# NAL Supplier Purchasing Manual

**ERP (Plex), RFQ, CCR, Scorecard, Capacity Validation, Packaging, Logistics, Labeling, APR, and New Vendor Instructions.**

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Prepared by: NAL Purchasing

## Introduction:

This manual is intended to be used by NAL suppliers as a purchasing guideline.

The manual was developed to ensure that the product NAL receives, meets NAL and NAL Customers - safety, quality, cost, and delivery expectations.

It also describes our policies, procedures, and required forms.

Production part suppliers that are new to NAL, please request a meeting to review all related sections prior to providing parts to NAL.

The below guidelines should serve as a work reference for suppliers and help to clarify questions concerning NAL Purchasing process and requirements.

This manual will be updated on a regular basis; therefore, suppliers of North American Lighting should check the NAL website (nal.com) or portal monthly.

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## Content:

## 1.0 NAL Terms and Conditions

NAL terms and conditions can be found on NAL website www.nal.com, under Company – "Supplier Documents."

## 2.0 Plex Portal Setup and Overview

North American Lighting utilizes Plex, an ERP system, for Material Requirements Planning (MRP). The Plex system also houses our Supplier Portal with documents and information available for supplier's reference and can also be used to communicate between the customer and supplier.

At a minimum, suppliers are required to access Plex to update NAL required information and review information/documentation available in the portal. If supplier chooses, they may utilize EDI for firm / forecast / labeling outside of Plex.

Below are instructions to assist the supplier for initial setup and functions of Plex.

### 2.1 PC Setup

Internet browser configuration should be evaluated before logging into Plex. For more information, see link. Chrome is the recommended browser.
https://www.Plexonline.com/modules/Platform/Login/PCSetup.aspx

### 2.2 Label Printing Plugin

Printing labels through the Plex Supplier Portal, requires installation of this plugin. For more information, see link. Chrome is the recommended browser.

https://www.Plexonline.com/modules/Platform/Login/browserplugin.aspx

#### 2.2.1 FAQ – Our company uses a separate warehouse to ship product, how do they log in?

Suppliers will receive 1 login with the same access. It is at the supplier's discretion to assign access to the login information.

## 2.3 Logging In

Navigate to www.Plexonline.com or cloud.Plexus.com for UX and enter the User ID, Password, and Company Code are provided by NAL.

## 2.4 Password

Account security is extremely important to NAL. Please use discretion when sharing login information with employees and only share with those who will be working in the Plex Supplier Portal.

When logging in for the first time, the supplier will be asked to change their password. The new password must be compliant with the NAL password policy:

| Setting | Value | Range | Security/ISO Requirement | Hist |
|---|---|---|---|---|
| Cannot repeat use of any passwords until at least 7 password changes since using it. | ☐ | On/Off | Yes | |
| A new password cannot be a numeric increment from the current password. Example: 'password1' cannot be changed to 'password2'. | ☑ | On/Off | Yes | |
| Password must contain at least one non-alpha character. Supported characters are limited to: (numbers 0-9) ? < > ! @ # $ % ^ & * - ( ) _ / \| \ { } [ ] + = : ; ' " | ☐ | On/Off | Yes | |
| The minimum amount of characters allowed for a password. | 12 | 4-20 | 8 or more | |
| The number of days since the last password change that forces the user to change his/her password. A value of 0 disables this feature. | 0 | 0-90 | No | |
| The number of days a new user has to login to Plex for the first time before their password is scrambled. | 20 | 1-20 | No | |
| Number of days of inactivity before system will deactivate user and scramble password. | 180 | 1-180 | No | |
| The password must not be the same as the user name. | ✓ | On/Off | Yes | |
| The password must not be a word from the dictionary. | ✓ | On/Off | Yes | |

### 2.4.1 FAQ – I can't log in to Plex

If there is an issue, some questions to consider:

- Is login information correct?
- Has the PC setup been completed? Has the browser been configured? https://www.Plexonline.com/modules/Platform/Login/PCSetup.aspx
- Has the browser been configured? See 2.1 PC Set-up.

### 2.4.2 FAQ – I am getting the error "ActiveX not installed."

This message is a result due to not having the label plugin installed on the computer browser. The following link will navigate to Plex's setup screen, where the plugin is available for download. Please reach out to NAL Purchasing for other troubleshooting techniques.
https://www.Plexonline.com/modules/Platform/Login/browserplugin.aspx

## 2.5 Plex PCN

If shipping to multiple NAL sites, multiple PCN's (Plexus Customer Numbers) will be listed. PCN is synonymous with "Org" or "Environment". Each NAL manufacturing site has a unique PCN. If there are not multiple PCN's listed the single location of access will be the default upon signing in.

## 2.6 Test Database

Suppliers have access to a Test Database in order to facilitate the rollout of the Supplier Portal. To navigate to the Supplier Portal, hover over the NAL logo in the top right of the screen, click on the "Database Server," and click on "Test(N3)." The test database is refreshed overnight. It is intended for testing and training new users and should not be used for any actual transactions between the supplier and NAL. NAL is not responsible for any data erased in the test database overnight. Screens in the test database will load yellow instead of gray and will rest "TEST DB – READ ONLY." Updates will not be kept past today.

## 2.7 Contact Information

Contacts should be maintained within Plex for easy communication between NAL and suppliers. Specific contacts should include:

- Executive Contact
- AR Contact
- Customer Service Contact
- Sales Contact
- Quality Contact
- After Hours Contact

*Ensuring contact information is up to date is crucial as email notifications are sent to specific contacts listed in Plex.

## 2.8 Adding/Editing a Contact

In the Supplier Portal, click on the Contacts node, then click on the "Add" button at the top of the screen or click into an existing contact's name. Required fields are as follows for all contacts provided:

- First Name
- Last Name
- Title
- Contact Type
- Category
- Office Phone
- Mobile Phone
- Email

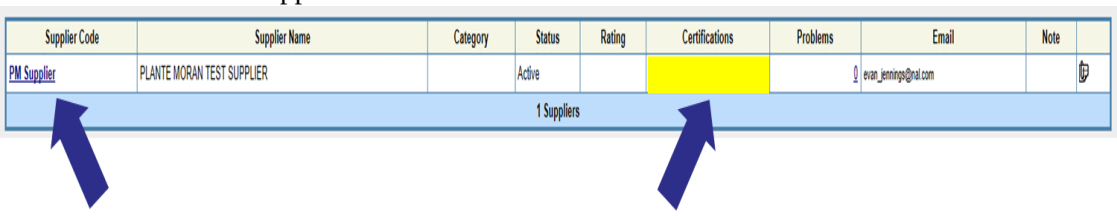
*Contacts must be updated/added as information changes

## 2.9 Updating Supplier Certificates

Access the Plex Supplier Portal and navigate to the "Supplier Quality Management" module shown:

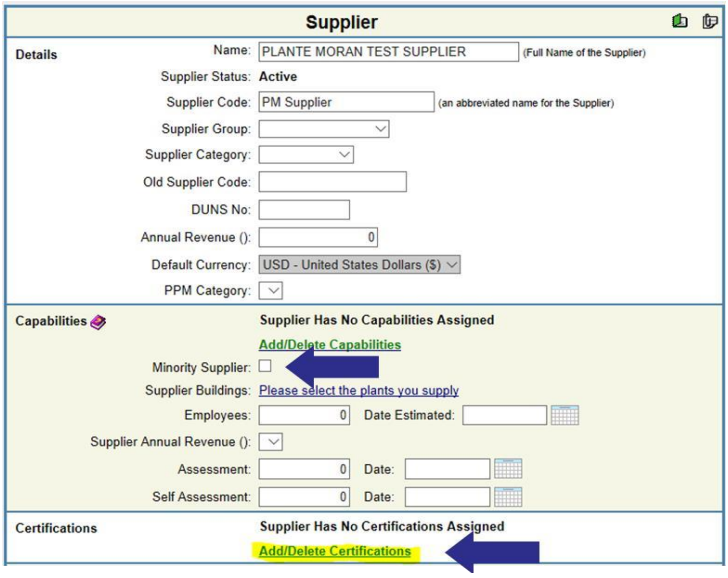
:

Click on the Supplier Quality Management button, and the Supplier name and certificates will be shown. -The box highlighted indicates that there are no certifications uploaded for this supplier – click the link in the supplier code column.

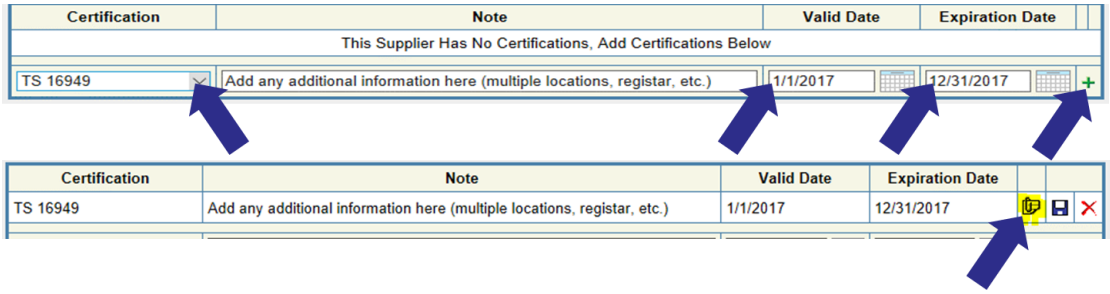


| Supplier Code | Supplier Name | Category | Status | Rating | Certifications | Problems | Email | Note | |
|---|---|---|---|---|---|---|---|---|---|
| PM Supplier | PLANTE MORAN TEST SUPPLIER | | Active | | | 0 | evan_jennings@nal.com | | |
| 1 Suppliers | | | | | | | | | |

Utilize the certification box and click the "Add/Delete Certifications" link to access the upload location. Check the minority supplier box if it applies and forward certification to Purchasing_Analyst@nal.com




Select certification, add valid effectivity dates, and click green plus symbol to add. Utilize the attachment icon highlighted yellow to upload all certificates.

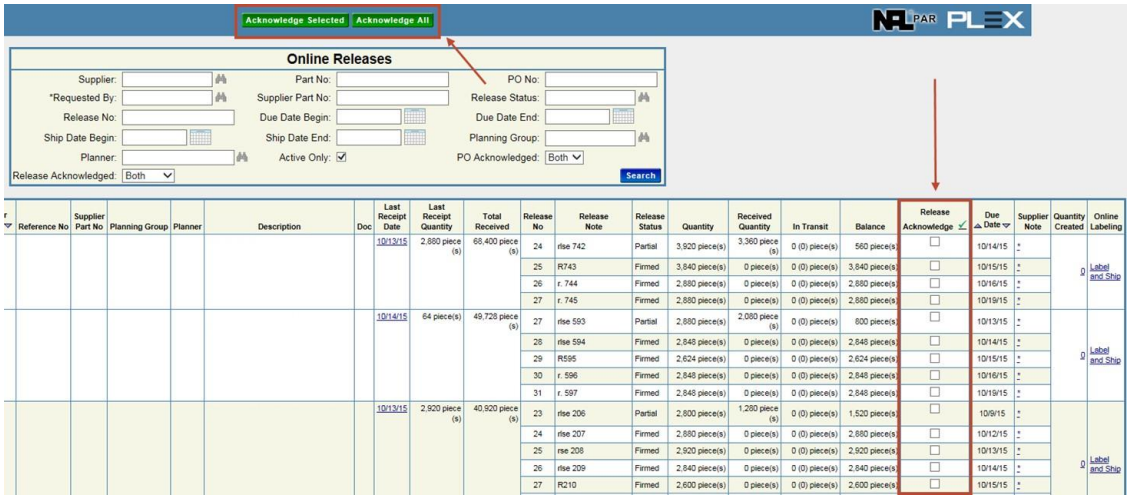



## 2.10 Online Releases

The Online Releases screen shows NAL's firm and forecasted releases. This screen will also be used to acknowledge upcoming releases of suppliers. If the supplier is <u>not</u> EDI and label compliant, the "Label and Ship" function must be used to replace a traditional Advance Ship Notice (ASN) through EDI.

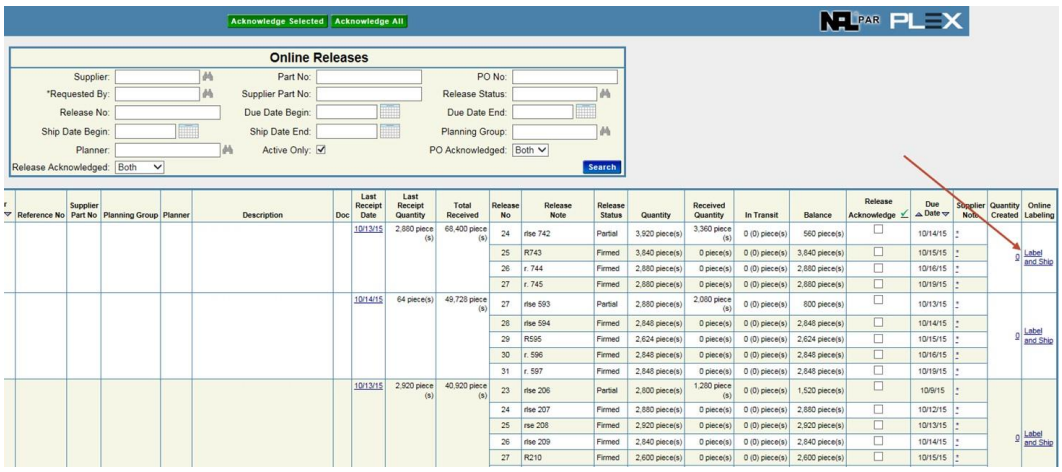
## 2.11 Acknowledging Releases

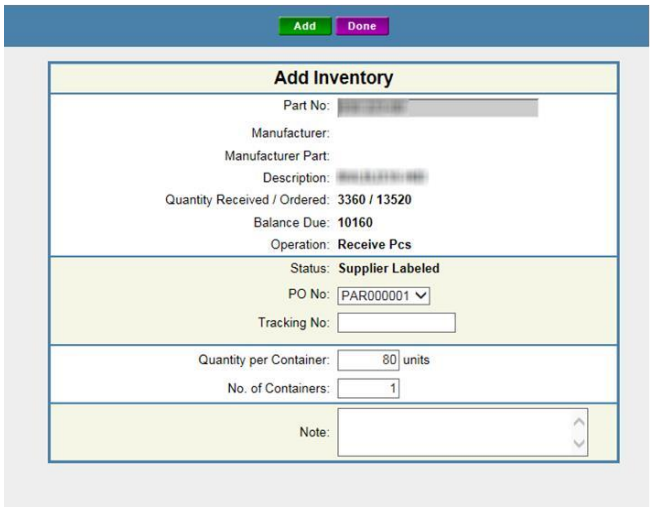
To mark a release as acknowledged, either check the boxes next to specific releases and press the "Acknowledge Selected" button at the top <u>or</u> press the "Acknowledge All" button to acknowledge all releases on the screen.




## 2.12 Label and Ship (Non-EDI suppliers only)

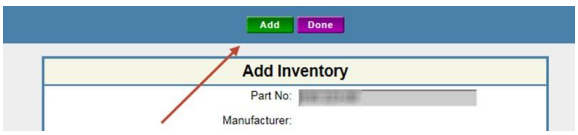
When finished good products are ready to label, navigate to the Online Releases screen and click the "Label and Ship" hyperlink on the right. This is done per part number to avoid confusion.



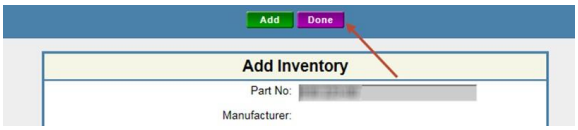



- **Part No:** *The part number on the release*
- **PO No:** *Dropdown of available purchase orders if more than one is available*
- **Tracking No:** *Typically used for lot number. If no lot number is used, this field can be used for your internal tracking number.*
- **Quantity per Container:** *The number of units within the container*
- **No of Containers:** *Determines how many labels (containers) you want to produce*

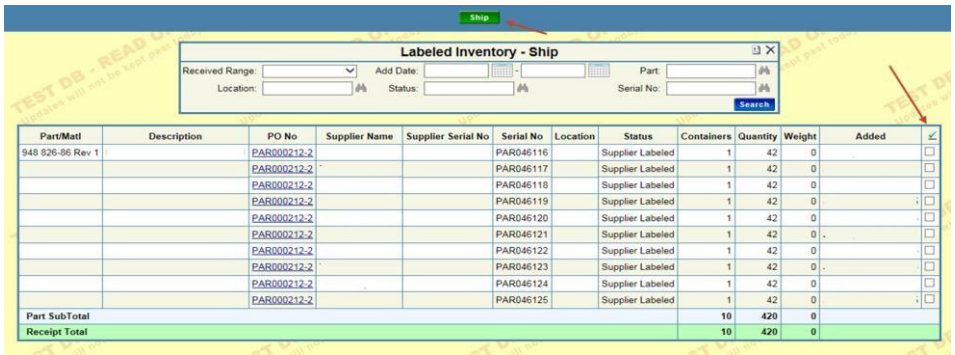
Once the information has been entered, press the "Add" button to print the labels.




After the labels have printed, press the "Done" button to navigate to the shipping screen.




All labels that are printed need to process through the ship function before NAL can receive them into their system. To ship, simply check boxes on the right for containers included in the shipment then press the "Ship" button at the top.



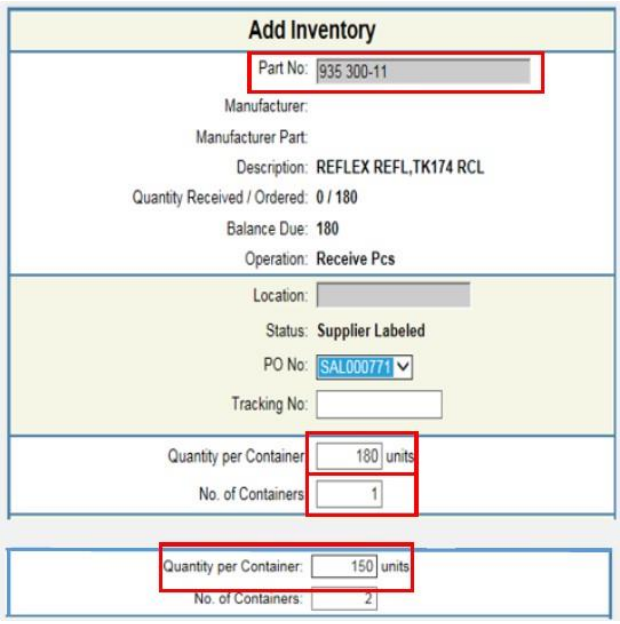

| Part/Matl | Description | PO No | Supplier Name | Supplier Serial No | Serial No | Location | Status | Containers | Quantity | Weight | Added | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 948 826-86 Rev 1 | | PAR000212-2 | | | PAR046116 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046117 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046118 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046119 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046120 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046121 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046122 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046123 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046124 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| | | PAR000212-2 | | | PAR046125 | | Supplier Labeled | 1 | 42 | 0 | | ☐ |
| Part SubTotal | | | | | | | | 10 | 420 | 0 | | |
| Receipt Total | | | | | | | | 10 | 420 | 0 | | |

## 2.13 Printing Labels with Alternate Quantity

Enter the Part Number, then hit tab. Wait for the description information to populate. The Standard Container Quantity will populate.

If the Quantity per Container needs changed, the number of containers must be entered first. Then change the quantity per container.

***If the quantity field is changed and then the number of containers is changed, the quantity field will default back to the standard carton quantity prior to selecting the add button.




## 2.14 Labels

Labels should be printed with 200 DPI; Using a higher or lower DPI setting will make the label content too small or too large for label.

All labels should be 4” x 6”; If printing on a different size label from the same printer, that label must be formatted to print 4” x 6” again before printing.

Labels need to be printed clearly to ensure proper scanning; Any barcodes that are visibly damaged or torn should be reprinted.
Plex label needs to be visible on outside of skid on final pallet.

Labels need to be on containers or in container’s card holder; Please do not put labels on outside shrink wrap.

