCOMING DISCREPANT MATERIAL COMPLAINT REPORT		MCN # 240
QUALITY AUDITORS USE ONLY		
SUPPLIER:	REJECT TAG #:	
PART NAME:	PART NUMBER:	
SAMPLE SIZE:	PRODUCTION DATE:	
NO. OF DEFECTS:	LOT / HEAT #:	
QTY ON HOLD:	BILL OF LADING #:	
REASON FOR PLACING MATERIAL ON HOLD:		
MATERIAL DISPOSITION ** failure to respond within 48 hours will result in automatic acceptance of rejection **		
<input type="checkbox"/> RETURN COMPLETE SHIPMENT <input type="checkbox"/> RETURN ONLY REJECTED MATERIAL <input type="checkbox"/> SCRAP DEFECTIVE MATERIAL <input type="checkbox"/> SORT		
<input type="checkbox"/> REWORK INSTRUCTION: <input type="checkbox"/> USE AS IS AS PER:		
SOURCE AUTH.:	RMA #:	AUTHORIZATION: AUTH. DATE:
CORRECTIVE MEASURES		
CORRECTIVE ACTION REPORT REQUIRED: BY:		
DEMERIT POINTS:		
POINTS EXPLANATION:	1 POINT - ALERT (USE AS IS)	2 POINTS - FIRST OCCURRENCE 4 POINTS - REPEAT OCCURRENCE
	5 POINTS - CUSTOMER COMPLAINT ISSUED	10 POINTS - CUSTOMER PR/R, DMR OR DMCAR ISSUED
AUTHORIZED COSTS		
		Freight Cost (\$)
Return Rejected Material Only:	# Of PCS (RAW)	@ \$ \$
	# Of PCS (SUB)	@ \$ \$
	# Of PCS (ASS'Y)	@ \$ \$
Sort:	# OF HOURS REQUIRED 1	@ \$ 50 /hour \$ 50.00
Rework:	# OF HOURS REQUIRED 1	@ \$ 50 /hour \$ 50.00
Admin:	# OF HOURS REQUIRED 2	@ \$ 250 /hour \$ 500.00
Other:	# OF HOURS REQUIRED 1	@ \$ 50 /hour \$ 50.00
		TAX \$
As Per:	DATE:	TOTAL \$ 650.00

Traceability

The supplier shall follow the traceability method as determined by the procuring Matcor-Matsu Automotive Group manufacturing facility (e.g. date and shift of manufacture along with sequential processing number). In some cases, the component may be critical enough so as to warrant part identification; these instances will be communicated through the appropriate quality and engineering groups unless superseded by the procuring plant(s). Traceability requirements on prototype production parts may be defined by Matcor-Matsu Automotive Group and must be supported by the supplier. Traceability records should be traceable back to the raw material.

The supplier shall ensure implementation and management of an effective FIFO method of stock rotation. Failure to comply with traceability requirements may lead to rejection of material and issuance of non-conforming material reports. Traceability Records shall be maintained as per Customer Specific Requirements. Traceability record retention deviations are only permitted if approved in advance in writing from your procuring plant(s).

Controlled Shipping

When directed by Matcor-Matsu Automotive Group, suppliers may need to certify product after a lot rejection has occurred. Two types of controlled shipping actions are usually employed when this situation occurs:

- Supplier conducted sort and certification of subsequent part shipments, and
- Third party sorting and certification

All controlled shipping actions are the responsibility of the supplier to coordinate and manage. Any third-party arrangements, not specifically directed by Matcor-Matsu Automotive Group, must be reviewed and approved by the procuring Matcor-Matsu Automotive Group manufacturing facilities. Continued part supply to Matcor-Matsu Automotive Group must meet released quantities and without supply interruption.

The supplier and the Matcor-Matsu Automotive Group plant will agree on the method to be used to identify all certified material.

Suppliers who are under controlled shipping or containment conducted by a third party, or external source, must notify all Matcor-Matsu Automotive Group manufacturing facilities they ship product to, of the containment activity.

Supplier Escalation Process

The Matcor-Matsu Automotive Group Supplier Escalation Process is designed to assist plants in their efforts to reduce chronic supplier quality and delivery issues and drive improvement in overall supplier performance.

The escalation process is only initiated after reasonable efforts have been made at the plant level, to address concerns and drive improvement, but without satisfactory results.