## 2.15 EDI Suppliers

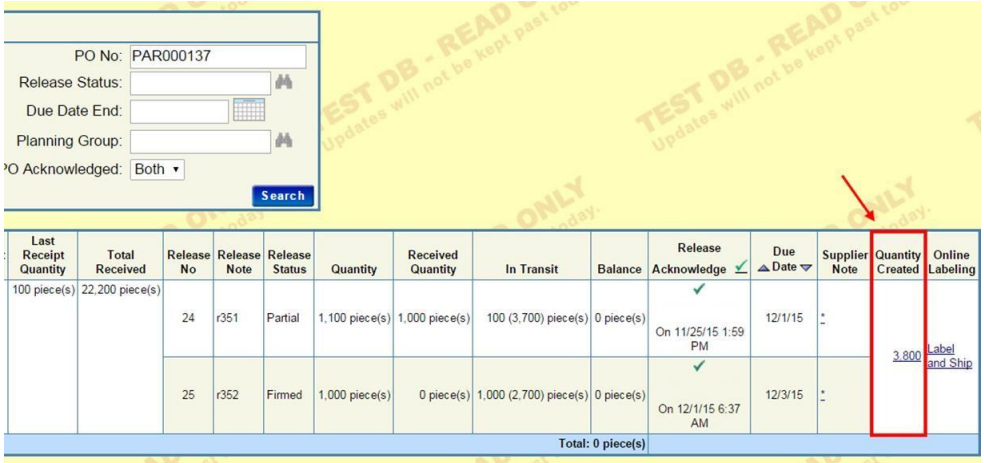
Upon request of being an EDI supplier, NAL IT will provide samples and additional information of the following:

- 830 Plex Instruction & Example • 856 Plex Instruction & Example
- 862 Plex Instruction & Example
- Label Coordinates (See Section 9.2.1)
- Plex Label Sample
- EDI Setup Form

Using a correct label <u>without</u> an ASN is NOT acceptable. These labels will be destroyed as NAL must create new serial numbers for each container. ASN's coming from the supplier's system should be sent within 15 minutes of truck leaving. If truck arrives before ASN, all labels on containers are destroyed and new serial numbers are created.

### 2.15.1 FAQ – I need to Delete or Reprint a Label

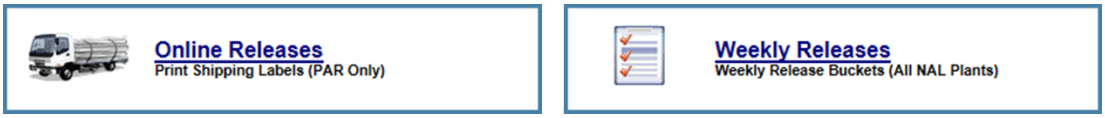
Click on "Quantity Created" in the Online Releases screen to delete or reprint a label.




Labels can only be deleted or reprinted in a "Supplier Labeled" status. Once they are shipped, they can only be corrected by NAL Purchasing.

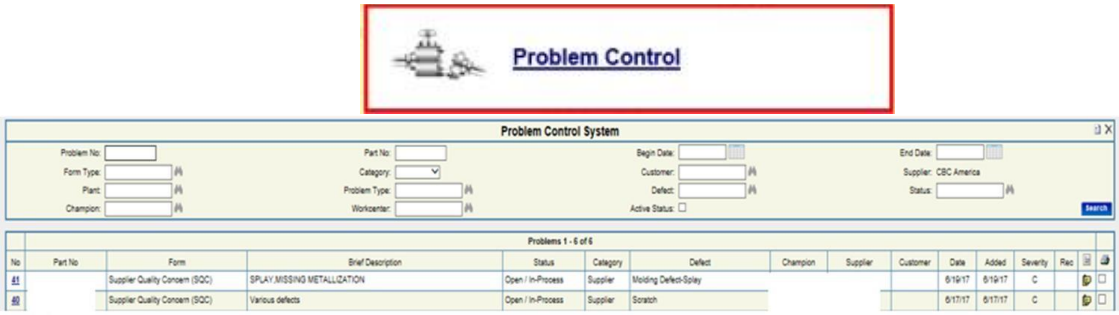
## 2.16 Viewing Firm and Forecasted Demand

The Supplier Portal allows all users to view demand coming from NAL in multiple formats. Using the "Print" and "Download" buttons can print to hard copies, download to Excel, and email directly from Plex.



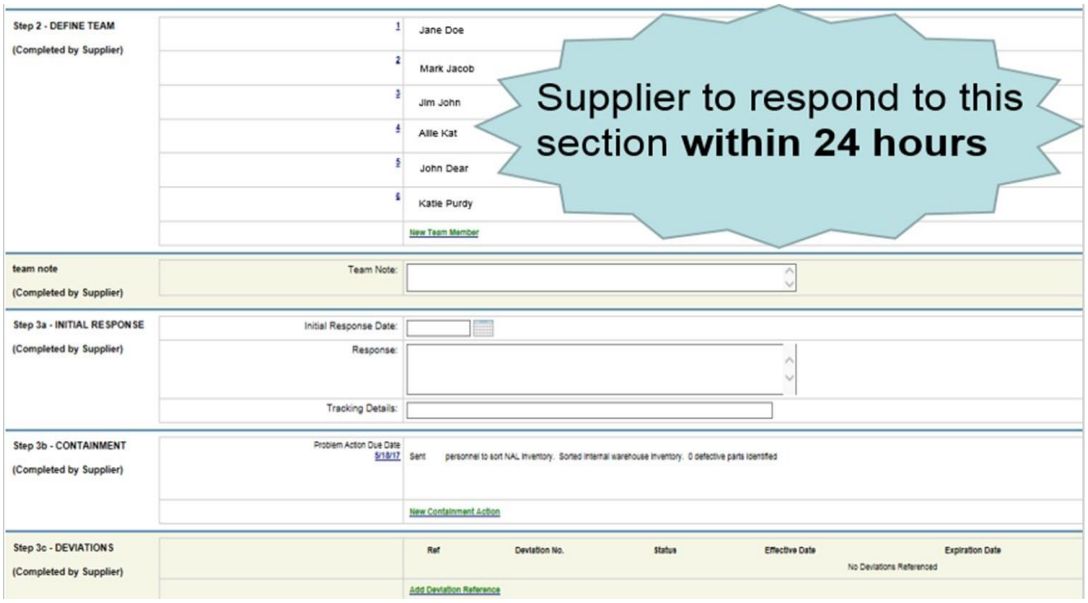

## 2.17 Viewing SQCs

There are multiple routes through Plex to get to the Problem Log screen, however if in the Supplier Portal screen, under the associated PCN, select Problem Control to click to view initiated SQCs (Supplier Quality Concerns).



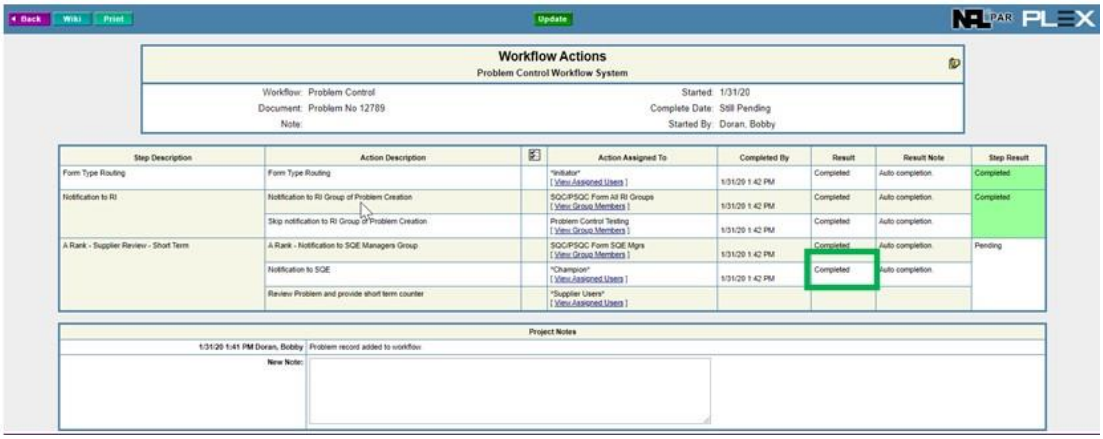

## 2.18 Responding to SQCs

The supplier will receive an email with a link to the SQC. NAL Plant RI will have completed the initiation, providing Step 1 information. The supplier will be responsible for completing sections 2 through 3B (Note additionally 3C if deviation is needed) of the SQC within **24 hours** of initiation.




Once completed, the supplier should hit the "Update" button at the top center of the page, then click on the "cube" icon at the top right. See below image.

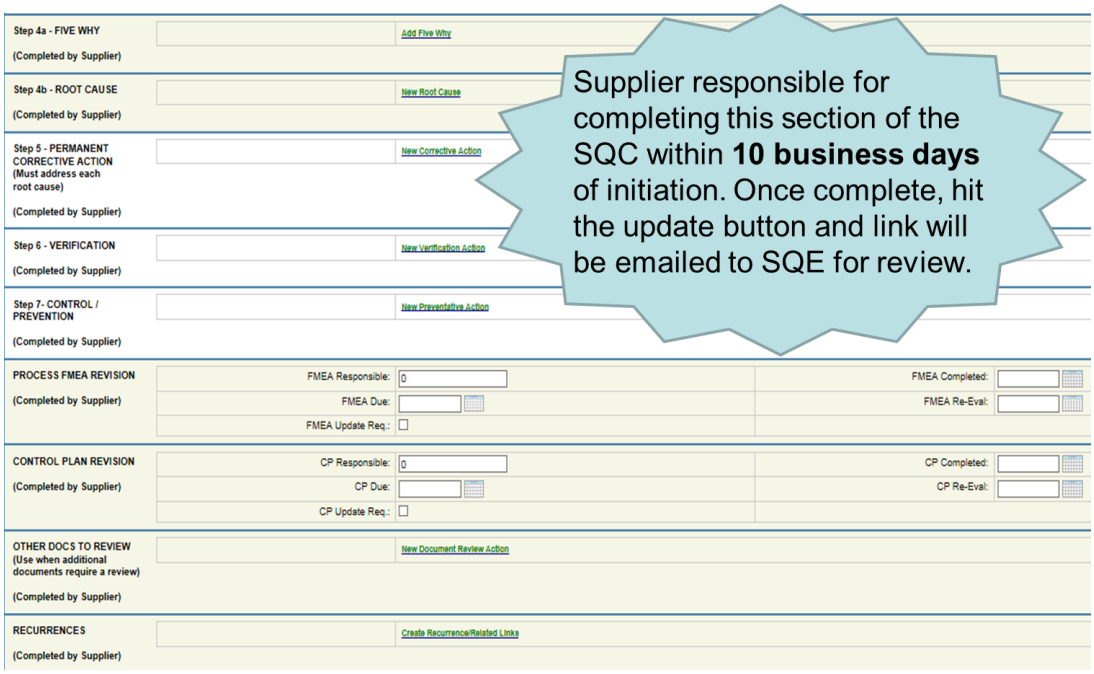
The following screen will open:




The most recent process step will be at the bottom of the list and show the assigned employee. If that step is supplier's responsibility, it will have a drop-down box available, as highlighted

above by the green box. The supplier will select "completed" and then click on the "Update" button at the top of the page. This will then route the SQC back to the NAL SQE for review.

Once the SQC is reviewed by the NAL SQE, it will route back to the supplier for additional information. Typically, two steps, the first step is the initial containment actions, then 5 why and long-term countermeasures.




## 2.19 Viewing and Responding to SDC's

SDC (Supplier Delivery Concern), follows a similar process as the SQC's listed in section 2.17 and 2.18, however the point of contact will be with the Supply Chain Specialist or Buyer.

To access an open SDC, under the associated PCN, select "Problem Control."

Once selecting a workflow, a similar screen as below will provide the detailed information that will require a response. The supplier will need to fill out Step 3A – Initial Response section (shown below) and will have 24 hours to respond to this initial step.

**Supplier Delivery Concern (SDC) 13201**

| | | |
|---|---|---|
| **SUPPLIER INFORMATION COMPLETED BY RI** | Status: | *Open / In-Process* |
| | Supplier: | *PM Supplier* |
| | Champion: | *Bruce Thompson* |
| **STEP 1 - DEFINE PROBLEM (COMPLETED BY RI)** | Brief Description: | *945 292-24 241B INNER LENS B (RELEX) - Missing Label* |
| | Full Description: | *Missing label - 945 292-24 241B INNER LENS B*<br>*This issue will require the next three shipments of your product to be certified for this concern, as well as appropriate countermeasures submitted within 10 Business days. NAL needs all orange tags filled out correctly stating what each shipment is (1st, 2nd, 3rd) what they are certified for, date, countermeasure, and etc. If you have any questions please contact Stacey Hyder or Brian Clark*<br>*Please contact the following sort companies to approve the audits of the certified shipments, or NAL will audit at the charge of $50 an hour.*<br>*Staffquick Personnel*<br>*834 West North Ave #A1*<br>*Flora IL, 62839*<br>*Phone: (618) 662-8400*<br>*Fax: (618) 662-3333*<br>*email: flora@staffquickjobs.com* |
| | Problem Type: | *Label* |
| | Severity: | *C* |
| **INTERNAL PART INFORMATION (COMPLETED BY RI)** | Part No: | *945 292-24 Rev -A-* |
| | Defect Type: | *Label Missing* |
| | Supp. Concern No: | *0* |
| | Defective Quantity: | *1* |
| **Images** | | *No Viewable Images are Attached* |
| **SUPPLIER RETURNS (COMPLETED BY RI)** | | *No Supplier Part Returns have been associated to this problem.* |
| **OWNERSHIP / STATUS (COMPLETED BY RI)** | Initial Response Due: | *2/20/20 12:00 AM* |
| | Champion Phone: | |
| | Recorded By: | *Evan Jennings* |
| | Recorded Date: | *2/19/20 9:52 AM* |
| | Customer Issue Date: | *2/19/20 12:00 AM* |
| | Problem Date: | *2/19/20 12:00 AM* |
| | Overall Clean Point Date: | |
| | Target Close Date: | *3/2/20 12:00 AM* |

| | | |
|---|---|---|
| **STEP 2 - DEFINE TEAM (COMPLETED BY SUPPLIER)** | | New Team Member |
| **TEAM NOTE (COMPLETED BY SUPPLIER)** | Team Note: | |
| **STEP 3A - INITIAL RESPONSE (COMPLETED BY SUPPLIER)** | Initial Response Date: | |
| | Response: | |
| | Tracking Details: | |

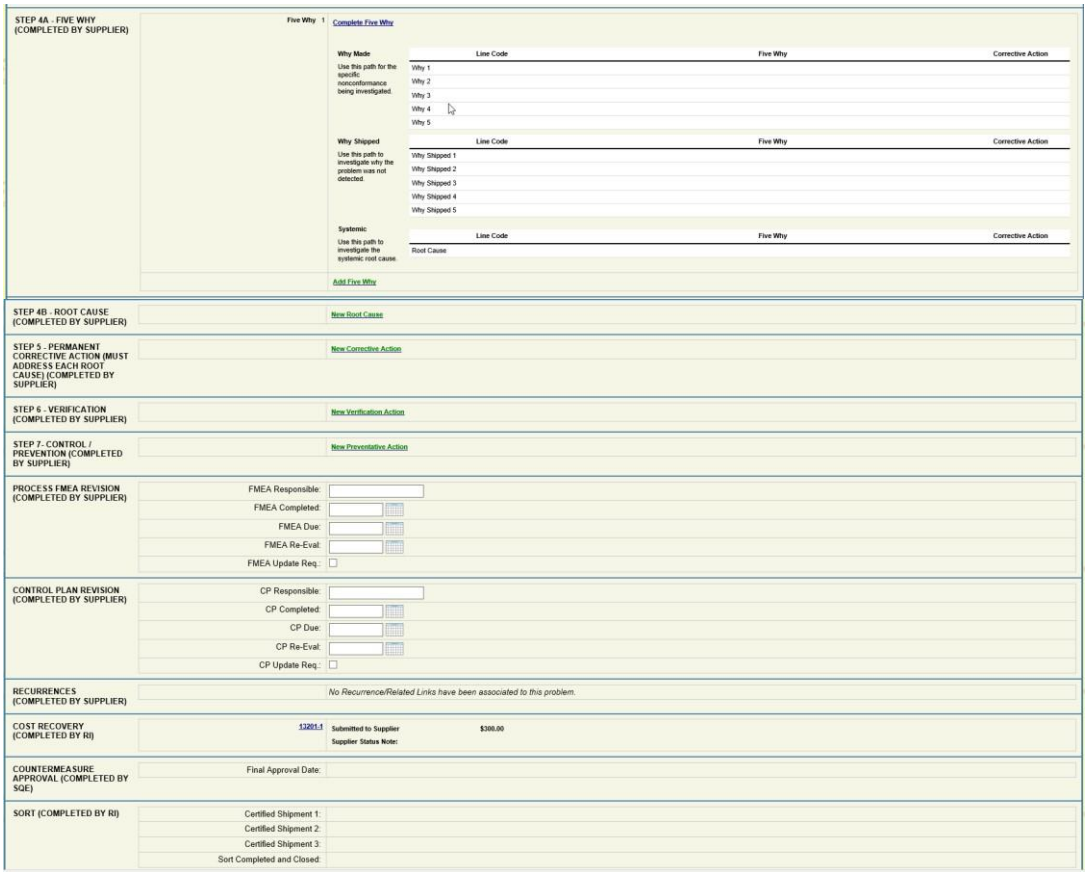
Upon completion of Step 3A by the supplier, the workflow will appear, similarly as seen here:

**Workflow Actions**
**Problem Control Workflow System**

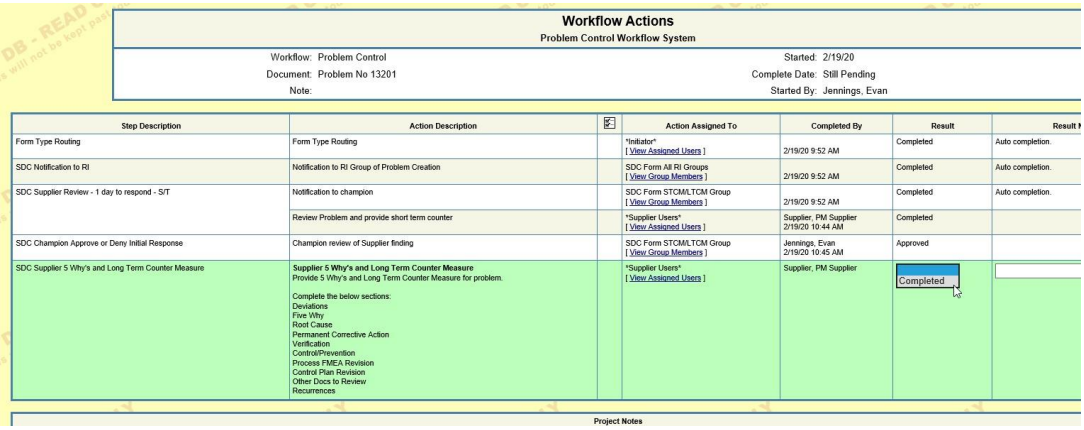
| | | | |
|---|---|---|---|
| Workflow: | Problem Control | Started: | 2/19/20 |
| Document: | Problem No 13201 | Complete Date: | Still Pending |
| Note: | | Started By: | Jennings, Evan |

| Step Description | Action Description | Action Assigned To | Completed By | Result | Result Note | Step Result |
|---|---|---|---|---|---|---|
| Form Type Routing | Form Type Routing | *Initiator*<br>[ View Assigned Users ] | 2/19/20 9:52 AM | Completed | Auto completion. | Completed |
| SDC Notification to RI | Notification to RI Group of Problem Creation | SDC Form All RI Groups<br>[ View Group Members ] | 2/19/20 9:52 AM | Completed | Auto completion. | Completed |
| SDC Supplier Review - 1 day to respond - S/T | Notification to champion | SDC Form STCM/LTCM Group<br>[ View Group Members ] | 2/19/20 9:52 AM | Completed | Auto completion. | Pending |
| | **Review Problem and provide short term counter**<br>Please review the problem and provide an initial response within 24 hours. Please fill out the below sections.<br>Define Team<br>Team Note<br>Initial Response<br>Containment | *Supplier Users*<br>[ View Assigned Users ] | Supplier, PM Supplier | | | |

After the initial response is approved, the workflow will route back to the supplier for long-term countermeasure. At this step, the supplier will complete the Five Why, deviations, root cause, permanent corrective action, verification, control/prevention, process FMEA revision, control plan revision, other docs to review, and recurrences sections. This section must be completed in 5 days.




When the entire form is completed, the supplier will again complete their step in the workflow, as shown below, and then the SDC process is finished for the supplier.




The supplier has a 10-day window before the workflow must be completed, initiation to close.

## 2.20 Viewing Supplier Returns

Using the "Supplier Returns View" screen, search a date range – Input date range; supplier will auto populate.

The following columns will be provided. If the columns do not contain enough information and/or applied attachments do not support the charge, contact NAL Purchasing to address these issues immediately.

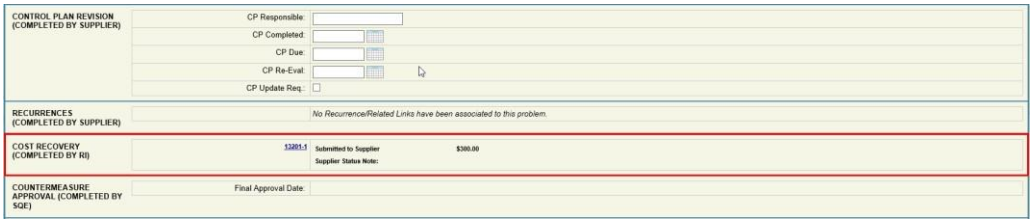
- Plant
- Return Number
- Supplier
- Parts on Return
- Part Number
- Part Description
- Price
- Qty
- RMA#
- Additional Charge
- Total
- Buyer
- Category
- Status
- Defect Type
- Add date
- Note
- Reason
- Return Description
- Attachment

## 2.21 Viewing and Responding to Cost Recoveries

The Cost Recovery module in Plex will be utilized by NAL to recover costs associated with SQC's and SDC's. The form in Plex provides adequate and detailed information, linking the problem number for the SQC/SDC.

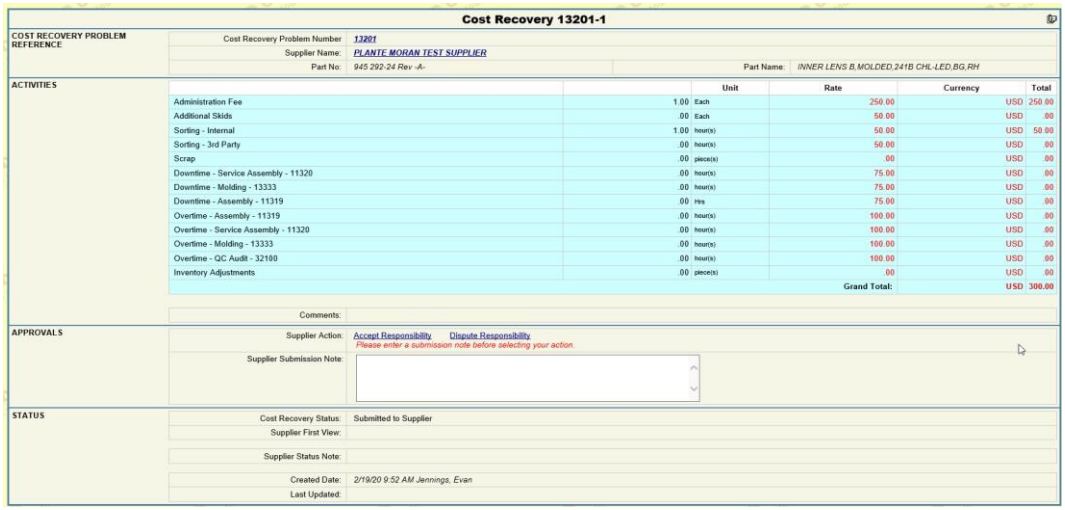
To access a Cost Recovery, under the associated PCN (NAL Plant), select Problem Control to view initiated Cost Recoveries.

A Cost Recovery is started on each SDC/SQC and is shown on the SDC/SQC when it is entered and after it is approved.



| | | |
|---|---|---|
| CONTROL PLAN REVISION (COMPLETED BY SUPPLIER) | CP Responsible: | |
| | CP Completed: | |
| | CP Due: | |
| | CP Re-Eval: | |
| | CP Update Req.: | ☐ |
| RECURRENCES (COMPLETED BY SUPPLIER) | | No Recurrence/Related Links have been associated to this problem. |
| COST RECOVERY (COMPLETED BY RI) | 13201-1 | Submitted to Supplier $300.00<br>Supplier Status Note: |
| COUNTERMEASURE APPROVAL (COMPLETED BY SQE) | Final Approval Date: | |

The supplier has 14 days to respond to the Cost Recovery before it is rerouted back to the Buyer. The view below is depicting an example of a Cost Recovery.



**Cost Recovery 13201-1**

| | | |
|---|---|---|
| COST RECOVERY PROBLEM REFERENCE | Cost Recovery Problem Number | 13201 |
| | Supplier Name: | PLANTE MORAN TEST SUPPLIER |
| | Part No: | 945 292-24 Rev -A- |
| | Part Name: | INNER LENS B,MOLDED,241B CHL-LED,BG,RH |

ACTIVITIES

| | | Unit | Rate | Currency | Total |
|---|---|---|---|---|---|
| Administration Fee | 1.00 | Each | 250.00 | USD | 250.00 |
| Additional Skids | .00 | Each | 50.00 | USD | .00 |
| Sorting - Internal | 1.00 | hour(s) | 50.00 | USD | 50.00 |
| Sorting - 3rd Party | .00 | hour(s) | 50.00 | USD | .00 |
| Scrap | .00 | piece(s) | .00 | USD | .00 |
| Downtime - Service Assembly - 11320 | .00 | hour(s) | 75.00 | USD | .00 |
| Downtime - Molding - 13333 | .00 | hour(s) | 75.00 | USD | .00 |
| Downtime - Assembly - 11319 | .00 | Hrs | 75.00 | USD | .00 |
| Overtime - Assembly - 11319 | .00 | hour(s) | 100.00 | USD | .00 |
| Overtime - Service Assembly - 11320 | .00 | hour(s) | 100.00 | USD | .00 |
| Overtime - Molding - 13333 | .00 | hour(s) | 100.00 | USD | .00 |
| Overtime - QC Audit - 32100 | .00 | hour(s) | 100.00 | USD | .00 |
| Inventory Adjustments | .00 | piece(s) | .00 | USD | .00 |
| | | | Grand Total: | USD | 300.00 |

Comments:

APPROVALS

Supplier Action: Accept Responsibility Dispute Responsibility
*Please enter a submission note before selecting your action.*

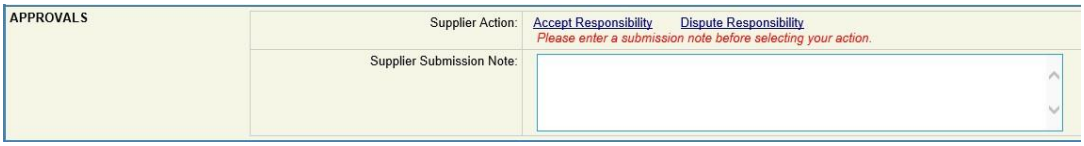
Supplier Submission Note:

STATUS

| | |
|---|---|
| Cost Recovery Status: | Submitted to Supplier |
| Supplier First View: | |
| Supplier Status Note: | |
| Created Date: | 2/19/20 9:52 AM Jennings, Evan |
| Last Updated: | |

After review, the supplier should accept or dispute responsibility by clicking the links shown below. If the supplier chooses the Dispute option, a note must be entered in the "Supplier Submission Note" field.

Once the supplier accepts or disputes the Cost Recovery, the workflow will not be visible again on the SDC unless it is approved or rejected back to the supplier.



APPROVALS

Supplier Action: Accept Responsibility Dispute Responsibility
*Please enter a submission note before selecting your action.*

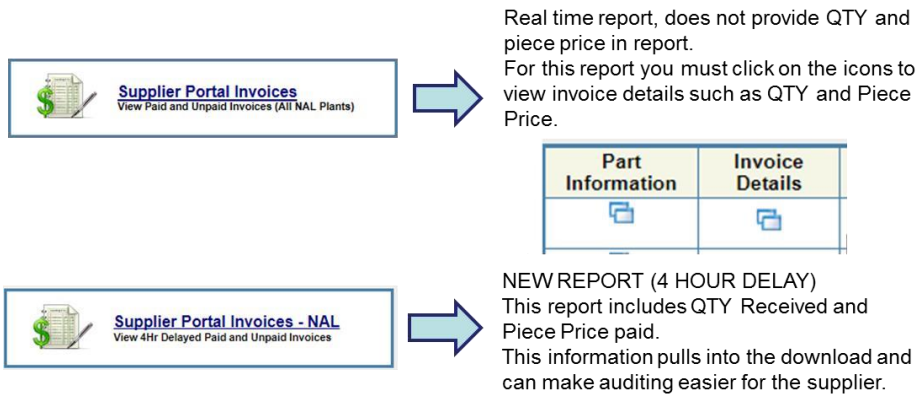
Supplier Submission Note:

A completed Cost Recovery example is seen here:

| | | | |
|---|---|---|---|
| COST RECOVERY (COMPLETED BY RI) | 13201-1 | Closed<br>Supplier Status Note: | $300.00 |

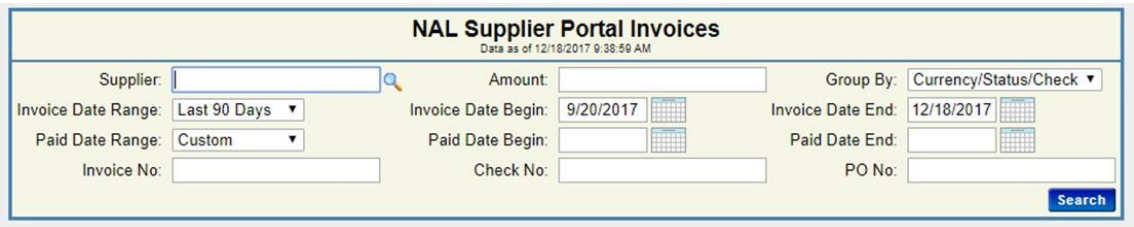
## 2.22 Viewing Invoices

Using the Supplier Portal Invoices screen, paid and unpaid invoices can be seen.




## 2.23 Invoices

Invoice record will be generated at the time of receipt on NAL's dock. Use filters at the top of the screen shown here to change visible invoices.




## 2.24 Invoice Notes

By default, Invoice No will read "RECEIVED" until it is matched with an invoice for all nonproduction PO's. These items still require a hard copy invoice to be sent to AP_invoices@nal.com

| Part Information | Invoice Details | Building Name | Status | PO No | Invoice No | Invoice Received | Invoice Date | Terms | Due Date |
|---|---|---|---|---|---|---|---|---|---|
| | | 288822 | Received | SAL013923 | RECEIVED | N | 12/15/2017 | Net 45 | 1/29/2018 |
| | | 288820 | Received | FLA009863 | RECEIVED | N | 12/15/2017 | Net 45 | 1/29/2018 |

Suppliers that are on Auto Voucher, Invoice No will match the packing slip number for all production PO's. Do not send invoices for these items.

| Part Information | Invoice Details | Building Name | Status | PO No | Invoice No | Invoice Received | Invoice Date | Terms | Due Date | Paid Date |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 288819 | Pay | PAR002013 | 0089104505-AV | Y | 12/15/2017 | Prox 27 | 1/27/2018 | |
| | | 288819 | Pay | PAR002108 | 0089097473-AV | Y | 12/15/2017 | Prox 27 | 1/27/2018 | |

## 2.25 Supplier Pricing Summary

Using the Supplier Pricing Summary screen, in CHQ, a list of all associated NAL part numbers can be populated, as well as current and future pricing. Search by Buyer, part number, part name, or commodity to narrow the search. The results can be downloaded.

# 3.0 Request For Quote (RFQ) Process

To receive North American Lighting business, NAL Purchasing must receive, via the following process, a valid quote from the supplier.

**Please note two different requests may be sent at any given time; Request for Cost (RFC) and Request for Quote (RFQ). An RFQ is a requested quote for a production component. An RFC is a requested cost that may be for a study. If there are any concerns of which may take priority, please contact NAL Purchasing.

## 3.1 Utilizing the RFQ Excel Form

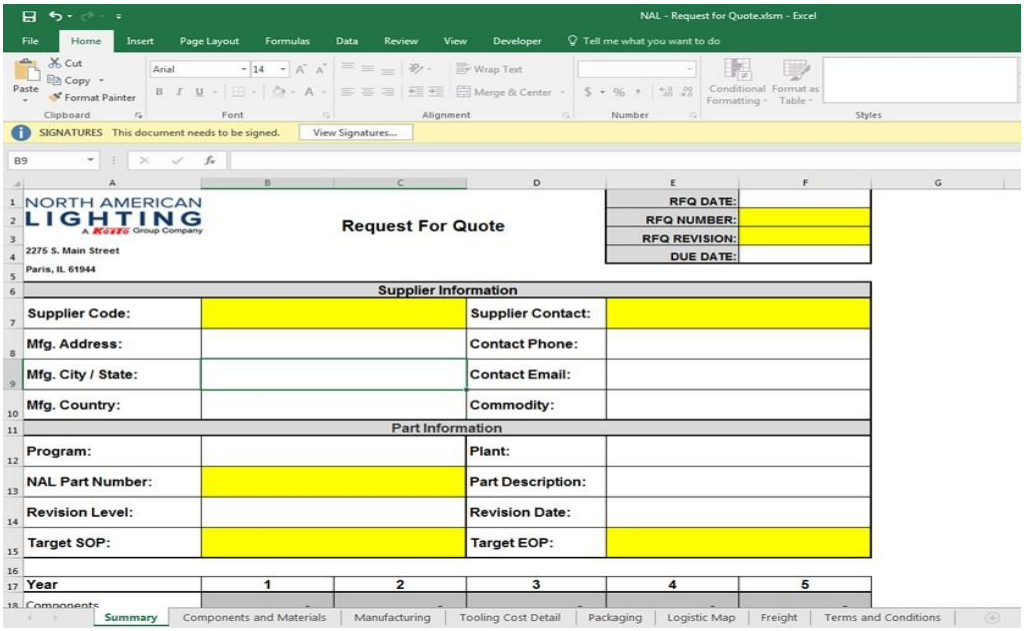
### 3.1.1 Where is the Form Located

While in Plex, navigate to the CHQ PCN, click on the "Supplier Documentation" node and the next screen will be a list of documents. Choose the RFQ Excel file. *Check here regularly as any updates to the form will be modified and updated to this link.*

### 3.1.2 What Does This Form Look Like

The RFQ form is an Excel document. Submissions must be attached as an Excel file or submission will be rejected. This Excel file has multiple tabs, and all are required to be completed. If the yellow boxes are not completed, the document is identified as incomplete. The dark grey boxes are formulas and compiled based on data entered in necessary cells. Part

Information may be provided in the Excel Summary tab by the Buyer, however it is the suppliers' responsibility to ensure all information is entered/completed.




### 3.1.3 Completing the RFQ

As mentioned, all yellow cells <u>must</u> be completed, or the Buyer is subject to reject the submission of the RFQ. All necessary data will be supplied within the RFQ module in Plex. This could be within the module itself or documents provided as attachments in the module.

### 3.1.4 Opening and Saving the RFQ

It is suggested to open the file from the Plex portal and saving the file (Save As) in NAL's preferred file name: RFQ [rfq number][program][lamp][part number]-[supplier name] If the document has been saved, the document has been completed and a signature added to the last tab, the document may be closed.

### 3.1.5 What is in each tab of the RFQ Excel Form?

#### 3.1.5.1 Summary

<u>Note</u>: If "Supplier Contact" name gets removed from the cell while form is being completed, the drop downs on each tab will need to be recompleted or workbook will be showing as incomplete.

Part Information may be provided in the Excel summary tab by the Buyer, however it is the suppliers' responsibility to ensure all information is entered/completed.

NORTH AMERICAN LIGHTING
A KOITO Group Company

2275 S. Main Street
Paris, IL 61944

**Request For Quote**

| | |
|---|---|
| RFQ DATE: | |
| RFQ NUMBER: | |
| RFQ REVISION: | |
| DUE DATE: | |

| Supplier Information | | | |
|---|---|---|---|
| Supplier Code: | | Supplier Contact: | |
| Mfg. Address: | | Contact Phone: | |
| Mfg. City / State: | | Contact Email: | |
| Mfg. Country: | | Commodity: | |

- **RFQ DATE** – Date RFQ is being completed.
- **RFQ NUMBER** – Derived from Plex.
- **RFQ REVISION** – Derived from Plex.
- **DUE DATE** – Derived from Plex.
- **SUPPLIER CODE** – Company code; copy and paste from Plex RFQ.
- **MFG ADDRESS** – Address where goods will be manufactured.
- **SUPPLIER CONTACT** – Name of individual completing the form.
- **CONTACT PHONE** – Phone number for individual completing the form.
- **CONTACT EMAIL** – Email address for individual completing the form.
- **COMMODITY** – Derived from Plex.

| Part Information | | | |
|---|---|---|---|
| Program: | | Plant: | |
| NAL Part Number: | | Part Description: | |
| Revision Level: | | Revision Date: | |
| Target SOP: | | Target EOP: | |

- **PROGRAM** – Derived from Plex.
- **NAL PART NUMBER** – Derived from Plex.
- **REVISION LEVEL** – Derived from Plex.
- **TARGET SOP** – Derived from Plex.
- **PLANT** – Derived from Plex.
- **PART DESCRIPTION** – Derived from Plex.
- **REVISION DATE** – Derived from Plex.
- **TARGET EOP** – Derived from Plex.

| Year | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Components | - | - | - | - | - |
| Manufacturing | - | - | - | - | - |
| Tooling | - | - | - | - | - |
| Packaging | - | - | - | - | - |
| Freight | - | - | - | - | - |
| SG&A | | | | | |
| Profit | | | | | |
| Cost Reduction Activities | | | | | |

- **YEAR** – Populated based on SOP/EOP entered above.
- **COMPONENTS** – Formulated based on components tab; linked to tab.
- **MANUFACTURING** – Formulated based on manufacturing tab; linked to tab.
- **TOOLING** – Formulated based on tooling tab, if applicable; linked to tab.
- **PACKAGING** –Formulated based on packaging tab, if applicable; linked to tab.
- **FREIGHT** – Formulated based on freight tab, if applicable; linked to tab.
- **SG&A** – Open cells, determined by supplier.
- **PROFIT** – Open cells, determined by supplier.
- **COST REDUCTION ACTIVITIES** – Open cells, determined by supplier; should be entered as a negative number to reduce the price by year.

| | | | | | |
|---|---|---|---|---|---|
| **Contract Price** | - | - | - | - | - |
| **APR** | | | | | |
| **Profit Margin** | | | | | |
| **LH Piece Volume** | | | | | |
| **RH Piece Volume** | | | | | |
| **Total Piece Volume** | - | - | - | - | - |
| **Total Cost** | - | - | - | - | - |

**Volume Review**

| Year | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| **Projected Daily LH Volume** | - | - | - | - | - |
| **Projected Daily RH Volume** | - | - | - | - | - |
| **Projected Daily Total Piece Volume** | - | - | - | - | - |
| **Projected Weekly LH Volume** | - | - | - | - | - |
| **Projected Weekly RH Volume** | - | - | - | - | - |
| **Projected Weekly Total Piece Volume** | - | - | - | - | - |