The escalation process ensures that:

- Appropriate levels of management are aware of issues and engaged in the resolution process
- Adequate resources are assigned to drive resolution of issues and improvement
- Matcor-Matsu Automotive Group leverages the Customer and the Supplier's IATF/ISO Registrar appropriately where suppliers are directed by the Customer
- The Matcor-Matsu Automotive Group "New Business Hold" and/or "Re-sourcing" decision is only made after a thorough review, and a consensus by all receiving Matcor-Matsu Automotive Group manufacturing facilities
- Appropriate communication is made to both Supplier and Matcor-Matsu Automotive Group executive management

The length of time spent at each step will be affected by the risk level and cost being incurred by Matcor-Matsu Automotive Group, as well as performance in meeting defined exit criteria.

Specific activities at each escalation stage may vary minimally, depending on the Matcor-Matsu Automotive Group plant

involved, however in general the escalation process is as follows:

- Escalation level 1 is at the plant level and includes:
- Division notification to supplier
- Level 1 containment
- Systemic corrective action plans due
- Notification to Corporate

Escalation level 2 is at the Group/Business Unit level and includes:

- Matcor-Matsu Automotive Group notification to supplier
- Level 2 containment
- Supplier Assessment & corrective action
- Potential new business hold
-

Escalation level 3 is at the Matcor-Matsu Automotive Group Corporate level and includes:

- Notification to Registrar
- Top level escalation meeting
- Level 2 containment (Mandatory)
- New business hold/resource

4.4 Product or Process Change & Deviations

All proposed changes with any potential impact on design or the manufacturing process (including changes at your sub-suppliers) must be submitted to the appropriate Matcor-Matsu Automotive Group manufacturing locations for approval, prior to implementation. Suppliers are not authorized to make changes without documented, written approval from Matcor-Matsu Automotive Group. Supplier must ensure that all supporting documentation is updated accordingly and shall be subject to a PPAP.

Deviations approvals by Matcor-Matsu Automotive Group must be documented and approved in the format used by the procuring plant(s) and are limited to a determined quantity of parts or duration of shipment. Requests must be made in advance and with ample time for implementation, if approved. Suppliers will be required to build and maintain sufficient inventories of parts, as determined by Matcor-Matsu Automotive Group, to support any changes and required approvals.

Suppliers are expected to effectively manage deviation expiry dates and must apply for any necessary extensions prior to the expiry of current deviations. Suppliers must be able to support any of Matcor-Matsu Automotive Group's Customer-specific documentation required as part of the implementation of proposed changes. The following will apply: Stellantis Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual and Volkswagen Supplier requirements.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.5.6 / 8.3.6.1 Control of Changes / 8.3.6.1/8.5.6 Design and development changes – supplemental VWAG requires its suppliers to obtain documented approval, or a documented waiver, prior to production, See Formel-Q-konkret, (Chapter 4.5) - Change management and Volkswagen Standard VW 01155 (VW Suppliers only).

Suppliers must also allow sufficient time to complete all required approvals at Matcor-Matsu Automotive Group, and at our affected Customer. Implementation of changes prior to final approval can result in:

Loss of existing status/designations

- Financial impact due to exposure to containment and other related costs to secure all unapproved materials
- Mandate to return to previous level/design materials, and associated scrap costs

- Loss of future business

Suppliers must have documented approval prior to shipping any material or product for which a deviation from specification is required.

Initial shipment of all modified product, following implementation of the approved deviation, must be clearly identified as directed by the appropriate Matcor-Matsu Automotive Group manufacturing location.

The Supplier must request from Matcor-Matsu Automotive Group all applicable manuals, standards, norms, specifications.

As per Honda North American Supplier Quality Manual & Honda Motor Supplier Quality Manual the following flow chart will be used for Honda Engineering Change / Change Point Control Management products:



Flowchart
ECN / CHANGE POINT CONTROL

Inputs	MatcorMatsu	Control Level	Explanation	Requirements	Responsibility
Design Change	New part design / Design change that affects part	A	The part drawing changes, altering the physical structure of the part. A design change is done when a new part drawing or an M/I is issued.	Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
	Design change that doesn't affect part (e.g. part name/ number change)	C		Internal at Matsu Alabama Inc. Track the changes Information available for Honda	Q.A. Manager Quality Engineer
New Supplier	<ul style="list-style-type: none"> • Addition of a new supplier or sub-supplier • Changing the supplier or sub-supplier • New delivery location • Change from in-house production to outside supplier (or vice versa) • Change in factory location 	A	A supplier or sub-supplier, who has never produced the part or component, begins manufacturing the part for Honda.	Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
Material Change	<ul style="list-style-type: none"> • Change of material supplier • Material supplier changed from outside to self-supplied (or vice versa) • Change in material composition 	A	The material(s) used to manufacture the part is changed.	Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
Manufacturing Method Change	<ul style="list-style-type: none"> • Casting or forging method change • Sintering condition change • Heat treatment condition change • Rubber or plastic molding condition change • Welding condition change • Plating or coating condition change • Machining or cutting condition change • Process standards or setting method change • Associate change on a critical process 	Honda Quality Rep to set Level	A process method, setting or condition used in manufacturing the part is changed or modified. This includes any change that effects the way the parts are produced as reflected in the PQCT. This applies when the normal control range changes, not for routine adjustments.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Process Order Change	<ul style="list-style-type: none"> • Change to the order of the process, or adding or deleting process steps • Change a temporary process to a permanent one (or vice versa) <p>Note: If the IPPAAR process cannot be completed before parts are to be shipped (e.g. a welding robot breaks down and the process is done by hand) contact PQ/PH immediately. PQ/PH will provide instructions and requirements to suppliers in this</p>	Honda Quality Rep to set Level	The manufacturing process order is changed or deviates from the PQCT.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer

Inputs	MatcorMatsu	Control Level	Explanation	Requirements	Responsibility
Machine Change	<ul style="list-style-type: none"> Initial use of a new machine Major modification or repair of a machine Minor modification or repair of a machine Equipment relocation within the same plant Equipment relocation outside plant or building Changes to machine control logic (e.g. software upgrade or replacement that affects machine function) 	Honda Quality Rep to set Level	When the machine initially used to produce the parts during the approval process has been changed or replaced by another machine. (Machine examples: stamping press, assembly line, injection or blow molding, forge press, etc.)	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Jig/Tool Change	<ul style="list-style-type: none"> Change in machining master for camshaft or pistons Change in machining master for other parts 	Honda Quality Rep to set Level	The primary or secondary tooling or jigs are changed, potentially affecting the quality, function, appearance, or reliability of the part. (Jig and tool examples: welding or cooling fixtures, sonic or heat welding, etc.) assembly fixtures used in manufacturing process,	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Die/Mold Change	<ul style="list-style-type: none"> New or renewed die or mold Revision or repair of the die or mold 	Honda Quality Rep to set Level	A die or mold that is used in the manufacturing process is new or changed.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Inspection Method Change	<ul style="list-style-type: none"> New or modified inspection equipment Measuring method change or measuring instrument type change 	Honda Quality Rep to set Level	The inspection methods of the part are changed, potentially resulting in either an improvement or changes in the part's quality performance. This may require a revision to the PQCT.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer

Inputs	MatcorMatsu	Control Level	Explanation	Requirements	Responsibility
Transportation / Packaging Change	<ul style="list-style-type: none"> Change in delivery method, packaging materials or containers 	B	The method of transporting the part to Honda, or the packaging of the part deviates from the initially approved method. The change could adversely effect the quality of the part	IPP Tag for first shipment (Note: B Level change do not require an IPPAAR unless instructed by Honda)	Q.A. Manager Quality Engineer
	If directed to sort parts use the Sort Label Procedure HSQM-0067. In this case no actual IPP tag is sent and reason code (11) is entered into ASN along with HTR/DTR Number.	N/A	N/A		
Use at Honda Direction Only	An IPP tag may be requested if a sort is deemed critical. For all other instances, enter a detailed description in the How Changed area	B	N/A	IPP Tag for first shipment (Note: B Level change do not require an IPPAAR unless instructed by Honda)	Q.A. Manager Quality Engineer

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.3.6.1/8.5.6 Design and development changes – supplemental / Control of changes VWAG requires its suppliers to obtain documented approval, or a documented waiver, prior to production, See Formel-Q-konkret, (Chapter 4.5) - Change management and Volkswagen Standard VW 01155 (VW Suppliers only).

4.5 Warranty

A primary focus of Matcor-Matsu Automotive Group’s Customers is expenses attributed to product performance after vehicle sale. Financial liability associated with warranty is increasingly significant as consumer awareness improves and OEM Customers extend warranty coverages.

OEM Customers have stipulated that warranty costs will be shared with their supply base. As such, suppliers will be expected to participate in warranty activities including:

- Warranty returns reviews/analysis
- Improvement actions
- Warranty cost responsibility

When a supplier’s component is implicated in a warranty, campaign or recall issue, with financial consequences to Matcor-Matsu Automotive Group based on Matcor-Matsu Automotive Group’s Customers’ warranty or recall policies, the supplier must be prepared to accept these costs. The costs for which a supplier shall be responsible shall be determined in accordance with Matcor-Matsu Automotive Group Purchase Order Terms & Conditions, and as defined by any plant specific Statement of Requirements (SOR) or warranty agreement.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 10.2.5 Warranty management systems The process of Failure Analysis including NTF shall be implemented. Procedure shall comply with VDA Volume “Field Failure Analysis“ (VW Suppliers only).

5. Materials & Logistics

In support of lean and efficient business processes, suppliers must be able to support electronic data interchange via Standard or Web EDI.

5.1 General Requirements regarding Logistics Processes

Suppliers shall design and manage their logistics processes to ensure quality and on time delivery of directed quantities to the location and at the times specified by Matcor-Matsu Automotive Group.

In partnership with our suppliers, Matcor-Matsu Automotive Group will work to develop logistics planning that ensures:

- Minimal complexity in logistics business processes
- Maximum flexibility to support response to late changes in volume or timing of deliveries
- Minimal inventories in the supply chain
- Packaging designs support all handling and loading requirements
- Just in time delivery that complies with established delivery times
- Focus on continuous improvement
- Timely communication of all potential supply interruptions

Suppliers must be prepared to provide delivery costs based on:

- 1. Stellantis (Free Carrier)
- 2. DDP (Delivered Duty Paid)
- 3. Other (As directed by Matcor-Matsu Automotive Group)

Based on the information provided, Matcor-Matsu Automotive Group will determine the Incoterms that will be used.

Brokerage fees on all imported products are typically the responsibility of Matcor-Matsu Automotive Group, unless otherwise indicated.

5.2 Packaging

Suppliers are required to adhere to Packaging Guidelines as defined by the Matcor-Matsu Automotive Group receiving manufacturing location, as well as all necessary AIAG/Customer Specific Requirements and Global REACH requirements. The Matcor-Matsu Automotive Group guidelines will be provided by Matcor-Matsu Automotive Group packaging representative. Special packaging and labeling requirements, in support of specific Product Launch activity, may be requested by a Matcor-Matsu Automotive Group facility. In the event that special packaging is required, design and approval will be managed as part of our overall APQP Program Delivery Process.

In preparation for product launch, production packaging approval, as well as back up packaging approval must be obtained from the Matcor-Matsu Automotive Group procuring plant(s) prior to a line Run @ Rate.

In order to ensure planned packaging optimizes the cube utilization of the transport vehicle, the plant assembly practices and lean operations, suppliers are responsible to validate packaging design to these requirements if not directed differently by Matcor-Matsu Automotive Group. Approval must be submitted with the PPAP submission. A unit load, regardless of returnable or expendable packaging, must be stackable with overall dimensions that allow for optimum cube utilization of the transport vehicle. Packaging that will be used to support service requirements, also requires the approval of Matcor-Matsu Automotive Group. Matcor-Matsu Automotive Group encourages suppliers to initiate design and cost improvement ideas, however Matcor-Matsu Automotive Group approval must be obtained prior to implementation of any packaging changes.

A completed supplier packaging form must be submitted to the Matcor-Matsu Automotive Group manufacturing facility, for approval of all new packaging or proposed changes to existing packaging. Approval must be granted prior to the first production shipment.

All suppliers supplying goods to Matcor-Matsu Automotive Group, that are considered to be controlled materials, must comply with appropriate legislated regulations for labeling, packaging and shipping, including SDS (Safety Data Sheet) documentation. Material requiring SDS shall not be shipped, without prior approval.

All solid wood packaging/pallets and crates must comply with the International Plant Protection Convention Standard ISPM #15.

Suppliers are responsible for the removal of all expired labels and debris from containers prior to packaging new material. Suppliers are responsible for ensuring that all containers are clean and that all functional gates or hinges are operational and safe.

5.3 Labelling

The supplier shall be responsible for the clear identification of products during all phases of production and delivery, and shall ensure appropriate labelling prior to shipment.

All materials for prototype or production consumption, shipped to Matcor-Matsu Automotive Group manufacturing facilities, must be identified with labeling containing both human-readable text / graphics, and machine-readable, bar coded symbols.

These materials shall contain, as applicable: container labels, master labels, mixed load labels, primary metals labels, and part labels if specified by design records or specifications. All labels must be legible and able to be scanned, in compliance to AIAG or Customer Specific Requirements or standards designated by the plant(s).