**Safety Stock Requirements ( 3 Months Pre-Production + 60 Days Production)**

| Completion Date | | | | | |
|---|---|---|---|---|---|
| Safety Stock LH Piece Requirement | - | - | - | - | - |
| Safety Stock RH Piece Requirement | - | - | - | - | - |
| Safety Stock Total Piece Requirement | - | - | - | - | - |

| Tooling (Non - Amortized) |
|---|
| |

| Tool Ownership | |
|---|---|

| Manufacturing Location Category | Domestic |
|---|---|

| Total Program Cost |
|---|

| Supplier Last Audit Date | |
|---|---|

- **CONTRACT PRICE** – Formulated based on above calculations; annual piece cost this contract will be held to (Rounded to four decimal places).
- **APR** – Formulated based on "Cost Reduction Activities" and "Total."
- **Profit Margin** – Formulated based on "Profit" and "Total." • **LH PIECE VOLUME** – Derived from Plex.
- **RH PIECE VOLUME** – Derived from Plex.
- **TOTAL PIECE VOLUME** – Sum of LH and RH volume.
- **TOTAL COST** – Annual cost.
- **Projected Daily LH Volume** – Daily volume based on above numbers.
- **Projected Daily RH Volume** – Daily volume based on above numbers.
- **Projected Daily Total Piece Volume** – Total of LH / RH daily volumes.
- **Projected Weekly LH Volume -** Daily volume based on above numbers.
- **Projected Weekly RH Volume -** Daily volume based on above numbers.
- **Projected Weekly Total Piece Volume -** Total of LH / RH daily volumes.
- **Safety Stock LH Piece Requirement** – Required amount of safety stock to maintain in US warehouse based on volumes available at the time of quote.
- **Safety Stock RH Piece Requirement** – Required amount of safety stock to maintain in US warehouse based on volumes available at the time of quote.
- **Safety Stock Total Piece Requirement** – Sum of LH / RH safety stock.
- **TOOLING (NON-AMORTIZED)** – Formulated based on tooling tab, if applicable.
- **TOTAL PROGRAM COST** – Sum of total cost, tooling (non-amortized).
- **TOOL OWNERSHIP** – Use drop down.
- **MANUFACTURING LOCATION CATEGORY** – Domestic production, Domestic production of molded components, or International production (use drop down).
- **SUPPLIER LAST AUDIT DATE** – determined by supplier; Date of the last audit.

| Item | Status |
|---|---|
| Summary | *Incomplete* |
| Components | *Incomplete* |
| Manufacturing/Tooling | *Incomplete* |
| Tooling Detail | *Incomplete* |
| Packaging | *Incomplete* |
| Logistics Map | *Incomplete* |
| Freight | *Incomplete* |
| Terms and Conditions | *Incomplete* |

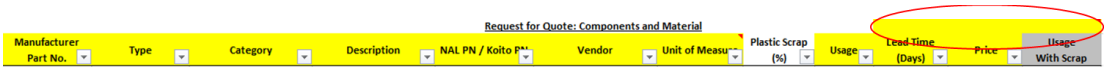
| Quote Rev Level Notes |
|---|
| |

- **SUMMARY** – Summary tab completed.
- **COMPONENTS** – Components tab completed; drop down box utilized "reviewed by / cost variable not applicable."
- **MANUFACTURING/TOOLING** – Manufacturing tab completed; drop down box utilized "reviewed by / cost variable not applicable."
- **TOOLING DETAIL** – Tooling tab completed; drop down box utilized "reviewed by / cost variable not applicable."
- **PACKAGING** – Packaging tab completed; drop down box utilized "reviewed by / cost variable not applicable."
- **LOGISTICS MAP** – Logistics tab completed; drop down box utilized "reviewed by / cost variable not applicable."
- **FREIGHT** – Freight tab completed; drop down box utilized "reviewed by / cost variable not applicable."
- **TERMS AND CONDITIONS** – Terms & conditions tab completed; signed through Excel Signature.
- **QUOTE REV LEVEL NOTES** – Location for supplier to make any associated notes to the RFQ; If notes are entered, box will change from white to yellow.

### 3.1.5.2 Components & Materials

This section is to break down the components & materials that make up the purchased part. This could be referred to as the BOM.

Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.



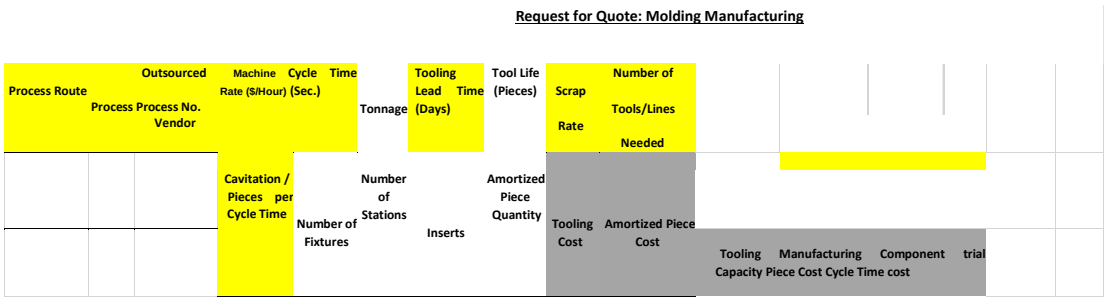

- **PROCESS ROUTE NO** – Numeric key to link "Components and Materials", "Molding Manufacturing / Non-Molding Manufacturing" and "Tooling" tabs.
- **MANUFACTURER PART NO.** – The Manufacturer part number.

- **TYPE** – Component type (Fastener, Molding Compound, Resistor, Connector, etc); select from drop down box; if type not available, hand type in the cell.
- **CATEGORY** – How is material obtained; select from drop down box.
- **DESCRIPTION** – What is the component's description?
- **NAL / KOITO PN** – Is there a known NAL or Koito part number associated?
- **VENDOR** – Who is the vendor of the component?
- **UNIT OF MEASURE** – What is the unit of measure of the component? (pounds, inches, etc.).
- **TONNAGE** – Only pertaining to molded component(s) from "Molding Manufacturing" tab.
- **PLASTIC SCRAP (%)** – Only pertaining to molded component(s); scrap percentage applicable to runner, etc.; If applicable.
- **USAGE** – Amount used per finished good.
- **LEAD TIME (DAYS)** – Known lead time to receive component/material, in days.
- **PRICE** – Price of component; note only displaying 4 decimal places.
- **USAGE WITH SCRAP** – Total usage plus scrap allotment.

### 3.1.5.3 Manufacturing

#### 3.1.5.3.1 Molding Manufacturing

This section is to break down the manufacturing process that takes place on all molded components/materials listed on the previous tab, if applicable.
Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.

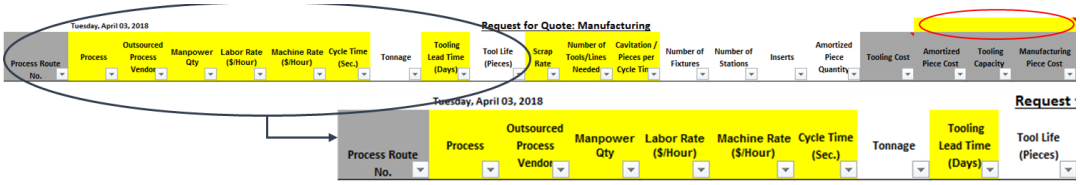



- **PROCESS ROUTE NO.** – Auto populated based on process.
- **PROCESS** – Manufacturing process start to finish (excluding tooling); select from the dropdown box; if process not available, hand type in the cell.
- **OUTSOURCED PROCESS VENDOR** – If process is outsourced, who is the vendor?
- **MACHINE RATE ($/Hour)** – Cost per hour to operate machine.
- **CYCLE TIME (Sec.)** – Process time in seconds.
- **TONNAGE** – Size of machine quoted.
- **TOOLING LEAD TIME (DAYS)** – Days for tool to be completed, in days.

- **TOOL LIFE (PIECES)** – How many pieces can one tool produce before a new tool will need to be built? if applicable.
- **SCRAP RATE** – Percentage of scrap per process.
- **NUMBER OF TOOL/LINES NEEDED** – To produce volume advised, how many tools/lines will be needed.
- **CAVITATION/PIECES PER CYCLE TIME** – How many parts are being supplied per cycle?
- **NUMBER OF FIXTURES** – To produce volume advised, how many fixtures are needed, if applicable.
- **NUMBER OF STATIONS** – To produce volume advised, how many stations are needed, if applicable.
- **INSERTS** – How many inserts are required, if applicable.
- **AMORTIZED PIECE QUANTITY** – Across how many pieces does this process plan to be amortized across, if applicable.
- **TOOLING COST** – Formulated based on Tooling tab.
- **AMORTIZED PIECE COST** – Formulated based on Tooling tab.
- **TOOLING CAPACITY** – Formulated based on Tooling tab.
- **MANUFACTURING PIECE COST** – Formulated based on Tooling tab.
- **COMPONENT CYCLE TIME (SEC.)** – Cycle time per piece.
- **TRIAL COST** – Standard cost paid for mold qualification based on tonnage.

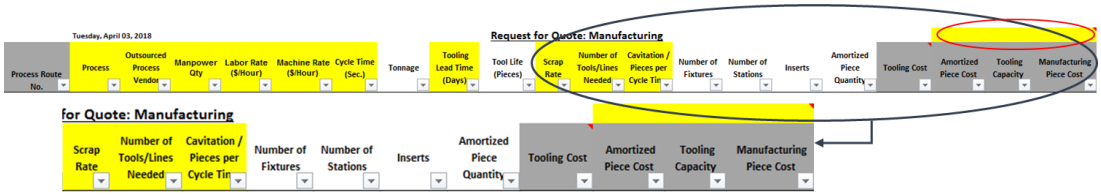
### 3.1.5.3.2 Non-Molding Manufacturing

This section is to break down the manufacturing process that takes place on all non-molded components/materials listed on the previous tab, if applicable.
Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.




- **PROCESS ROUTE NO.** – Auto populated based on process.
- **PROCESS** – Manufacturing process start to finish (excluding tooling); select from the dropdown box; if process not available, <u>hand type in the cell.</u>
- **OUTSOURCED PROCESS VENDOR** – If process is outsourced, who is the vendor?
- **MANPOWER QTY** – How many individuals to complete the process. • **LABOR RATE ($/HOUR)** – Cost for one individual; dollars per hour.
- **MACHINE RATE ($/HOUR)** – Cost for machine/process; dollars per hour.
- **CYCLE TIME (SEC.)** – Process time, in seconds.
- **TONNAGE** – Tool tonnage, if applicable.
- **TOOLING LEAD TIME (DAYS)** – Days for tool to be completed, in days.

- **TOOL LIFE (PIECES)** – How many pieces can one tool produce before a new tool will need to be replaced, if applicable.

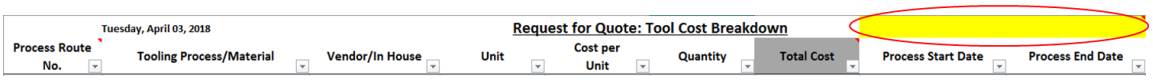



- **SCRAP RATE** – Percentage of scrap per process.
- **NUMBER OF TOOL/LINES NEEDED** – To produce volume advised, how many tools/lines will be needed.
- **CAVITATION/PIECES PER CYCLE TIME** – How many parts are being supplied per cycle?
- **NUMBER OF FIXTURES** – To produce volume advised, how many fixtures are needed, if applicable.
- **NUMBER OF STATIONS** – To produce volume advised, how many stations are needed, if applicable.
- **INSERTS** – How many inserts are required, if applicable.
- **AMORTIZED PIECE QUANTITY** – Across how many pieces does this process plan to be amortized across, if applicable.
- **TOOLING COST** – Formulated based on Tooling tab.
- **AMORTIZED PIECE COST** – Formulated based on Tooling tab.
- **TOOLING CAPACITY** – Formulated based on Tooling tab.
- **MANUFACTURING PIECE COST** – Formulated based on Tooling tab.

### 3.1.5.4 Tooling Cost Detail

This section is to break down the tooling cost that takes place on all manufacturing processes listed on the previous tab, if applicable.

Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.

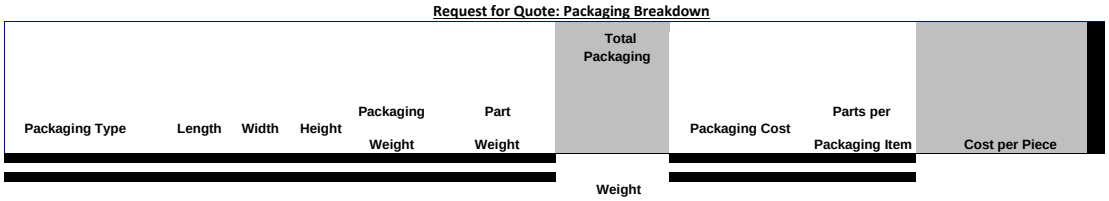



- **PROCESS ROUTE NO.** – Select from the drop-down which process number that was listed on the Manufacturing tab.
- **TOOLING PROCESS/MATERIAL** – Description of cost associated to the process.
- **VENDOR/IN HOUSE** – Identify the vendor that supplies tooling process/material or note if it is done in house.
- **UNIT** – What is the unit of measure? (pounds, inches, etc).
- **COST PER UNIT** – Whether purchased or made in house, what is the cost per unit?
- **QUANTITY** – Number of units per cost item.
- **TOTAL COST** – Based on quantity and cost per unit.
- **PROCESS START DATE** – Date process can begin.
- **PROCESS END DATE** – Date projecting process will conclude.

### 3.1.5.5 Packaging

This section is to break down the packaging that ships the NAL Purchased Component, if applicable.

Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.



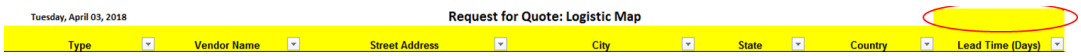

**PACKAGING TYPE** – Select from drop down box.

- **LENGTH** – Package dimension, in inches.
- **WIDTH** – Package dimension, in inches.
- **HEIGHT** – Package dimension, in inches.
- **PACKAGING WEIGHT** – Weight of packaging unit.
- **PART WEIGHT** – Weight of individual component.
- **TOTAL PACKAGING WEIGHT** – Total weight of each full shipping unit.
- **PACKAGING COST** – Cost per packaging type.
- **PARTS PER PACKAGING ITEM** – How many components fit in the packaging type specified (Ex. One thousand widgets fit in one cardboard box).
- **COST PER PIECE** – Formulated based on the extended cost over the parts per packaging item.

### 3.1.5.6 Logistics Map

This section is to break down the logistic routings of the NAL Purchased Component from manufacturing location to NAL destination. This includes any location that holds NAL product for any length of time.

Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.

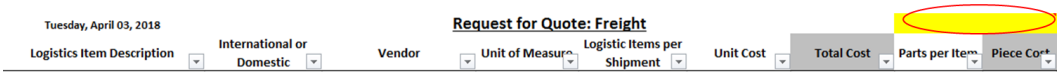



- **TYPE** – Select from the drop-down box the type of location listed.
- **VENDOR NAME** – Name of vendor, if applicable.
- **STREET ADDRESS** – Physical address for where components are located.
- **CITY** – Physical address for where components are located.
- **STATE** – Physical address for where components are located.
- **COUNTRY** – Physical address for where components are located.
- **LEAD TIME (DAYS)** – As determined in the sourcing contract.

### 3.1.5.7 Freight

This section is to break down the freight associated to the NAL Purchased Component from manufacturing location to NAL destination. This would exclude Milk-run shipments.

If there is a one-time associated cost, this can be entered in the notes section on the Summary tab. Once complete, in the top right corner, be sure to select from the drop down whether the tab was reviewed, or cost variable not applicable.



- **LOGISTICS ITEM DESCRIPTION** – Description of the cost associated with shipping this finished good.
  **INTERNATIONAL OR DOMESTIC** – Does this cost occur within the United States
- **VENDOR** – Name of Vendor who is being paid for logistics cost.
- **UNIT OF MEASURE** – Example- hours, each, miles, etc.
- **LOGISTIC ITEMS PER SHIPMENT** – How many times will this cost occur per shipment of finished good.
- **UNIT COST** – Cost per logistics item.
- **TOTAL COST** – Based on Logistic Items per Shipment and Unit Cost.
- **PARTS PER ITEM** – How many finished goods are moved included in this logistics item (Ex: Rail car contains 500 finished goods).
- **PIECE COST** – Based on Total Cost and Parts per Item.

### 3.1.5.8 Terms & Conditions

This section is to break down the Contract that will be signed by the supplier and NAL. The red bar across the top indicates that the document has not been completed, based on the information provided and indicated on the summary tab.

As mentioned, if incomplete, the Buyer is subject to reject the quote.
Review this tab and referenced documents often, as changes are apt to occur.

*Note: On this Terms and Conditions tab, under Safety Stock, the minimum working days is calculated based off the Manufacturing Location Category determined by the supplier on the Summary Page.

| Safety Stock Requirements ( 3 Months Pre-Production + 60 Days Production) | | | | | |
|---|---|---|---|---|---|
| Completion Date | | | | | |
| Safety Stock LH Piece Requirement | - | - | - | - | - |
| Safety Stock RH Piece Requirement | - | - | - | - | - |
| Safety Stock Total Piece Requirement | - | - | - | - | - |

| | | | |
|---|---|---|---|
| Tooling (Non - Amortized) | - | Tool Ownership | |
| | | Manufacturing Location Category | International |
| Total Program Cost | - | Supplier Last Audit Date | |

When “International” is selected from the dropdown on the summary tab 20 days of safety stock will show as being required in the “Safety Stock” section of the “Terms and Conditions” tab.

When “Domestic” or “Domestic (Molded)” is selected from the dropdown on the summary tab 2 days of safety stock will show as being required in the “Safety Stock” section of the “Terms and Conditions” tab.

The following is the bottom portion of the Terms & Conditions Tab. As mentioned above, the contract is to be signed electronically by the supplier and buyer.

**Terms and Conditions:**

NAL Terms and Conditions shall apply. These Terms and Conditions are available for review on our website at www.nal.com or can be obtained by contacting the NAL Purchasing Department.

| Supplier Representative | NAL Purchasing Representative |
|---|---|
| X | X |
| SUPPLIER REPRESENTATIVE | NAL PURCHASING REPRESENTATIVE |

By signing, I understand and agree to the terms and conditions as listed above prior to submitting the RFQ. I have reviewed all pages of the RFQ document and will honor the terms if the business is awarded.

### 3.1.6 If the Business is Being Awarded

When business is being awarded, the buyer will return the submitted RFQ as a signed PDF to the chosen company. This signed document will become the contract for that business and will replace the old NAL New Business Sourcing Agreement.

## 3.2 Utilizing the RFQ Module in Plex

All RFQ's will be communicated through the Plex portal, via the RFQ module in the CHQ PCN. Automatic notifications could be transmitted through email, if proper contact information is updated as noted in section 2.7 of this document.

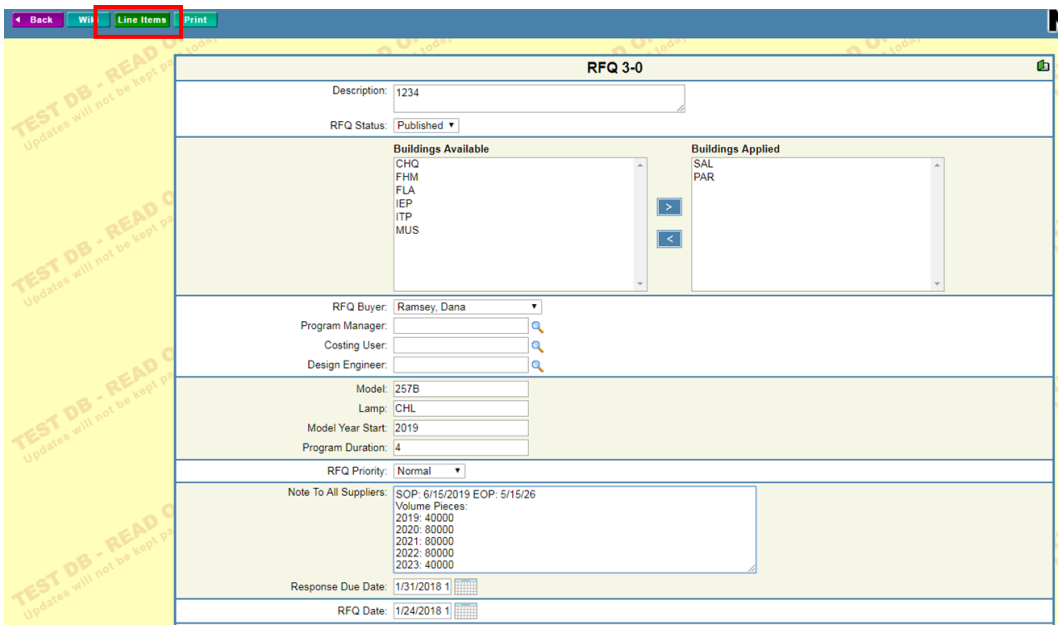
### 3.2.1 Reviewing RFQ Information

Utilizing the filters can help narrow a search or selecting the "Search" button will populate all available RFQ's associated as a supplier.