Characters and symbols shall comply with the requirements of AIAG, B-8 standard – Quality Assurance Guide for Shipping Labels and Other Bar Code Applications.

Parts Shipping labels (container, master, and mixed load), shall comply with the layout formats defined in the AIAG, B-3 standard – Parts Shipping Label. Customer specific content may be specified by a Matcor-Matsu Automotive Group plant. Primary Metals labels shall comply with the layout format defined in the AIAG, B-5 standard – Primary Metals.

Part labels shall comply with the requirements defined in the AIAG, B-4 standard – Parts Identification and Tracking Application Standard.

Label placement, orientation, quality and quantities shall follow the guidelines contained in the AIAG, B10 standard – Trading Partner Labels Implementation Guide, unless otherwise specified by plant specific requirements. Barcodes shall be type Code 3 of 9 (Code 39) and shall conform to the standards published by the Automotive Industry Action Group standard (AIAG-B10) B-10 Label Specification.

5.4 Materials Planning & Forecasting

The nature of the manufacturing and assembly processes, within our plants, varies greatly. Based on the complexity of the manufacturing process, as well as the location and distribution of the supply base, each plant has unique materials planning requirements. Logistics and scheduling are plant specific and the Supplier should contact the Purchasing and Materials Groups at the procuring plant(s), for details.

It is the responsibility of the supplier to immediately contact the responsible plant in the event they are unable to meet all requirements for delivery date, time, quantity and quality or if the supplier has not received a weekly or scheduled production release. Matcor-Matsu Automotive Group is responsible for only those production releases identified as firm or locked releases. Similarly, Matcor-Matsu Automotive Group is responsible for only those raw material or component releases identified as firm or locked. Forecast volumes are for forecasting purposes only.

Suppliers must respond to all Material Releases received from Matcor-Matsu Automotive Group in order to ensure their own supply of components and materials can support Matcor-Matsu Automotive Group manufacturing facilities

demands. During critical stages, such as Product Ramp or Product Launch, suppliers shall meet all release demands necessary to support system fill and launch. If the product or component is not fully approved (PPAP) suppliers must receive written authorization or an approved interim Part Submission Warrant (PSW) from the appropriate plant personnel, prior to shipment. If the Supplier has not received such authorization, they shall elevate immediately, to the procuring plant's Materials Management organization, in order to ensure support of system fill and launch. Under no circumstances should unapproved material be shipped without proper, signed authorization.

Material forecasting information will be communicated to the suppliers through their regularly scheduled releases. While this information is an indication of future material requirements, it is for the supplier's planning purposes only and does not constitute a binding release authorization on the part of Matcor-Matsu Automotive Group.

Suppliers need to maintain sufficient safety stock and finished goods inventory to accommodate 100% on-time delivery. Short shipments must be communicated immediately, along with a corrective action and recovery plan. Suppliers with production contracts with Matcor-Matsu Automotive Group must maintain the ability to provide after-market and service components for a period of fifteen years following the end of program or production for individual components or assemblies, or for such longer or shorter period of time as stipulated by Matcor-Matsu Automotive Group's respective Customer for the Program, as communicated to the Supplier. The Supplier has the responsibility to maintain any tooling and/or assembly equipment in condition sufficient to support service requirements. Service schedules and pricing shall be determined in negotiation with the procuring plant.

5.5 Transportation, Schedules & Routing

It is important that our suppliers are aware of transportation and delivery requirements, as it is one of the key performance metrics upon which they will be assessed. Matcor-Matsu Automotive Group supports the industry initiative of inventory reduction, recognizing however the importance this places on accurate and timely delivery of quality product, while also ensuring no customer production interruptions. It is our expectation that suppliers will deliver 100% on time to our locations, in compliance to schedules.

Suppliers may receive routing information including transportation method, pick-up and delivery window times as communicated by the Matcor-Matsu Automotive Group manufacturing facilities you are working with. Your procuring manufacturing facilities will make certain that all transportation and routing details are clearly specified. Suppliers must question any ambiguous or unclear instructions. Unauthorized deviations from these routing instructions may result in a debit to the supplier for any incurred excess freight charges, including resultant administrative charges.

All costs incurred as a result of missed or late shipments, which are the responsibility of the supplier, shall be recovered from the supplier. All material entering from a foreign country must have "Country of Origin" clearly marked on the *pro forma* Invoice, as well as on the original Commercial Invoice. Brokerage fees for imported product are typically the responsibility of Matcor-Matsu Automotive Group, unless otherwise negotiated. All fees and charges resulting from the export / return of defective product shall be the responsibility of the appropriate supplier.