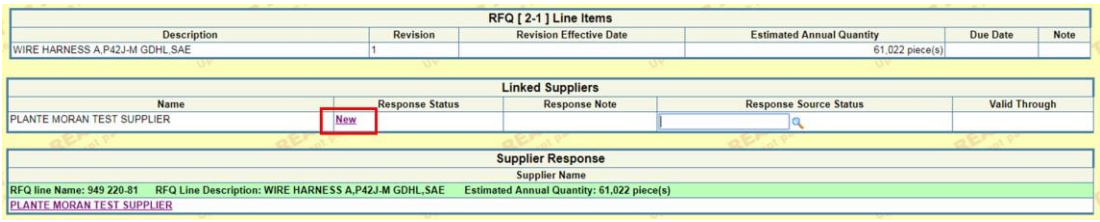
Selecting the paperclip icon aligned with the associated RFQ, under the "Attach," column will show any attachments that belong with that RFQ, such as drawings, BOMs, Volumes, etc. Click the "Header" hyperlink on the left under the RFQ No. – Rev. column.

The information provided on the "Header" of the RFQ will be important for completing the RFQ form. The supplier does not have to input anything on this page but take note of the information provided by the Buyer.

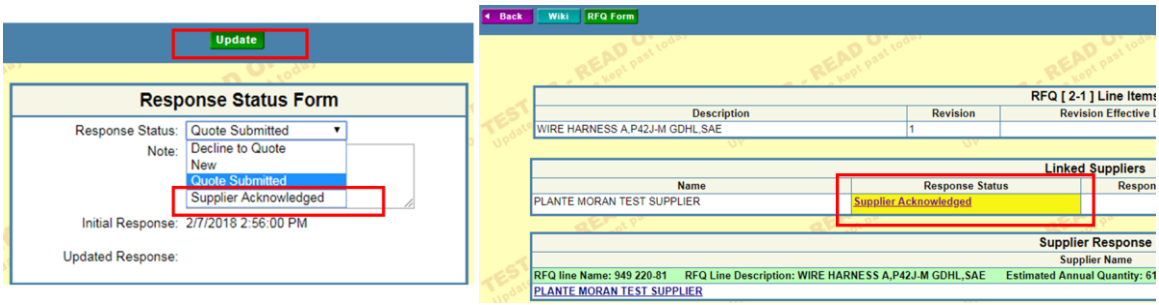
Once information is gathered from the Header screen, click on the "Line Items" button in the top left.



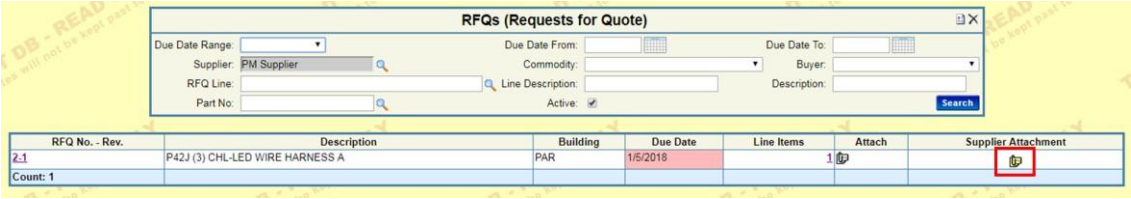

The Buyer may input multiple Line Items (Part Numbers) on one RFQ. Pictured below, there is only one Line Item linked to this RFQ shown. Under Response Status, select the hyperlink.



Initially, the supplier should choose “Supplier Acknowledged” and select Update in the top middle. This will notify the Buyer that the RFQ is being reviewed and worked on by the supplier. This will cause the “Response Status” to change, as indicated in the following picture.

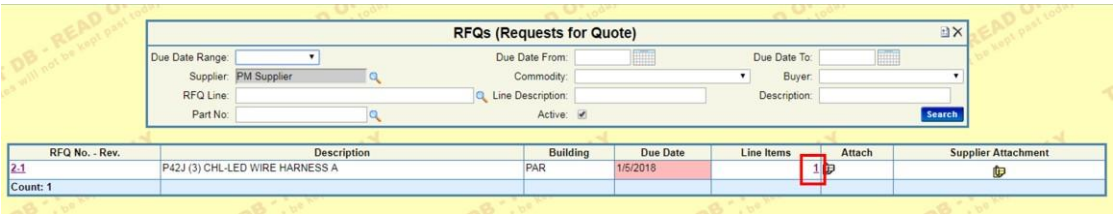



Back on the RFQ Module screen, once the RFQ form is completed, the Excel file can be attached under the “Supplier Attachment” section. To learn more about the RFQ Excel form, review section 3.1 of this document.

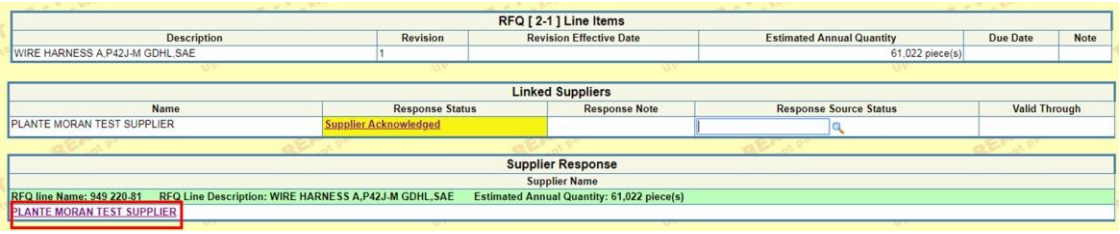



Click the “Add” button on the top ribbon. Upload a file from the location the RFQ form is saved. Then click the “Close” button, once all necessary documents are uploaded.

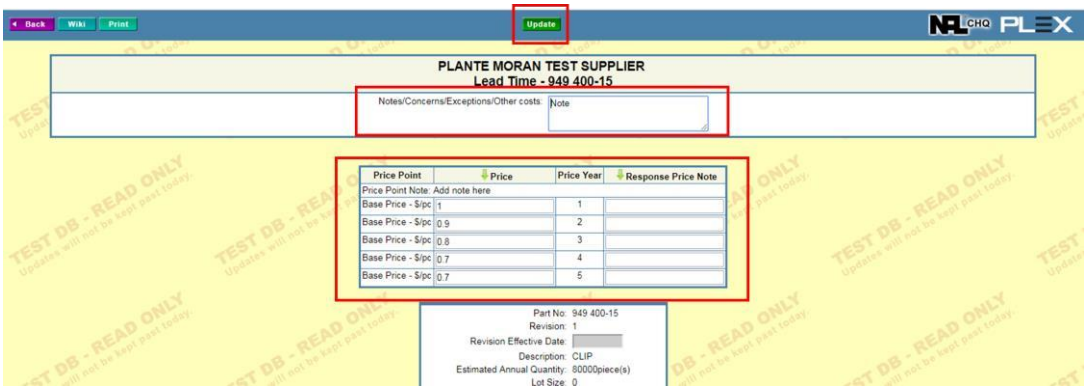
Once the RFQ document is attached, go into the Line Item by selecting the hyperlink number shown here:



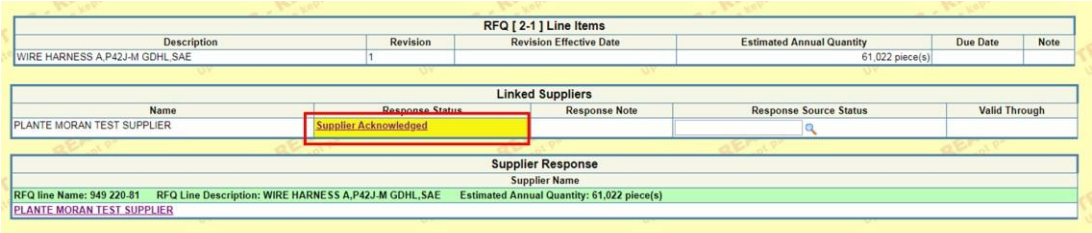

This will bring up the Line Items screen. Click the supplier name under the "Supplier Response" section of the screen.




The following screen will require the Piece Price, or Base Price as noted on the screen, be entered for the life of the program. Enter this unit pricing for future years as listed on the attached RFQ. If any notes are needing mentioned, they can be entered in the Notes/Concerns/Exceptions/Other costs text box. Once finished, select "Update" at the top of the screen.




Back on the Line Items screen, the next step should now be to change the Response Status. Do so by clicking on the hyperlink.



RFQ [ 2-1 ] Line Items

| Description | Revision | Revision Effective Date | Estimated Annual Quantity | Due Date | Note |
|---|---|---|---|---|---|
| WIRE HARNESS A,P42J-M GDHL,SAE | 1 | | 61,022 piece(s) | | |

Linked Suppliers

| Name | Response Status | Response Note | Response Source Status | Valid Through |
|---|---|---|---|---|
| PLANTE MORAN TEST SUPPLIER | Supplier Acknowledged | | | |

Supplier Response

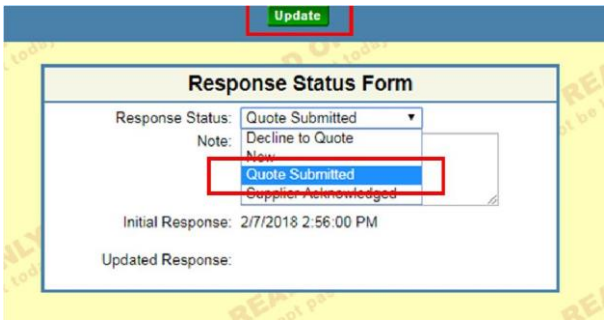
Supplier Name

RFQ line Name: 949 220-81 RFQ Line Description: WIRE HARNESS A,P42J-M GDHL,SAE Estimated Annual Quantity: 61,022 piece(s)

PLANTE MORAN TEST SUPPLIER

Choose from the drop-down list "Quote Submitted" and Update. *If the person completing this step is not fit to provide a quote for a given job, note that there is an option "Decline to Quote" for such situations.*

.




As the supplier, the quotation and response has been submitted to the Buyer for review and feedback. The Buyer will respond through the Plex Module accordingly by updating the Response Source Status. If any Revisions should apply to an RFQ a notification will be sent through Plex. (If contact data is correctly identified in Plex, see section 2.7)

## 4.0 Cost Change Request (CCR) Process

In order to allow a products price to change in the system, an approval process must be conducted, known as a Cost Change Request (CCR).

Important items to be referenced:

- There will be no retro pricing between adjustments during trial phases. It will also be the supplier's responsibility to submit requested changes prior to SOP. There will be no retros processed for changes that were not submitted by the supplier by the SOP timing.
- Price effectivity date will be agreed upon by the supplier and NAL upon approval of the agreed changes.
- Part weight and cycle time check sheets must be submitted with signatures from both the supplier and NAL representative before approval will be given or CCR approved.

- Random part weights and cycle time audits will be conducted at the suppliers throughout the year by purchasing. When discrepancies are found Purchasing will initiate the CCR with the suppliers.
- Requests for tonnage changes will be compensated for, if the supplier quoted from NAL information that was incorrect. However, if the supplier quoted the correct tonnage and then changed it based off their internal capacity constraints, NAL will not be responsible for that decision.

### 4.1 Pre-Production Parts

There will be 4 milestones that Pre-Production parts pricing can be addressed:
- 9 months before NAL SOP. Timing of NAL 9-month survey.
- 6 months before NAL SOP. NAL reviewing standards.
- HVPT (High Volume Production Trial).
- Start of Production

### 4.2 Production Parts

For components already in production, NAL will review pricing once a year. If a supplier wishes to submit a CCR, timing will be from May 1st through June 15th.

### 4.3 Required documents from suppliers for CCR

When submitting a Cost Change Request, the following information/documentation is required:
- Current Cost breakdown (on RFQ form)
- Proposed Cost breakdown (on RFQ form)
- Specific to molded components, the Part Weight Cycle Time sheets must be filled out and signed by parties from each company for any changes in these categories

### 4.4 Molding Compound Cost Changes

NAL Purchasing will provide molding compound price changes to the supplier as NAL accepts price change from Customer. The supplier will have 5 days to review and sign before an effectivity date will be given to the supplier for when updated pricing is to begin.

## 5.0 Capacity Requirement

NAL is a JIT company providing OE product to many automotive manufacturing companies. It is important that we have a continuous supply of purchased components from suppliers.

NAL requires suppliers to be proactive in understanding their manufacturing process, NAL tier 2 suppliers' capacity, part procurement timing, and inventory management. NAL has developed the below program to help monitor new launch and identify potential risks. NAL line downtime or customer line downtime, as a result of our suppliers' manufacturing constraints, will result in supplier chargebacks (NC001-NC003).

### 5.1 4 3 2 1 Launch Program

The 4 3 2 1 Launch Program represent quarters prior to NAL launch. These quarters are milestones which lead up to an NAL SOP. NAL will issue a series of surveys to the supplier(s) each quarter which will allow the supplier to provide their readiness as the NAL SOP approaches. Below is what the 4 3 2 1 Launch Program will entail:

**Quarter:**

12 Months Prior to NAL Launch:

1. Suppliers will be asked to provide information regarding machine specific capacity (green).
   a. Molders will be asked to provide the machine tonnage and ID number for each part number in the program being studied.
   b. Wire harness and electronics suppliers will be asked to provide data regarding their top 3 bottleneck processes for each part number in the program being studied.
2. NAL will provide the part number, project code and the daily requirements (red).
3. Suppliers are expected to provide planned downtime, changeover times, cycle times, utilization percent, pieces produced/cycle, and efficiency percent.
4. Suppliers are required to provide the above for all existing product as a sum. *Please note that specific information about the "other product" is not needed. This can consist of NAL and/or other customers. Products, product codes, or part numbers are not necessary.
5. There will be formulas to calculate the capacity of the machine (yellow) and additional tabs for additional part numbers in the program.
6. Suppliers will be given a due date. If the date is missed, the supplier's scorecard will be affected.

9 Months Prior to NAL SOP Surveys:

1. Suppliers will be sent a survey via email with the following questions regarding the specific program
   a. Is there a 6-month build plan?
   b. Has HVPT been scheduled?
   c. Are there any current design changes occurring that will affect launch?
      - If yes, what is the current revision?

- What is new revision?
- What is effectivity date?
- Does it affect capacity?

d. Is the supplier new to NAL?
   - If yes, confirm FOB point is production facility or U.S. warehouse.
   - Provide addresses of both.

e. Please explain any concerns with the launching of this program, or any reason why parts will not be ready to meet production demands at SOP.

2. Suppliers will be given a due date. If the date is missed, the supplier's scorecard will be affected.

6 Months Prior to NAL Launch:

1. Suppliers will be sent their original responses to the 12-month survey.
2. If there are volume changes, NAL will notify supplier in the body of the email and the attachment.
3. Suppliers are expected to review and update the information to match the current situation.
4. Suppliers will be given a due date. If the date is missed, the supplier's scorecard will be affected.

3 Months Prior to NAL SOP Surveys:

1. Suppliers will be sent a survey via email with the following questions:
   a. Have all new launch production parts been PPAP'd for [Program]?
   b. Verify completed safety stock is in place for [Program]?
      - If not, Buyer must fill out the required safety stock recovery form in Plex and forward to supplier.
      - Buyer and supplier must track weekly progress.
   c. Are OEM and Alternate packaging in place?
   d. Are there any current design changes occurring that will affect launch?
      - If yes, what is the current revision?
      - What is new revision?
      - What is effectivity date?
      - Does it affect capacity?
   e. Is necessary tooling in place and production ready?
   f. Please explain any concerns with the launching of this program, or any reason why parts will not be ready to meet production demands at SOP.
2. Suppliers will be given a due date. If the date is missed, the supplier's scorecard will be affected.

### 5.2 Business Plan Volume and Capacity Evaluation

To assist in monitoring capacity, with each NAL Business Plan that is provided internally, notifications are sent to the supplier(s) of changes. This gives the supplier the opportunity to respond that they do or do not understand the changes or any implications the changes may have at the supplier.

The NAL Business Plan reviews Customer volume changes by model, SOP and EOP changes, and lamps/components that have been added or removed.

**Every Business Plan:**

1. Molding Capability Survey.
2. Email SOP/EOP date changes.
   a. If <6 weeks, just a notification will be sent, electronics will be sent if <12 weeks.
   b. If >6 weeks, a full study will be conducted, electronics will be sent if >12 weeks.
3. Supplier Capability Survey ***This is also done for new suppliers***
   a. Analysts compile the responses into database.
   b. Buyers can use the data to determine if the supplier has the capability and/or the capacity available so that they are only sending quotes to suppliers that can support if awarded.

**January/July Business Plans:**

1. NAL Analyst send Business Plan OE volume forecasts to (active production) suppliers
2. NAL Analyst send out a short online Survey
   a. Suppliers will verify they understand the changes.
   b. Supplier will respond if they are okay to support these changes. **If the answer is no, buyer/manager/AGM will field all questions/concerns ***It is key that the supplier manages tier 2 supplier capacity to ensure accurate and timely deliveries are made to NAL and excess inventory is not acquired.**

## 6.0 Pre-Production Readiness

Purchasing has a weekly "Red X" meeting to review supplier new launch readiness for all launches in the next year. The key items reviewed are:

- Safety Stock
- Pre-Production Purchase Orders
- New part number set up
- Review all submitted Surveys
- Bi-annual Capacity

- 4 3 2 1

### 6.1 Safety Stock Validation

For New Launch components, the sourcing letter will identify the required safety stock quantities and dates to be on-hand during pre-launch. Suppliers need to review each survey for any volume changes in the NAL business plan.

Suppliers are required to provide weekly inventory counts every Tuesday for NAL review. If inventory is below the required levels, suppliers are required to provide a recovery plan to NAL. If inventory is not provided, points will be deducted from the supplier scorecard.

A Blank recovery form can be downloaded from the Plex portal supplier documents – Form PURC137

### 6.2 Pre-Production Order Status

All past due orders will be reviewed with the launch team to ensure no impact to builds or customer shipments. Suppliers are required to contact their Buyer immediately if a shipment is going to be late.

### 6.3 NAL New Part Set-Up

Purchasing reviews Part Set Up with the buying team to ensure all information is in the system.

### 6.4 New Launch Surveys

Purchasing reviews all surveys that have been sent out (as discussed in section 5) to ensure completion timeliness and to address any capacity and/or launch concerns.

## 7.0 RFID Tracking

### 7.1 Supplier Expectations

#### 7.1.1 Set up equipment at supplier

- NAL to provide equipment and support installation.
- Supplier to provide dedicated dock door(s) for NAL product to be loaded and unloaded.

- Supplier to update standard procedure for shipping and receiving NAL product.
- Label all NAL totes, dunnage, and lids.

*NAL will determine these suppliers.

### 7.1.2 COS RFID Tracking Portal

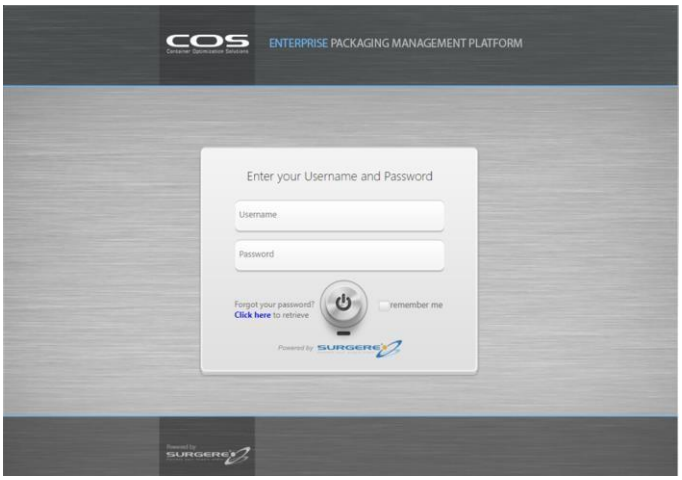
- Train and create process for reviewing tote location in the portal.
- Monitor the status of returnable containers for daily production.
- Report any abnormalities to NAL if there is a concern on returnable shortage
- Alternate Packaging
- Provide the required data from portal to request shipping in alternate packaging.
- If alternate packaging is required, follow the NAL alternate packaging approval process.
- Returnable shortage
- Audit the returnable fleet to confirm returnable fleet labeled correctly.
- If there is a fleet shortage after audit, NAL will review data from supplier and determine if replacement packaging is required.