C-TPAT/PIP and FTA/Customs Compliance (Applicable regions only)

Within the appropriate Free Trade Agreement (FTA) region, and as directed by your procuring plant(s), suppliers shall cooperate with Matcor-Matsu Automotive Group in support of compliance to requirements of the US Customs and Border Protection and Canada Border Services Agency joint security program known as the Customs-Trade Partnership Against Terrorism (C-TPAT) and Partners in Protection (PIP).

http://www.cbp.gov/xp/cgov/trade/cargo_security/ctpat/
<http://www.cbsa-asfc.gc.ca/security-secureite/pip-pep/menu-eng.html>

Suppliers, who are currently registered to C-TPAT or PIP, must complete the appropriate sections of the **Matcor-Matsu Automotive Group C-TPAT/PIP Security Questionnaire**. Suppliers who are not currently registered to C-TPAT or PIP must complete the entire questionnaire. All suppliers must send the appropriately completed questionnaires to their supplier contact. Suppliers must provide an updated Security Questionnaire on an annual basis. Failure to complete or

post the questionnaire may affect a supplier's rating and have potential impact on future business opportunities.

Shipments that cross FTA international borders should ensure that the truck container shipments have a high security seal that meets or exceeds the standards outlined in ISO/PAS 17712. The seal number must be included on the supplier's ASN for production and service shipments.

Suppliers within the North American region must complete the USMCA (United States)/CUSMA (Canada)/T-MEC (Mexico), Certificate of Origin, as directed by your procuring plant(s). Suppliers outside the North American region, as well as suppliers in Europe, must complete a Declaration or Statement of Origin, as directed by your procuring plant(s). At times, other documents may be requested to fulfill our obligations under the Canada-United States Mexico Trade Agreement or in compliance to third country deliveries within the European Union. All completed documents shall be submitted as per direction from your procuring plant(s). It is your responsibility, as a supplier, to notify your procuring plant(s) within thirty (30) days of any change in the USMCA/CUSMA/T-MEC status of a procured good. Failure to complete the requested documents, or advise of a change in origin status, may affect your rating and have potential impact on future business opportunities. Suppliers shall be responsible for costs incurred as a result of missing, late or inaccurate reporting. Suppliers must inform Matcor-Matsu Automotive Group immediately, in the event of any change to the origin of goods.

It is also expected that suppliers maintain sufficient and required expertise to ensure, in partnership with Matcor-Matsu Automotive Group, all necessary Trade Agreement and Customs Compliance regulations and documentation.

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/> (Canada)

<http://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-22-eng.html> (Canada)

http://www.usitc.gov/harmonized_tariff_information (United States)

<http://www.cbp.gov/trade/priority-issues/trade-agreements/free-trade-agreements> (United States).

5.6 Documentation

An Advance Shipping Notice (ASN) must be sent to the Material Planner, or appropriate plant contact, within 30 minutes of each shipment leaving the supplier's plant. In the event of a known shortage or late shipment, the supplier shall contact the appropriate Matcor-Matsu Automotive Group plant(s) and advise of the shortage or late shipment. The supplier shall also indicate the anticipated time of delivery of the expedited material required to complete the original schedule. This notification is critical in allowing communication to production and, if necessary, to a Matcor-Matsu Automotive Group Customer.

The supplier shall maintain a third-party, or an alternate, approved contingency to facilitate scheduling and ASN communication in the event of a system failure at their location.

Suppliers must ensure that all material shipped is identified on a Packing Slip or Bill of Lading. While individual plant specifications may differ, the information typically required includes:

- Shipment date
- Invoice/Packing Slip number
- Address Sold to
- Address Shipped to
- Individual line item for each part number shipped
- Part Number and Part Description
- Purchase Order number, for each part number
- Order release number
- Quantity ordered & Quantity shipped
- Number of cartons/skids/containers shipped
- Total number of cartons/skids/weights

5.7 Materials Management Operations Guidelines (MMOG)

The "M-7: Global Materials Management Operations Guideline Logistics Evaluation (MMOG/LE)" guidelines were developed to reduce the time and work required by suppliers and customers to determine materials process compliance.

Using the guidelines, suppliers complete a self-assessment and receive "A," "B," or "C" ratings based on their compliance. While deficiency in one or more critical areas automatically earns a "C" rating, the MMOG/LE guide automatically develops an action plan to allow companies to address deficiencies and drive continuous improvement.