### 7.1.3 NAL returnable fleet requires suppliers to build daily

- Suppliers that choose to run more than 1-day production at a time may result in building in alternate packaging.
- Suppliers will be required to repack into production packaging before shipment.

## 7.2 Accessing the COS Application

COS is a web-based platform that is used to track the movement of tagged containers throughout the supply chain. It can be accessed at https://cos2.surgere.com. Username and password will be provided by NAL.




Once logged in, access to various reports can be used to locate the individual containers in the fleet of a specific part or multiple parts.

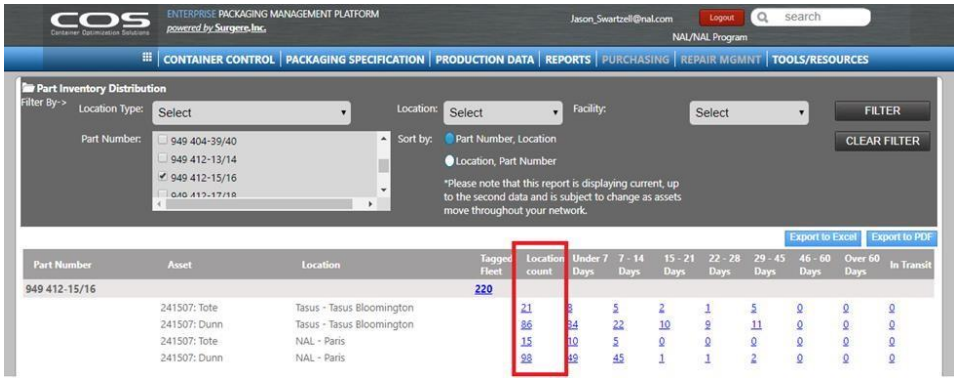
## 7.3 Checking Current Returnable Container Distribution

The primary report (and the subject of this document) is the "Part Inventory Distribution" report. This report will detail the current location breakdown of a container fleet. A screen shot of this report showing insufficient available containers will accompany any request to ship in alternate packaging.

The number of and type of reports available on the screen differ from the reports shown above. A supplier to NAL may be given access to see cycle count, door transaction and other reports to help manage their end of the container fleet.

## 7.4 Requesting Alt-Pack Approval

Before a request for alternate packaging approval is issued to NAL the supplier will utilize the "Part Inventory Distribution" report to justify the request.




In this example, the part number 949 412-15/16 has been selected in the "Part Number" field, and all other filters have been left at default of "Select." This will show all possible locations of the totes and dunnage relating to the selected part number.

| | |
|---|---|
| Part Number: | NAL Part number |
| Asset: | Size and type of asset (tote, dunnage, or lid) |
| Location: | Current location of the portion of the fleet shown |
| Tagged Fleet: | Total number of totes and dunnage with RFID tags |
| Location count: | Current total in location |
| Next 7 columns: | Length of time the asset has been in the current location |
| In Transit: | Number of assets that are currently moving between locations |

In this case we can see that the supplier has 21 totes, and NAL's Paris plant has 15 totes. If the current order was for 30 totes of product, a screen shot of this would be sent to NAL along with an alternate packaging request. If the current order was for 10 totes of product alternate packaging would not be needed as the supplier currently has 21 on hand.
NOTE: The availability and distribution of dunnage can be tracked in the same way, in this example the supplier appears to have 86 units of dunnage and the NAL Paris plant has 98.

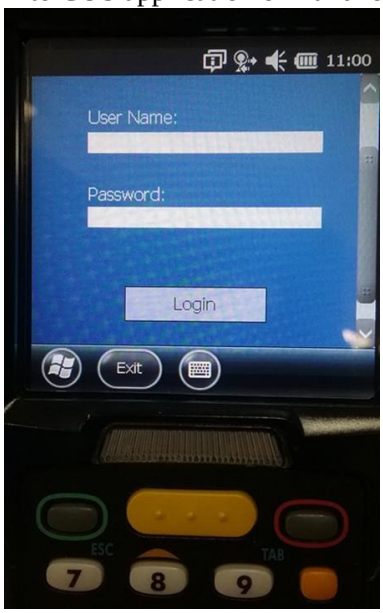
## 7.5 Cycle Count

### 7.5.1 Cycle Counting Tagged Containers

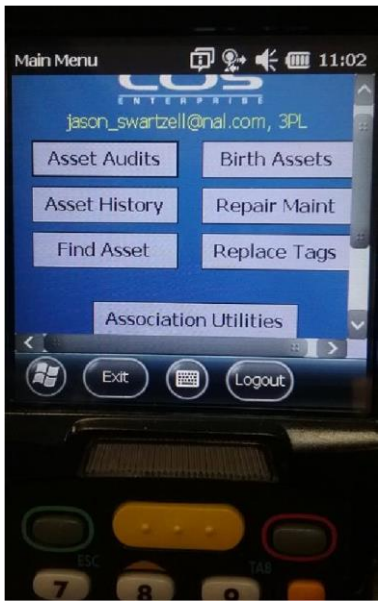
While following procedure and only shipping/receiving NAL containers through door with RFID portals is the best method for maintaining accurate container counts, routine cycle counting will

take care of properly locating the containers that are accidentally received through non-RFID doors or missed by the portals.

1. Log into COS application on handheld

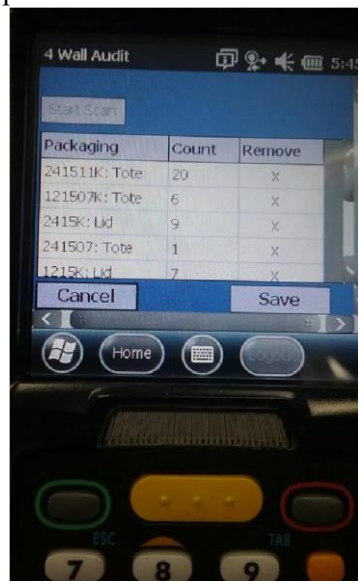



2. Select “Asset Audits” device.




3. Select “All Containers” and indicate the count type to be “RFID” from the dropdown. Click “Start Scan” to begin the cycle count.

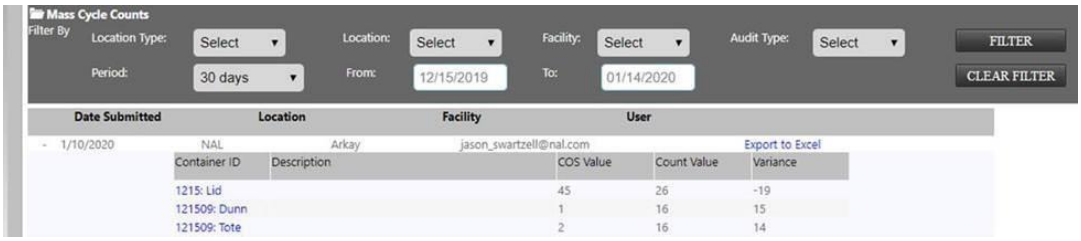
4. Hold down the trigger on the handheld device while moving around the pallet(s) of containers to be counted. When complete click “Save.”



### 7.5.2 Reviewing Counted Quantities

To look up the cycle count in COS, navigate to Container Control. In the drop-down box, select Inventory Control – 4-Wall Count.

Click on the cycle count (may take 20 minutes to show up in COS after it was saved). It can be exported into Excel to see exactly how many of each part number was counted.

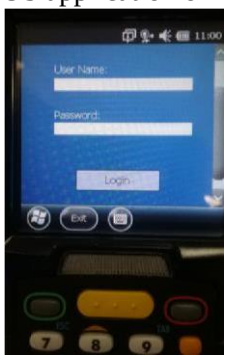



## 7.6 Tagging Returnable Containers

### 7.6.1 Tagging Individual Items

When adding RFID tags to individual or a small number of containers the handheld RFID gun should be utilized.

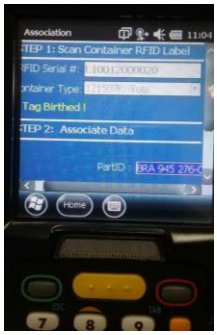
1. Log into COS application on handheld




2. Select “Association Utilities” device.

3. Scan one of the two paired RFID tags that are to be affixed to the container/dunnage or lid.

4. Tap the PartID field to select the correct NAL part number to be associated with the returnable item.




5. Tap the “Add Association” button to complete the process.

6. Process Complete, tag has been activated and associated with the NAL part number.

### 7.6.2 Tagging Returnable Containers in Bulk

When tagging many returnable items at one time, a spreadsheet can be created.

| Size | Type | Start RFID Number | | End RFID Number | | NAL Part |
|---|---|---|---|---|---|---|
| 1215 | LID | L10043001374 | | L10043001474 | | LID |
| 121505 | TOTE | L10022000250 | | L10022000350 | | 949 413-49/50 |
| 121505 | DUNN | L10023000250 | | L10023000350 | | 949 413-49/50 |

In the above example there were 100 containers tagged (Lids, Totes, and Dunnage). The lids were tagged using:
100 “1215:LID” tags numbered from L10043001374 to L10043001474 100 “121505:TOTE” tags numbered from L10022000250 to L10022000350
100 “121505:DUNN” tags numbered from L10023000250 to L10023000350

The totes and dunnage will be associated with NAL Part number 949 413-49/50 (A left and right pair that use the same returnable container.) The lids are not associated with specific part numbers as they are universal.

When the spreadsheet has been completed, email to RFID@nal.com daily.

## 7.7 Frequently Asked Questions (FAQ)

**What needs to be done with damaged tags?**
Please email RFID@nal.com and indicate which tag numbers have been damaged in the body of the email on the day the tags are damaged, then discard the pair. If more than 6 tag numbers are damaged, please attach a spreadsheet in the same format as above but indicate “Bad Tag” in the part number column. If damaged tags are not sequential, leave end tag column blank.

**Where are dunnage tags to be placed during tagging process?**
Place RFID tags on dunnage where they cannot be easily removed during use, on opposite ends of the dunnage, preferably not on the same sides as the tote tags.

**What can be done if a tag is associated with the incorrect part number?**
The handheld can be used to re associate a tag with a new part number by using the procedure “Tagging Individual Items” above.

**What can be done if COS shows that containers are on-hand, but they are physically not here?**

An RFID cycle count should be done to identify all available containers on site, after this is complete the NAL plant that receives the containers should be contacted to complete an RFID cycle count on the plant side. Once both counts are complete the part distribution should display the correct on-hand quantities. Routine supplier and plant side cycle counts will minimize incorrect on-hand quantities. After an RFID cycle count is complete by both the supplier and NAL to validate the on-hand quantities, the Supply Chain Supervisor will review the COS details and take next steps. If RFID cycle count cannot account for the labels at either location the Supply Chain supervisor will move the out of fleet labels to the "Fleet Review" location within COS, this will remove the containers from the current location and allow them to update with the next scan. If a container stays in "Fleet Review" location for 14 days, the Container Tracking Specialist will contact Packaging Engineering to determine recovery or replacement.

## 8.0 Alternate Packaging

All suppliers are to have an alternate package developed and approved 90 days prior to NAL SOP. (Refer to SQAM for more detail).

All suppliers are to purchase and have 2 days' worth of alternate pack on hand prior to SOP.

Suppliers must submit Alt Pack Request and obtain approval prior to shipping in it.

- The plants may push orders out in order to eliminate the usage of the alternate depending on the current inventory on hand and customer orders.
- Purchasing will process alt pack Purchase Orders within 1 month of submission.
- Purchasing will pay for Alternate pack left over at the end of production up to the 2 days required to have on hand.
- If suppliers receive returnables 24 hours prior to shipment due, re-pack is expected.
- Suppliers must use an NAL approved packaging supplier and quoted pricing provided by Packaging Engineer for alt pack, unless otherwise approved.

### 8.1 Requesting to use Alternate Packaging

Specifically, to suppliers who utilize returnable packaging, to be approved to ship to NAL in the alternative packaging, a process must be followed. See flowchart below:

## Alternate Packaging Process

At time of request, it is important that the supplier submits the accurate form and filled out as guided below:

Revision 1

### Request for Alternate Packaging

Request Number: PARABC1232017122214

Plant: Paris

Request Date: 12/22/2017

Supplier: ABC123

Due Date: 1/11/2017

Ship Date: 1/11/2018

Confirm date is valid compared to Due Date and Ship Date

Supplier Name needs to match Plex - ABC 123

Total Cost should be a formula that multiplies Column I times Column J.

| Part Number | Part Description | On Hand Pieces | Pieces Shipping in Standard | Pieces Shipping in Alternate | Demand Quantity | Returnables Received | Packaging Item | Alt Pack Qty Requested | Cost per Pkg Unit | Total Cost |
|---|---|---|---|---|---|---|---|---|---|---|
| 947 810-39 | MOLDED,S91B CHL-LED,LH | 1250 | 0 | 50 | 50 | 0 | Box | 0 | $2.48 | $ 1.81 |
| 947-810-40 | MOLDED,S91B CHL-LED,RH | 961 | 0 | 50 | 50 | 0 | 0 | 1 | $0.00 | $ - |
| 949 220-33 | P42J-M GDHL,SAE,LH | 2300 | 200 | 100 | 300 | 0 | NONE | 1 | $1.81 | $ 1.81 |
| 949-220-69 | | 2880 | 0 | 320 | 320 | 0 | Dunnage | 10 | $1.66 | $ 16.60 |
| 949-220-70 | P42J-M GDHL,RH | 4000 | 32 | 352 | 352 | 0 | Lid | 10 | $1.66 | $ 16.60 |

Wrong format - Should be xxx xxx-xx

Should not be blank

Demand Quantity should equal Column D plus E

Packaging Item of "0" or "NONE" are invalid.

Alt Pack Qty Requested should not be zero

Cost should not be $0

- **Statement Auditing** – If suppliers have questions concerning alternate packaging purchase orders, they need to contact the Supply Chain Specialist for resolution.

- **Add On's** – All requests associated with Add On orders not related to same day delivery must go through the same alternate packaging approval process as all other requests. The plants agree that, if a request is not approved before shipment, the supplier is not authorized to ship in alternate packaging.

- **Invoice** – After the buyer sends the purchase order, the supplier will need to submit an invoice to Accounts Payable. Failure to submit an invoice to Accounts Payable within 60 days of receipt of Purchase Order may result in the above not being paid.

*Please remember that requests receive without accurate shipment information within four business days of the approval will be automatically cancelled.*

## 9.0 Labeling Expectations

NAL has made bar code labels a vital part of its manufacturing process. The following are guidelines for the printing and placement of supplier bar code labels using the Plex portal.

Suppliers must complete the following steps. Not doing so will prevent NAL from receiving the items into Plex and may result in supplier non-compliance charge backs. (See Supplier Chargeback table -NC004, NC009, NC010)

NAL requires that all individual packages (totes, cartons, gaylords, housing racks, etc.) have clear, identifiable labels affixed to them in an easily accessible and consistent location.

- Plex Portal – Suppliers using the Plex portal must select "Ship" in order for the items to be placed into "Supplier Shipped" status.
- EDI - Suppliers using EDI must send an ASN within 15 minutes of the truck leaving.

### 9.1 Label Requirements

- All suppliers' in-house labels must be removed prior to shipping to NAL facilities.
- Labels should be printed using an output resolution of 200 dpi. Using a higher or lower output resolution may cause the print to be too large or small for the label.
- Only one 4" X 6" bar coded label per container (tote, carton, etc.) shall be placed in an easily accessible and consistent location (i.e. outside corner or card holder). All palletized containers must have labels that are accessible (without removing shrink wrap, straps or lids) and able to be scanned.
- If a returnable tote is used, the product label must be placed on the front and back of the short side of each container using a Kanban holder (see below example).

- If an additional label/tag/note/placard is required, it must be placed in a location that does not interfere with the ability to scan the bar code.

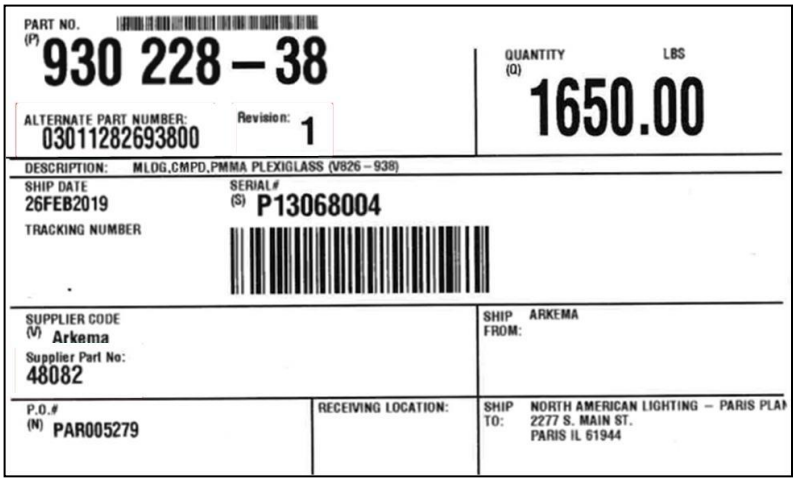
Note: Alternate packaging does not always contain the same quantity of materials as standard packaging.

Note: New suppliers need to get their label approved 90 days prior to pre-production shipment.

## 9.2 Label Specifications

- Part No. (P) - This area contains a human readable NAL part number and is auto-populated when printed from Plex.
- Quantity (Q) - This area contains a human readable quantity for the labeled container and is auto-populated when printed from Plex. When shipping in alternate packaging, this quantity must be changed manually if different from the standard packaging quantity.
- Serial # (S) - This area contains a human readable serial number and scannable bar code. This is auto-populated when printed from Plex. The bar code must be clearly printed and free of any damage or tears. Light print, tears or damage to the label may prevent the bar code from being scanned.
- Supplier Code (V) - This area contains the human readable supplier name and is autopopulated when printed from Plex.
- P.O. # (N) - This area contains the human readable purchase order number and is autopopulated when printed from Plex.

See below example (for illustrative purposes only, not to scale)




### 9.2.1 Label Coordinates

| Label Type | X Position | Y Position | Width | Thickness | Height | Text Width | Text Height | Barcode Type | Barcode Height | Static Text | Datasource Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Line | 64.13 | 0 | 0 | 0.51 | 165 | | | | | | |
| | 68 | 0 | 0 | 0.51 | 165 | | | | | | |
| | 17.5 | 0 | 0 | 0.51 | 165 | | | | | | |
| | 68 | 80 | 22.75 | 0.51 | 0 | | | | | | |
| | 36.83 | 0 | 0 | 0.51 | 165 | | | | | | |
| | 17.75 | 100 | 19.5 | 0.51 | 0 | | | | | | |
| | 0 | 100 | 19.5 | 0.51 | 0 | | | | | | |
| Text | 57.8 | 48.38 | | | | 3 | 3 | | | (S) | |
| | 33 | 101.5 | | | | 3 | 2.88 | | | SHIP | |
| | 90.75 | 5.25 | | | | 3 | 2.88 | | | PART NO. | |
| | 60.8 | 48.38 | | | | 3 | 2.88 | | | SERIAL# | |
| | 64.65 | 5.25 | | | | 3 | 2.88 | | | DESCRIPTION: | |
| | 84.75 | 86.5 | | | | 3 | 2.88 | | | (Q) | |
| | 33 | 5.25 | | | | 3 | 2.88 | | | SUPPLIER CODE | |
| | 11 | 101.5 | | | | 3 | 2.88 | | | TO: | |
| | 60.8 | 5.25 | | | | 3 | 2.88 | | | SHIP DATE | |
| | 14 | 5.25 | | | | 3 | 2.88 | | | P.O.# | |
| | 87.75 | 5.25 | | | | 3 | 2.88 | | | (P) | |
| | 51.8 | 5.25 | | | | 3 | 2.88 | | | TRACKING NUMBER | |
| | 30 | 101.5 | | | | 3 | 2.88 | | | FROM: | |
| | 11 | 5.25 | | | | 3 | 2.88 | | | (N) | |
| | 87.75 | 86.5 | | | | 3 | 2.88 | | | QUANTITY | |
| | 30.5 | 5.25 | | | | 3 | 2.88 | | | (V) | |
| | 14 | 101.5 | | | | 3 | 2.88 | | | SHIP | |
| | 74.75 | 50 | | | | 3 | 3 | | | REVISION: | |
| | 11 | 111.25 | | | | 3 | 2.88 | | | | Address |
| | 8 | 111.25 | | | | 3 | 2.88 | | | | City |
| | 64.65 | 28 | | | | 3 | 2.88 | | | | Part Name |
| | 81.63 | 10.75 | | | | 6 | 12 | | | | Part Number |
| | 14 | 111.25 | | | | 3 | 2.88 | | | | Customer Name |
| | 9 | 10.75 | | | | 4 | 4 | | | | PO Number |
| | 28.38 | 10.75 | | | | 4 | 4 | | | | Supplier Code |
| | 19 | 111.25 | | | | 3 | 2.88 | | | | Supplier Name |
| | 81.63 | 91 | | | | 6 | 6 | | | | Quantity |
| | 54.68 | 53.88 | | | | 6 | 6 | | | | Serial Number |
| | 56.5 | 5.25 | | | | 4 | 4 | | | | Todays Date DD/MM/YYYY |
| | 48.8 | 5.25 | | | | 3 | 3 | | | | Tracking No. |
| | 81.63 | 120 | | | | 3 | 3 | | | | Unit of Measure |
| | 67 | 67 | | | | 11 | 11 | | | | Part Revision |
| Barcode | 71 | 5.25 | | | | | | Code 128 | 10 | P | Part Number (Optional) |
| | 39.58 | 48.38 | | | | | | Code 128 | 14 | S | Serial Number |

## 9.3 Returnable Container Labeling

"Return To" identification must be placed on all four sides of returnable container and include the following detail:

- Return To
- Supplier Name (XYZ is example)
- Product Description
- Product Part Number

See below example (for illustrative purposes only, not to scale).

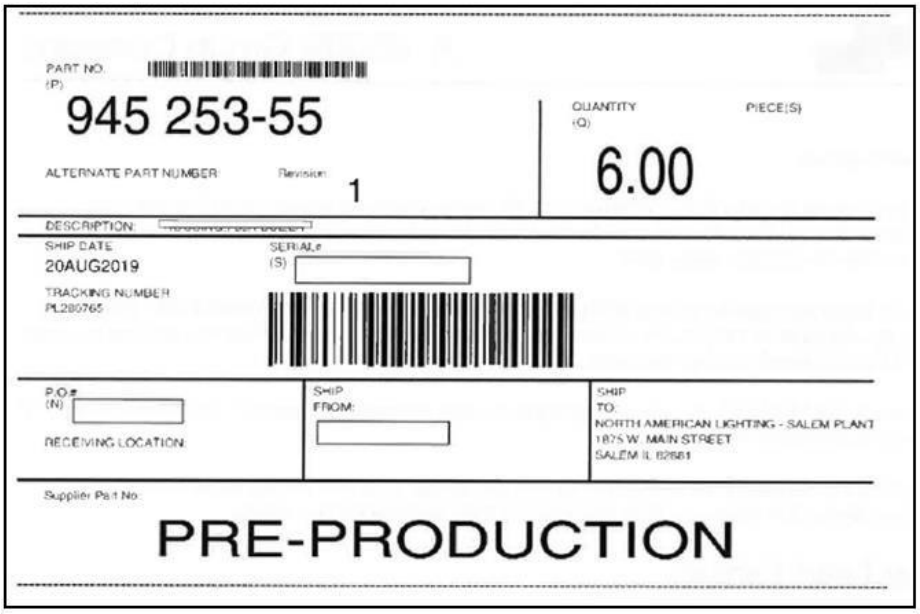
## 9.4 Special Shipment Identification Tags

Special Shipment Identification Tags shall be required to identify all irregular shipments (preproduction samples, reworked material, etc.) and should, also, be used to identify the first 3 shipments of new product. These tags are available from the SQE, Buyers or SCS in addition to the supplier portal.

## 9.5 Pre-Production Label

All pre-production inventory should be labeled in the same way that production orders are currently labeled; however, the labels for pre-production and production orders will vary slightly. Pre-Production labels will contain the word “Pre-Production” in the supplier part number field, whereas production labels will continue to use this field for the actual supplier part number, if present. For suppliers using the Plex Portal, these labels will automatically be printed with the correct contents in the supplier part number field and no action is needed. Suppliers using EDI will need to configure their EDI to accept the supplier part number from the 862 (LIN11 segment) and reproduce it in the ASN and label.

See below example (for illustrative purposes only, not to scale)




# 10.0 Logistics

## 10.1 Transportation Guidelines

### 10.1.1 Truck Shipments

1. Freight must be staged prior to dock time.
2. If applicable, sort freight by final destination. Load the freight for the last stop first and the first stop last. Contact SCS for loading sequence if unknown.
3. Stack freight as necessary to ensure safe handling and transport.
4. All heavy freight must be placed on the bottom of the stack.
5. Expendable freight may stack on top of heavy freight only when a top cap is used.
6. Expendable packaging must be placed on top of layer of skids when stacked with returnable.

### 10.1.2 Transportation Requirements

The transportation of product from Supplier to NAL is determined by your Buyer and should be known by your SCS. If you have question or concerns, please contact one of these persons.

### 10.1.3 Small Packaging Shipments

1. Over 150 lbs. less than 5000 lbs. or 12 linear feet.
2. Under 150 lbs. the preferred small shipment carrier is Fed Ex Ground (less than 150 boxes).
3. Utilize a plastic band to connect all small boxes when possible. This will ensure product is delivered at the same time. Also, you can place smaller boxes inside a larger box.

4. Each small package shipment must contain a copy of a packing slip clearly identified on the OUTSIDE of the box whether shipping LTL, Fed Ex or another method of shipment.

## 10.2 Shipping Documents

All shipments shall be accompanied by a Bill of Lading and a Packing List. The packing list must be located on the shipment in plain sight of the unloader. In addition, an Advanced Shipping Notice (ASN) must be sent to NAL at the time the shipment leaves the suppliers dock.

All invoices and packing lists shall include:

- North American Lighting, Inc. Part Number
- Purchase Order Number and release number (if applicable).
- Total Quantity shipped per part number
- Part Description
- Number of cartons shipped.

The Packing List number shall be referenced on all invoices

Only one (1) document shall bear the title "Packing List".

If possible, invoices and packing lists should be identical. Bill of Lading should be referenced on both the packing list and invoice.

## 10.3 Freight Preparation

- All labels must be on the short side of the container and visible on the outside of the skid
- When possible, like part numbers should be grouped together and contained on the same pallet facing the same direction
- All staged pallets must meet the standard size requirements
- All containers must be palletized, so the pallet is stable and secure
- When shipping, the NAL the final destination must be clearly identified on the 45" side of each pallet. Multiple locations should NEVER be placed on the same skid unless authorized by SCS or buyer.
- Skids containing more than one-part number must be identified as mixed labeled as a "mixed" palled and include a Mixed Pallet Manifest (Doc XXX).
- Labels should be placed in the Kanban holder.
- Packaging list must be clearly visible on the outside of the skid.

## 10.4 Required Information for Air Approval

Suppliers are required to request and receive NAL approval prior to shipping product via **air** or **ground** expedite.

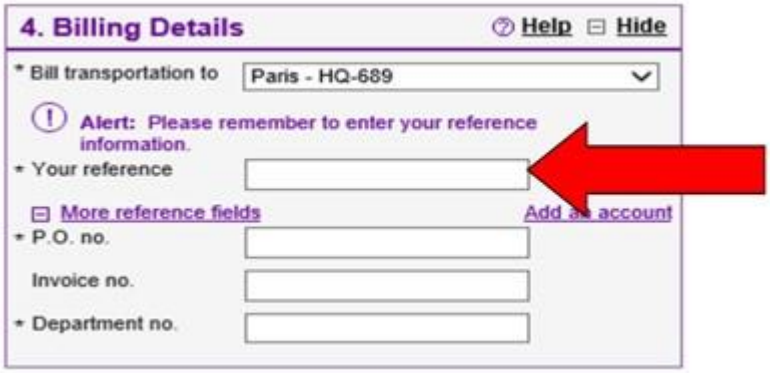
The **air approval** number (provided by NAL) must be reference on the documentation that is completed for the shipment (i.e. FedEx reference field). For **ground expedites**, NAL will provide the approval number to NAL's third party logistics provider.

The following information is required from the suppliers for Air Approval:

- The supplier and a description of what is being expedited.
- The Purchase Order number and the reason for the expedite request.
- The date the shipment must be received at NAL.
- The Estimated Cost for the expedite.
- The Forecast/Delivery Variance Form completed. Which can be found in the Plex portal under supplier documents (Forecast Delivery Varicance Form – PURC-138).
- Confirming Shortage.
- Confirm number of shipments that need to be aired.
- Confirm the quantity that needs to be expedited.
- Supplier needs to show recovery schedule for safety stock.

Below is an example of referencing an air shipment with FedEx. The Air Expedite Approval Number must be entered in the "Your Reference" field. Additionally, the PO number must also be entered in the "P.O. no" reference field.

***Failure to have an air expedite approval number on the documentation will result in NAL debiting the supplier for the unapproved usage of NAL's account.**




## 10.5 Air Shipment Cost/Ground Expedite Cost Recovery

Reference account Code NC013 on the NAL Supplier Chargeback table as necessary.

NAL will use the cost recovery module in Plex to charge back costs for any air or ground expedite where the supplier is determined to be responsible. When a charge back is entered in Plex, the supplier will receive notification of a pending charge back. The supplier will have 14 days to review and either accept or reject responsibility for the charges.

- If the charges are accepted, by the supplier, the supplier's account will be debited for the cost of the shipment.
- If the charges are rejected, the supplier must discuss the reasons for the rejection with NAL Purchasing.
- If there is no response from the supplier after 14 days, NAL will assume the supplier is responsible for the charges and the supplier's account will be debited for the cost of the shipment.

## 10.6 Freight Damages

In most cases, NAL takes responsibility for the cost of transportation from the supplier to the NAL facility (reference Purchase Order). This includes shipping under Incoterms FCA/FOB Origin –material ownership transfers to NAL at the time of loading. However, proper palletization of the material is the responsibility of the supplier. ***At no time will NAL be responsible for damages that result from improper loading and/or failure to secure material to the pallet for transit. Chargebacks could result for suppliers who fail to comply with the following guidelines (NAL Supplier Chargeback NC013)***

The following are general guidelines for loading and securing material:

- Freight must be loaded in a manner that allows for safe handling and transport of material.
- When stacking pallets, the heavier pallet must be placed on the bottom of the stack.
- Expendable freight (cardboard) may stack on top of other expendable freight.
- Expendable freight (cardboard) may stack on top of returnable freight (totes) only when a top cap is used on the bottom pallet.
- All totes must ship on returnable, plastic pallets. These pallets are designed to prevent totes from sliding off the pallet during transit. If plastic pallets are not available, please contact NAL Supply Chain Specialist.

***Wooden pallets may only be used if the totes are fully secured to the pallets (i.e. using plastic straps or shrink-wrap that continues below the totes and covers the pallet).***

Suppliers must use care not to damage material already loaded on the truck. This includes, but is not limited to puncturing material with forks, knocking over material while sliding pallets into place, top-loading material onto material already loaded onto the truck, etc. Damage to material already loaded on the truck must be reported NAL Supply Chain Specialist.

***Damage to material not related to transit will be returned to the supplier via RMA (NAL Supplier Chargeback NC012)***

Reference NAL's Supplier Quality Assurance Manual (SQAM) for more information.

## 11.0 Supplier Scorecard Explanation and Metrics

The Scorecard for North American Lighting's suppliers is calculated through Plex.

The Scorecard contains both NAL Quality and Purchasing metrics.

Based on the defined metrics, NAL will monitor supplier performance to ensure acceptable (SQCD) – Safety, Quality, Cost and Delivery.

Any supplier who falls below L3 status level (explained in the SQAM manual and below in 11.2), will be put on new sourcing hold and required to complete improvements.

Below is the entire view of the scorecard. The second picture is of the metrics specific to purchasing. Currently we have rolled out "NAL Supplier Scorecard 2.0".

| Period | Plant | PPM Score | SQC Issued Score | SQC Ranking Score | SQC Timeliness Score | Days On Sort | SQAM Compliance | Quality Score | Labeling Issue Score | OTD Score | RFC Timeliness | RFQ Timeliness | Capacity | Master Labeling | Safety Stock | Purchasing Score | Total Score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 201907 | Alabama | 25 | 15 | 25 | 10 | 15 | 10 | 100 | 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 201907 | Flora | 0 | 0 | 0 | 8 | 15 | 10 | 33 | 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 58 |
| 201907 | Paris | 0 | 0 | 0 | 10 | 0 | 10 | 20 | 10 | 17 | 10 | 15 | 10 | 5 | 25 | 92 | 56 |
| 201907 | Salem | 0 | 6 | 5 | 8 | 10 | 10 | 39 | 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 61 |
| | | | | | | | Quality Period 201907 Score: | 48.00 | | | | | | Purchasing Period 201907 Score: | | 91.75 | 69.25 |
| 201908 | Alabama | 25 | 15 | 25 | 10 | 15 | 10 | 100 | 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 201908 | Flora | 20 | 6 | 5 | 10 | 15 | 10 | 66 | 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 75 |
| 201908 | Paris | 0 | 6 | 10 | 8 | 15 | 10 | 49 | 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 76 |
| 201908 | Salem | 15 | 0 | 5 | 8 | 15 | 10 | 53 | 0 | 20 | 10 | 15 | 10 | 5 | 0 | 60 | 56 |
| | | | | | | | Quality Period 201908 Score: | 67.00 | | | | | | Purchasing Period 201908 Score: | | 88.75 | 77.25 |
| 201909 | Alabama | 25 | 15 | 25 | 10 | 15 | 10 | 100 | 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 201909 | Flora | 0 | 0 | 0 | 4 | 15 | 10 | 29 | 0 | 17 | 10 | 15 | 10 | 5 | 25 | 82 | 55 |
| 201909 | Paris | 20 | 6 | 5 | 8 | 10 | 10 | 59 | 15 | 20 | 10 | 15 | 10 | 5 | 25 | 100 | 79 |
| 201909 | Salem | 10 | 0 | 0 | 8 | 0 | 10 | 28 | 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 56 |
| | | | | | | | Quality Period 201909 Score: | 54.00 | | | | | | Purchasing Period 201909 Score: | | 93.00 | 73.00 |
| 201910 | Alabama | 25 | 15 | 25 | 10 | 15 | 10 | 100 | 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 201910 | Flora | 0 | 0 | 5 | 8 | 10 | 10 | 33 | 5 | 20 | 10 | 15 | 10 | 5 | 25 | 90 | 61 |
| 201910 | Paris | 15 | 0 | 0 | 8 | 10 | 10 | 43 | 15 | 18 | 10 | 15 | 10 | 5 | 25 | 98 | 70 |
| 201910 | Salem | 15 | 0 | -10 | 0 | 10 | 10 | 25 | 0 | 18 | 10 | 15 | 10 | 5 | 25 | 83 | 53 |
| | | | | | | | Quality Period 201910 Score: | 50.25 | | | | | | Purchasing Period 201910 Score: | | 94.00 | 71.50 |
| 201911 | Alabama | 25 | 15 | 25 | 10 | 15 | 10 | 100 | 20 | 0 | 10 | 15 | 0 | 5 | 25 | 75 | 87 |
| 201911 | Flora | 15 | 12 | 15 | 10 | 0 | 10 | 62 | 0 | 19 | 10 | 15 | 0 | 5 | 25 | 74 | 68 |
| 201911 | Paris | 0 | 0 | 0 | 8 | 10 | 10 | 28 | 20 | 16 | 10 | 15 | 0 | 5 | 25 | 91 | 59 |
| 201911 | Salem | 25 | 6 | 5 | 8 | 15 | 10 | 69 | 0 | 14 | 10 | 15 | 0 | 5 | 25 | 69 | 68 |
| | | | | | | | Quality Period 201911 Score: | 64.75 | | | | | | Purchasing Period 201911 Score: | | 77.25 | 70.50 |
| 201912 | Alabama | 25 | 15 | 25 | 10 | 15 | 10 | 100 | 20 | 0 | 10 | 15 | 10 | 5 | 25 | 85 | 92 |
| 201912 | Flora | 0 | 9 | 5 | 8 | 15 | 10 | 47 | 0 | 19 | 10 | 15 | 10 | 5 | 25 | 84 | 65 |
| 201912 | Paris | 20 | 9 | 5 | 8 | 0 | 10 | 52 | 20 | 10 | 10 | 15 | 10 | 5 | 25 | 95 | 73 |
| 201912 | Salem | 15 | 6 | 0 | 8 | 15 | 10 | 54 | 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 69 |
| | | | | | | | Quality Period 201912 Score: | 63.25 | | | | | | Purchasing Period 201912 Score: | | 87.25 | 74.75 |
| | | | | | | | Quality Total Score: | 67.88 | | | | | | Purchasing Total Score: | | 88.67 | 72.71 |

| Labeling Issue Score | OTD Score | RFC Timeliness | RFQ Timeliness | Capacity | Master Labeling | Safety Stock | Purchasing Score | Total Score |
|---|---|---|---|---|---|---|---|---|
| 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 58 |
| 10 | 17 | 10 | 15 | 10 | 5 | 25 | 92 | 56 |
| 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 61 |
| | | | | | | Purchasing Period 201907 Score: | 91.75 | 69.25 |
| 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 75 |
| 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 76 |
| 0 | 20 | 10 | 15 | 10 | 5 | 0 | 60 | 56 |
| | | | | | | Purchasing Period 201908 Score: | 88.75 | 77.25 |
| 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 0 | 17 | 10 | 15 | 10 | 5 | 25 | 82 | 55 |
| 15 | 20 | 10 | 15 | 10 | 5 | 25 | 100 | 79 |
| 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 56 |
| | | | | | | Purchasing Period 201909 Score: | 93.00 | 73.00 |
| 20 | 20 | 10 | 15 | 10 | 5 | 25 | 105 | 102 |
| 5 | 20 | 10 | 15 | 10 | 5 | 25 | 90 | 61 |
| 15 | 18 | 10 | 15 | 10 | 5 | 25 | 98 | 70 |
| 0 | 18 | 10 | 15 | 10 | 5 | 25 | 83 | 53 |
| | | | | | | Purchasing Period 201910 Score: | 94.00 | 71.50 |
| 20 | 0 | 10 | 15 | 0 | 5 | 25 | 75 | 87 |
| 0 | 19 | 10 | 15 | 0 | 5 | 25 | 74 | 68 |
| 20 | 16 | 10 | 15 | 0 | 5 | 25 | 91 | 59 |
| 0 | 14 | 10 | 15 | 0 | 5 | 25 | 69 | 68 |
| | | | | | | Purchasing Period 201911 Score: | 77.25 | 70.50 |
| 20 | 0 | 10 | 15 | 10 | 5 | 25 | 85 | 92 |
| 0 | 19 | 10 | 15 | 10 | 5 | 25 | 84 | 65 |
| 20 | 10 | 10 | 15 | 10 | 5 | 25 | 95 | 73 |
| 0 | 20 | 10 | 15 | 10 | 5 | 25 | 85 | 69 |
| | | | | | | Purchasing Period 201912 Score: | 87.25 | 74.75 |
| | | | | | | Purchasing Total Score: | 88.67 | 72.71 |

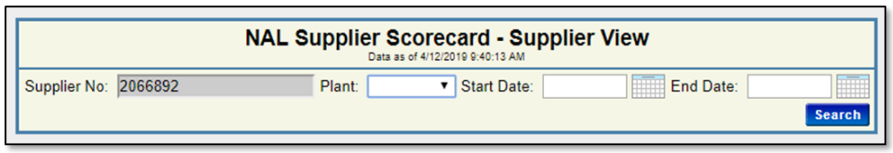
## 11.1 Supplier Performance Scoring Summary

The below performance summary has been developed based on a review of the guidelines used to score supplier performance by NAL's major customers. For further details on each status level, review the Supplier Quality Assurance Manual (SQAM) at or on the Plex Portal.

| Status Level | L1 | L2 | L3 | L4 |
|---|---|---|---|---|
| Score Range | 100 – 90 | 89 – 80 | 79 – 60 | 59 – 0 |
| Brief Description | Good Standing | Good Standing – Self-Monitor | Loss of Good Standing Status | Probation |

## 11.2 Accessing the Scorecard

The Supplier scorecard is can be accessed through the NAL Plex portal.