Suppliers shall complete the MMOG, or other specified assessment, if requested to do so, by their procuring plant. Suppliers unfamiliar with MMOG shall contact the appropriate plant, for assistance.

6. Supplier Performance

6.1 Supplier Performance Reporting

Supplier performance and overall status is monitored. There are also internal reporting systems designed to report supplier status to other Matcor-Matsu Automotive Group manufacturing facilities. Group and plant specific reports may be available through local Purchasing or Quality departmental contacts.

6.2 Operational Rating Criteria

Supplier quality and delivery performance is the basis for a supplier's operational status and is monitored by Matcor-Matsu Automotive Group on a regular basis.

Key operational metrics will include, but not be limited to:

- ❖ Number of non-conformance incidents
- ❖ Demerit Points
- ❖ Costs of non-conformance
- ❖ Delivery issues

The Supplier Performance Report (Monthly and YTD) is used to monitor the Supplier Performance on a Calendar Year Basis. The Quality Manager / Designate issues the MCN (Material Compliant Notice) whenever Quality / Delivery issue is identified for Supplier Part. Applicable Cost Recovery Action takes place with request for appropriate Corrective Action as deemed necessary by the Quality Manager / Designate.

The Supplier Performance Report is updated with MCN, Demerit Points, Cost Recovered and Delivery Issues for each Calendar Year (from January to December).

On a Monthly Basis the QA Manager or Designate will send to the Suppliers with issues the "Supplier Score Card" stating the following:

- Number of Quality Incidents during scoring period
- Number of Delivery Incidents during scoring Period
- Number of Quality incidents with cost to be deducted
- Incident deduction points

If during the month, the Supplier reached a Yellow Rating (70-84 points) or Red Rating (69 or less points) an Improvement Plan must be submitted within 30 days of receiving the score card. Upon receiving of the Improvement Plan the QA Manager will review and decide if a Supplier Audit at the Supplier Location will be necessary or not.

Sample Supplier Score Card:

MatcorMatsu Supplier Scorecard
(Issued Monthly)

Supplier Name _____

Scoring Month: _____ January _____ Year: _____ 2026

Number of Quality Incidents during scoring period

Number of Delivery Incidents during scoring Period

Number of Quality incidents with cost to be deducted

Total Incidents

Scoring Criteria Incident Demerits (Deduction Points)

1-2 Incidents	-5 Points
3-4 Incidents	-20 points
5-6 Incidents	-40 Points
7 or greater Incidents	-50 Point

100 - " Incident deduction points" =

Supplier Rating (Incident deduction points)

85 or Higher	<input type="text" value="GREEN"/>
70-84	<input type="text" value="YELLOW"/>
69 or Less	<input type="text" value="RED"/>

Improvement Plan: **The Suppliers with Rating Yellow (70-84) or Red (69 or less) to provide Improvement Plan within 30 days of receiving the Score**

Release date: 13-Feb-2026

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 9.1.2.1 Customer satisfaction — supplemental Customer Score Card (Volkswagen Group B2B - "SCQ") See also: ADP Score-Card-Training-Module (IATF) (VW Suppliers only).

6.3 Continuous Improvement

Suppliers must establish continuous improvement as an integral part of their management systems and business planning process. Continuous improvement activities must be documented and tracked as key performance indicators. Suppliers are expected to establish continuous improvement targets and use all appropriate data to drive continuous improvement and improve customer satisfaction. It is expected that suppliers will use all appropriate tools, such as the PDCA cycle, Six Sigma and other appropriate methodologies to ensure a disciplined and systemic approach to continuous improvement.

7.0 Validity Period of this Supplier Quality Manual

This Supplier Quality Manual is valid and in effect for the duration of the awarded business between the Supplier and Matcor-Matsu Automotive Group. Matcor-Matsu Automotive Group website will carry the latest version of this Supplier Quality Manual.

9.0 Glossary of Terms

AIAG	Automotive Industry Action Group
APQP	Advance Product Quality Planning
ASN	Advance Shipping Notice
CAD	Computer-aided Design
CAR	Corrective Action Request
CEO	Chief Executive Officer
CLP	Classification, Labeling and Packaging
CMRT	Conflict Minerals Reporting Template
CO2	Carbon Dioxide
CQI	Continuous Quality Improvement (Series of self-assessment standards for specialized processes including, heat treat, plating, coating, warranty, welding and soldering)
CS	Controlled Shipping
CUSMA	Canada-United States Trade Agreement
C-TPAT	Customs-Trade Partnership Against Terrorism
DDP	Delivered Duty Paid
DFMA	Design for Manufacturing and Assembly
DFMEA	Design Failure Modes Effects & Analysis
DOE	Design of Experiments
DRC	Democratic Republic of the Congo
DUNS	Data Universal Numbering System (A unique nine-digit identification number, issued by Dun & Bradstreet, identifying each unique business location)
DV	Design Validation
ELV	End-of-Life Vehicle
EMS	Environmental Management System
EV	Engineering Validation
Stellantis	Free Carrier
FEA	Finite Element Analysis
FIFO	First in First Out
FMEA	Failure Mode and Effects Analysis
FMVSS	Federal Motor Vehicle Safety Standards
FTA	Free trade agreement
GD&T	Geometric Dimensioning & Tolerancing
GHG	Greenhouse Gases
GHS	Globally Harmonized System
IATF	International Automotive Task Force
IMDS	International Material Data System
ISO	International Organization for Standardization
ISPM	International Standards for Phytosanitary Measures
JHSC	Joint Health and Safety Committee
MCN	Material Compliant Notice
MDS	Material Data Sheet
MMOG/LE	Materials Management Operations Guidelines Logistics Evaluation
MQC	Manufacturing Quality Chart
MSA	Measurement Systems Analysis
NAFTA	North American Free Trade Agreement
NTF	No Trouble Found

OE(M)	Original equipment (manufacturer)
OHSAS	Occupational Health & Safety Advisory Services
PCP	Process Control Plan
PDCA	Plan-Do-Check-Act
PFD	Process Flow Diagram
PFMEA	Process Failure Modes Effects & Analysis
PIP	Partners in Protection
PQCT	Process Quality Control Table
PPAP	Production Part Approval Process
PSW	Part Submission Warrant
PV	Production Validation
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
RPN	Risk Priority Number
SDS	Safety Data Sheet
SEC	Securities and Exchange Commission
SPICE	Software Process Improvement and Capability Determination
SOR	Statement of Requirements
T-MEC	Mexico-United States-Canada Trade Agreement
USMCA	United States-Mexico-Canada Trade Agreement
VDA	Verband der Automobilindustrie (German Association of the Automotive Industry)
VW	Volkswagen
WHMIS	Workplace Hazardous Material Information System
YTD	Year to date

10. Records of Revisions

Old Revision Level date	New Revision Level date	Page #	Description of Change	Approval
NA	8-Mar-2017	All	Initial release - Draft	DR
8-Mar-2017	15-Sep-2018	All	TS16949 removed, <i>Supplier Performance, Operational Rating Criteria revised / updated.</i>	DR
15-Sep-2018	5-Feb-2020	All	VW CSR added (VW Suppliers only)	DR
5-Feb-2021	30-Aug-2021	31	Update the requirements for USMCA/CUSMA/T-MEC Certificate of Origin., and update link information to government websites	DRD
30-Aug-2021	30-Aug-2021	37,38	Update Glossary of Terms to Include USMCA/CUSMA/T-MEC Acronyms	DR
30-Aug-2021	12-Apr-2022	5, 6, 7	Updates: Corruption, extortion & bribery, Conflict of Interest, Whistleblowing & protection against retaliation, GHG emissions, energy efficiency & renewable energy, Water Quality and Consumption, Sustainable resources management and waste reduction.	DR
12-Apr-2022	26-Apr-2022	All	Page Numbers Revised	DR
26-Apr-2022	18-Jul-2022	7	Export and trade compliance added, Counterfeit parts added.	DR
18-Jul-2022	5-Jun-2023	All	Introduction, Sustainability, Environment and Conflict Minerals requirements updated.	DR
5-Jun-2023	17-Aug-2023	All	Sustainability, Environment requirements updated	DR
17-Aug-	04-Mar-	All	- Use of private or public security forces, Responsible chemical management	DR

2023	2024		added under "Corporate Responsibility - Supplier Code of Conduct "; Animal welfare, Noise Emissions added under "The Environment".	
04-Mar-2024	23-Apr-2025	40	Supplier Acknowledgement Removed, Operational Rating Criteria updated with Supplier Score Card	DR
23-Apr-2025	13-Feb-2026	28, 38, 39	4.3 Non-Conformance & Corrective Action and 6.1 Supplier Performance Reporting revised.	DR