The scorecard will auto-populate the "Supplier Number." Typically, the "Plant" would be left blank to score all NAL locations in one report. The only fields that must be completed are the beginning and ending dates for the period to be displayed.

Note: The overall score for any given supplier will be the accumulated score for all supplied plants across a period of the last 6 months.

Note: While the scorecard can be run for individual NAL plants, suppliers will be scored based on the accumulated total of all plants.

Note: Each month's scores will be available for display on the 7th working day of the following month.

## 11.3 Purchasing Metrics on The Scorecard

### 11.3.1 Labeling Issues (SDC)

When a Supplier Delivery Concern (SDC) is issued for a shipment due to labeling issues the instance is logged by the scorecard and graded on this scale.

| Scale | |
|---|---|
| Instances | Score |
| 0 | 15 |
| 1 | 10 |
| 2 or 3 | 5 |
| > 3 | 0 |

- Monthly graphs will be sent to NAL's 20 suppliers with highest SDC occurrences.
- Expectation is for the supplier to form an internal cross functional team to utilize problem solving to determine root cause and countermeasures if/when an SDC arises.
- If statistics show a score with downward trend for three consecutive months, the supplier may be required to come on-site to present root cause and countermeasures. Purchasing management may go on-site to supplier if downward trend continues two months after initial NAL on-site visit. Failure to show improvement after 6 months from initial meeting may result in New Business Hold status and monthly review meetings until improvement has been confirmed.

### 11.3.2 On Time Delivery

On-Time Delivery is calculated monthly as a percentage of all shipments that have arrived at NAL on or before to due date/time.

Example:
30 Shipments, 1 Late: 29/30 = 96.66%: Score = 8

| Scale | | |
|---|---|---|
| 0.9975 | 1.0000 | 20 |
| 0.9949 | 0.9974 | 19 |
| 0.9923 | 0.9948 | 18 |
| 0.9897 | 0.9922 | 17 |
| 0.9871 | 0.9896 | 16 |
| 0.9845 | 0.9870 | 15 |
| 0.9819 | 0.9844 | 14 |
| 0.9793 | 0.9818 | 13 |
| 0.9767 | 0.9792 | 12 |
| 0.9741 | 0.9766 | 11 |

| Scale | | |
|---|---|---|
| 0.9715 | 0.9740 | 10 |
| 0.9689 | 0.9714 | 9 |
| 0.9663 | 0.9688 | 8 |
| 0.9637 | 0.9662 | 7 |
| 0.9611 | 0.9636 | 6 |
| 0.9585 | 0.9610 | 5 |
| 0.9559 | 0.9584 | 4 |
| 0.9533 | 0.9558 | 3 |
| 0.9507 | 0.9532 | 2 |
| 0.9481 | 0.9506 | 1 |
| < | 0.9480 | 0 |

### 11.3.3 Request for Cost (RFC) Timeliness

Request for Cost Timeliness is calculated monthly as a percentage of on-time versus late submissions from suppliers to which an RFC has been issued.

Example:
5 RFC's, 1 Late: 4/5 = 80%: Score = 2

| Scale | | |
|---|---|---|
| 0.9751 | 1.0000 | 10 |
| 0.9501 | 0.9750 | 9 |
| 0.9251 | 0.9500 | 8 |
| 0.9001 | 0.9250 | 7 |
| 0.8751 | 0.9000 | 6 |

| Scale | | |
|---|---|---|
| 0.8501 | 0.8750 | 5 |
| 0.8251 | 0.8500 | 4 |
| 0.8001 | 0.8250 | 3 |
| 0.7751 | 0.8000 | 2 |
| 0.7501 | 0.7750 | 1 |
| < | 0.7500 | 0 |

### 11.3.4 Request for Quote (RFQ) Timeliness

Request for Quote Timeliness is calculated monthly as a percentage of on-time versus late submissions from suppliers to which an RFQ has been issued.

Example:
8 RFQ's, 1 Late: 7/8 = 87.5%: Score = 7

| Scale | | |
|---|---|---|
| 0.9845 | 1.0000 | 15 |
| 0.9689 | 0.9844 | 14 |
| 0.9533 | 0.9688 | 13 |
| 0.9377 | 0.9532 | 12 |
| 0.9221 | 0.9376 | 11 |
| 0.9065 | 0.9220 | 10 |
| 0.8909 | 0.9064 | 9 |
| 0.8753 | 0.8908 | 8 |

| Scale | | |
|---|---|---|
| 0.8597 | 0.8752 | 7 |
| 0.8441 | 0.8596 | 6 |
| 0.8285 | 0.8440 | 5 |
| 0.8129 | 0.8284 | 4 |
| 0.7973 | 0.8128 | 3 |
| 0.7817 | 0.7972 | 2 |
| 0.7661 | 0.7816 | 1 |
| < | 0.7660 | 0 |

Note: Suppliers that do not wish to quote, must indicate that intention in the NAL-Plex RFQ system. Not completing the request will result in rapid decline of this metric.

### 11.3.5 Capacity Studies

Capacity Studies are given out to molding, electronics, and wire harness suppliers quarterly. If all responses are received on time, 10 points will be awarded for each NAL plant. Capacity study requirements are listed in section 5.

### 11.3.6 Master Labeling

All suppliers that have begun using master labels to aide in the speed and accuracy of plant receiving are given 5 bonus points.

Note: If a supplier is not currently supplying to NAL with pallet master labels, please contact NAL Purchasing (*Buyer to contact NAL Container Tracking Specialist*) to begin the process of

modifying outbound EDI, or instruction on using the Supplier Portal to master label pallets. As soon as the process is in place, 5 scorecard points will be awarded.

**11.3.7 New Launch Safety Stock**

The safety stock score is determined by the lowest recorded weekly on-hand percentage for the month for each supplier. Currently NAL is monitoring supplier safety stock levels on all parts beginning 3 months before NAL start of production until 2 months after start of production.

Note: Safety stock evaluation will change once we fully understand Toyota's and other Customer requirements for the Business Continuity Plan (BCP) inventory evaluation.

Current safety stock expectations are defined in section 6.1

| Scale | | |
|---|---|---|
| 0.9961 | 1.0000 | 25 |
| 0.9921 | 0.9960 | 24 |
| 0.9881 | 0.9920 | 23 |
| 0.9841 | 0.9880 | 22 |
| 0.9801 | 0.9840 | 21 |
| 0.9761 | 0.9800 | 20 |
| 0.9721 | 0.9760 | 19 |
| 0.9681 | 0.9720 | 18 |
| 0.9641 | 0.9680 | 17 |

| Scale | | |
|---|---|---|
| 0.9601 | 0.9640 | 16 |
| 0.9561 | 0.9600 | 15 |
| 0.9521 | 0.9560 | 14 |
| 0.9481 | 0.9520 | 13 |
| 0.9441 | 0.9480 | 12 |
| 0.9401 | 0.9440 | 11 |
| 0.9361 | 0.9400 | 10 |
| 0.9321 | 0.9360 | 9 |
| 0.9281 | 0.9320 | 8 |

| Scale | | |
|---|---|---|
| 0.9241 | 0.9280 | 7 |
| 0.9201 | 0.9240 | 6 |
| 0.9161 | 0.9200 | 5 |
| 0.9121 | 0.9160 | 4 |
| 0.9081 | 0.9120 | 3 |
| 0.9041 | 0.9080 | 2 |
| 0.9001 | 0.9040 | 1 |
| < | 0.9000 | 0 |
| | | |

## 12.0 Annual APR Review

To maintain steady growth, and to allow NAL to stay competitive in the auto market, suppliers should remain focused on identifying ways to improve cost structure.

In addition to contractual APR at sourcing, each year NAL will review additional opportunities based on current or projected market conditions and supplier or NAL suggested VA/VE activities.

The APR process will take 11 to 12 weeks and must be finalized by the end of Sept. each year. (LED review will be finalized by July of each year).

Each supplier is required to send back NAL requested data, based on yearly provided timing.

Suppliers are expected develop and review their initial VA/VE ideas, with NAL during this negotiation period. NAL understands they may not be implemented until the preceding year and will consider what can be used for APR.

APR negotiations will a be a time to consider new business awards for product that will be sourced in the upcoming year.

| | Action Item | July | | | | Aug | | | | Sept | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | WK1 | WK2 | WK3 | WK4 | WK5 | WK6 | WK7 | WK8 | WK9 | WK10 | WK11 | WK12 | |
| 1 | Send APR Kick off letter | X | | | | | | | | | | | | |
| 2 | Current price sheet to supplier for validation | | X | | | | | | | | | | | |
| 3 | Supplier to validate pricing | | X | X | | | | | | | | | | |
| 4 | NAL/Supplier to close any current price issue | | | | X | | | | | | | | | |
| 5 | NAL APR sheet w/ APR expectation sent to supplier | | | | | X | | | | | | | | |
| 6 | Supplier to review and send back 1st round of negotiations | | | | | X | X | | | | | | | |
| 7 | Buyer and Supplier to review 1st round negotiations | | | | | | | X | | | | | | Supplier should provided formal VA/VE's |
| 8 | Supplier to review and send back 2nd round of negotiations | | | | | | | | X | | | | | |
| 9 | Buyer /Manager and Supplier to review 2nd round negotiations | | | | | | | | | X | | | | |
| 10 | Supplier to review and send back final APR sheet | | | | | | | | | | X | | | |
| 11 | Buyer /Manager and Supplier to finalize negotiations | | | | | | | | | | | X | X | If target is not met - Supplier to meet with NAL Director and VP |

***LED cost down will Start in May and finalize in July for Oct 1st cost downs.**

## 13.0 New Vendor (PUR-3-063)

NAL welcomes new supply partners. If any business is to be conducted between a proposed supplier and NAL, or if a current supplier is changing the name of their institution, the vendor will need to provide all the appropriate documents. These documents are instrumental in setting up a supplier in the Plex portal. Based on the category of service, documentation will vary.

**Capital/Tooling/MRO**

Vendor Add/Change Form (PURC-134)
Vendor's current, signed W-9 Form (If vendor is not in US, W-8 Form is acceptable)
Current Certificate of Liability Insurance**
Diversity Certificates (If Applicable)

**Production**

Vendor Add/Change Form (PURC-134)
Vendor's current, signed W-9 Form (If vendor is not in US, W-8 Form is acceptable)

Current Certificate of Liability Insurance**
Minimum of ISO Certificate
IATF Certificate (If Applicable)
Diversity Certificates (If Applicable)
Non-Disclosure Agreement
Supplier Assessment
Terms & Conditions
Notify supplier of Auto Voucher requirement – ensure supplier is selected for auto voucher in workflow.

**The following limits represent the minimum insurance requirements to be required from all vendors, contractors, suppliers, etc., to protect the interest of North American Lighting, Inc. A certificate of insurance is required to be obtained and reviewed prior to vendor set up with North American Lighting, Inc. A copy of the certificate of insurance (COI) should be forwarded to Purchasing MRO. Any deviation or exceptions should be discussed with the Purchasing General Manager and approved by the Corp. Finance Manager.

**COMMERCIAL GENERAL LIABILITY* (AND PROFESSIONAL LIABILITY WHERE REQUIRED)**

| | |
|---|---|
| $1,000,000 | Per Occurrence Combined Single Limit of Liability for Bodily Injury and Property Damage ($1,000,000 per claim for Professional Liability). |
| $2,000,000 | General Aggregate ($1,000,000 per claim for Professional Liability). |
| $2,000,000 | Products/Completed Operations Aggregate for Bodily Injury and Property Damage. |

North American Lighting, Inc. is to be named as additional insured with coverage to apply on a primary and non-contributory basis.

**UMBRELLA LIABILITY* PLEASE NOTE THIS COVERAGE IS FOR NOTED BELOW**
Depending upon the exposure presented by the third party the limits needed may vary. For small miscellaneous contractors (i.e. grass cutting, snow removal, window replacement, etc.), the primary Commercial General Liability limits should be enough. For all others, the following additional limits are desired:

Major Contractors and Specific Suppliers

| | |
|---|---|
| $5,000,000 | Per Occurrence |
| $5,000,000 | Aggregate |

**AUTOMOBILE LIABILITY***

Coverage must apply to all owned, non-owned, borrowed or leased vehicles.

Limits: - $1,000,000
Combined Single Limit of Liability for Bodily and Injury, and Property Damage.

**WORKERS' COMPENSATION***

Coverage to apply to all employees.

Statutory for Coverage A (workers compensation)

| | |
|---|---|
| $1,000,000 | Each accident, Coverage B (Employers Liability) |
| $1,000,000 | By disease-policy limit, Coverage B (Employers Liability) |
| $1,000,000 | By disease-per employee, Coverage B (Employers Liability) |

(*) All coverages with asterisk must have a waiver of subrogation clause, in favor of North American Lighting, Inc. shown on the certificate of insurance.

**NAL reserves the right to determine if insurance is required for vendors that provide offsite service**

| NAL SUPPLIER CHARGEBACK | | | | |
|---|---|---|---|---|
| **Account Code** | **Non-Compliance** | **Fee** | **Example** | **Contact** |
| NC001 | NAL Manufacturing line down | 1. $1,000 per hour for NAL downtime per line.<br>2. Any NAL Customer Line downtime/late delivery charges incurred by NAL will be debited back to our supplier. | 1. NAL assembly downtime (8 hours) - 1 line = $8,000 , 2 Lines =$16,000, etc<br>2. Example - Customer down 1-hour =$60,000 | Your Buyer |
| NC002 | NAL Crisis Team Charge | $400 per day for operators<br>$600 per day for managers<br>+ Hotel and Travel Fee's per NAL employee | Anytime NAL has to be dispatched to supplier for supply concerns. | Your Buyer |
| NC003 | Production Rearrangement (Extra changeovers due to part shortage) | $250 per incident | Extra changeover - RH to LH/SAE to ECE due to part shortage or quality issue. | Your Buyer |
| NC004 | Receiving Discrepancy (SDC) | $250 per incident | | Your Buyer |
| NC005 | Quality Issue (SQC) | $250 per incident | | Your Buyer |
| NC006 | Sorting at NAL | $100/hour for NAL | 2 people for 3 hours = $600 | Your Buyer |
| NC007 | Sorting at NAL Customer | As debited from the customer | Customer charges $5000, supplier at fault pays $5000 | Your Buyer |
| NC008 | Scrap | Current cost per part times number of parts scrapped | 100 parts scrapped, $2.3089 per pc = $230.89 | Your Buyer |
| NC009 | Label Discrepancy | $250 per incident | | Your Buyer |
| NC010 | Plex Label | $250 per incident | | Your Buyer |
| NC011 | Additional Skids | $50 per number of add'l skids | Truckload of product (52 skids) = $2,800 | Your Buyer |
| NC012 | RMA | PO Value | | Your Buyer |
| NC013 | Freight Chargeback | As debited from the 3PL Provider | | Supply Chain Specialist |
| NC014 | Accounting / Administrative Fees | $50 per hour per Employee | Repeated offensives | Your Buyer |
| NC015 | NAL Customer Chargebacks for Quality, Supply, ect. | As debited from the customer | Customer charges $1.2 Million, supplier at fault pays $1.2 Million | Your Buyer |

Electronic Copy is Controlled Copy, all others: Reference Only

**ACRONYMS**

| | |
|---|---|
| APR | Annual Price Review |
| ASN | Advance Ship Notice |
| COB | Close Of Business |
| CCR | Cost Change Request |
| DPI | Dot Per Inch (label printing) |
| EDI EOP | Electronic Data Interchange End Of Production |
| ERP FAQ | Enterprise Resource Planning Frequently Asked Questions |
| MRP | Material Requirement Planning |
| OTD | On Time Delivery |
| PCN | Plex Customer Number (NAL Plant or Corp. HQ) |
| PO | Purchase Order |
| RFC | Request For Cost |
| RFID | Radio Frequency Identification |
| RFQ | Request For Quote |
| RMA# | Return Material Authorization |
| SCS | Supply Chain Specialist |
| SDC | Supplier Delivery Concern |
| SOP | Start Of Production |
| SQAM | Supplier Quality Assurance Manual |
| SQC | Supplier Quality Concern |
| SQE | Supplier Quality Engineer |
| VA/VE | Value Analysis/Value Engineer |

# QUICK REFERENCE GUIDE

**SEMI-ANNUAL 5 -Year Planning Forecasts** – NAL provides in January & July

- Survey will accompany forecast; supplier response required

**SURVEYS Prior to NAL SOP** – response required by due date provided**:**

| | |
|---|---|
| 12 months | Machine capacity survey |
| 9 months | Launch readiness survey |
| 6 months | Machine capacity survey |
| 3 months | Launch readiness survey |

**SAFETY STOCK** – Inventory days required in US warehouse:

| Timing before NAL SOP | Domestic (days inventory required) | International (days inventory required) |
|---|---|---|
| 3 months | 1 | 5 |
| 2 months | 1 | 5 |
| 1 month | 2 | 10 |
| At NAL SOP | 2 | 20 |

**SQC – Supplier Quality Concern:**

- Supplier receives email with link to the SQC
- Supplier must provide **initial** response **within 24 hours**
- Supplier must provide complete response within **10 business days**
- Upon completion, supplier hits **UPDATE** button and **link is mailed to SQE** for review

**SDC - Supplier Delivery Concern:**

- Supplier receives email with link to the SDC
- Supplier must provide **initial** response **within 24 hours**
- Supplier must provide complete response within **10 business days**
- Upon completion, supplier hits **UPDATE** button and **link is mailed to Supply Chain Specialist** for review

**Alternate Packaging:**

- Supplier fills out NAL's Request for Alternate Packaging form and sends the request to the Supply Chain Specialists
- Plant approves or rejects each part of each request
- Supply Chain Specialists return the completed form back to the supplier
- Supplier must fill out the number of pieces shipped, and the number of containers shipped and return it back to the Supply Chain Specialists within 4 working days. If it is not received within that time, the supplier will not be paid for the alternate packaging.
- Buyers will audit the pieces shipped and containers shipped against the original request and create a Purchase Order for the approved quantities.

**Yearly APR Negotiations:**

- Each year we will negotiate yearly APR reductions based on current or projected market conditions.

- The APR process will take 11 to 12 weeks and must be finalized by the end of Sept. each year. (LED review will be finalized by July of each year).

- Suppliers are expected develop and review their initial VA/VE ideas, with NAL during this negotiation period. NAL understands they may not be implemented until the preceding year and will consider what can be used for APR.

| | Action Item | July | | | | Aug | | | | Sept | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | WK1 | WK2 | WK3 | WK4 | WK5 | WK6 | WK7 | WK8 | WK9 | WK10 | WK11 | WK12 | |
| 1 | Send APR Kick off letter | x | | | | | | | | | | | | |
| 2 | Current price sheet to supplier for validation | | x | | | | | | | | | | | |
| 3 | Supplier to validate pricing | | x | x | | | | | | | | | | |
| 4 | NAL/Supplier to close any current price issue | | | | x | | | | | | | | | |
| 5 | NAL APR sheet w/ APR expectation sent to supplier | | | | | x | | | | | | | | |
| 6 | Supplier to review and send back 1st round of negotiations | | | | | x | x | | | | | | | |
| 7 | Buyer and Supplier to review 1st round negotiations | | | | | | | x | | | | | | Supplier should provided formal VA/VE's |
| 8 | Supplier to review and send back 2nd round of negotiations | | | | | | | | x | | | | | |
| 9 | Buyer /Manager and Supplier to review 2nd round negotiations | | | | | | | | | x | | | | |
| 10 | Supplier to review and send back final APR sheet | | | | | | | | | | x | | | |
| 11 | Buyer /Manager and Supplier to finalize negotiations | | | | | | | | | | | x | x | If target is not met - Supplier to meet with NAL Director and VP |

***LED cost down will Start in May and finalize in July for Oct 1st cost downs.**

## Revision History

| Revision | Effective Date | Description of Change | Approval Authority |
|---|---|---|---|
| A | 9/1/2020 | Initial Release | Debra Oberlee |
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