Purpose

The purpose of the BEP Supplier Requirements Manual is to communicate requirements and expectations of current and potential suppliers to BEP. It is the expectation of BEP that all suppliers of direct material and, as applicable, indirect material and services, comply with the expectations and requirements documented in this manual. BEP expects that, through clear communication and definition of expectations, both parties can more effectively achieve success.

Scope

This manual applies to all BEP suppliers of direct material, as well as BEP suppliers of indirect material and services as defined herein.

Chapters

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2. Tooling
3. Quality
4. Materials & Logistics

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Chapter 1: General Requirements

1. General Expectations:

a. Management Standards

BEP holds an expectation of our suppliers to demonstrate their commitment to quality and the environment. Evidence of this commitment is the implementation of appropriate quality and environmental management standards. The following are minimum expectations for our suppliers:

i. Direct Material Suppliers

1. TS 16949:2009 Quality System Registration (applies to suppliers of direct materials used in automotive products at BEP)
2. ISO 9001:2008 Quality System Registration (applies to suppliers of direct materials used in non-automotive products at BEP)
3. ISO 14385 Medical Devices Quality Systems Registration (applies to suppliers of direct materials used in medical products at BEP)
4. Environmental Management Registration (ISO 14001), upon request
5. Materials Certification (COA/COC)

ii. Testing/Calibration/Layout Suppliers

1. Quality System Registration (ISO 9001:2008)
2. A2LA Accreditation (Automotive) or UKAS Accreditation (other)

iii. International and Logistics Suppliers

1. C-TPAT Accreditation
2. Applicable certs as required above.

iv. Service Suppliers

1. Cleanliness and Contamination Control: Pest Control, hygiene practices and clean, well-maintained, closed to outside environment

Note 1: Failure to comply with these minimum requirements will impact the supplier's ability to continue business with BEP.
Note 2: If a current supplier is not certified to the required level at present time, a plan must be presented no later than December 31, 2017 that shows the roadmap for certification or the supplier must submit sufficient evidence to BEP to demonstrate compliance with the aforementioned standards.

b. Supplier Development

BEP is committed to working in partnership with our suppliers to establish development plans which ensure compliance to, and continuous improvement toward the requirements set forth in this manual. BEP will establish the development priorities as it sees fit, based on resource availability and the impact to the business, but will always make its best effort to assist wherever practical.

c. Annual Information Submission

As noted in specific sections of this manual, there will be a requirement that each supplier submits, inclusive of all of their plants shipping product into BEP, the following information annually no later than January 15th.

i. Updated Contact List (corporate and plant specific)
ii. Quality & Environmental Certifications (each plant, before expiration)
iii. NAFTA Country of Origin-COO (for all parts as applicable)
iv. Tooling (list all assets owned by BEP or OEM) Inventory & Condition

2. Terms and Conditions

a. Terms and Conditions Access

BEP Terms and Conditions may be accessed on our website www.beplastics.com. If a supplier is unable to access the document, please contact your buyer for assistance. The Terms and Conditions are the governing document for any quote, will be referenced in any purchase order, and are the basis of the agreement between the supplier and BEP unless otherwise declared in another agreement signed by both parties.

3. Social and Environmental Responsibility

a. Introduction

Since our founding in 2013, the people of BEP have been known for our enduring values. Our supply base is an integral part of our business and team, and is a reflection of BEP and the values we uphold, it is our expectation that our suppliers conduct their operations in a socially and environmentally responsible manner that complies with all applicable laws and regulations.

- Suppliers shall ensure their personnel responsible for social and environmental have reviewed the Corporate Responsibility Overview and Corporate

Responsibility Guidance Statement available on the Automotive Industry Action Group (AIAG) website.

- Failure to meet these requirements shall result in immediate termination and a change in Supplier Status to "Actively De-source". The supplier will be responsible for all charges associated with the de-sourcing activity.

b. Requirements

i. Labor and Human Rights

1. Suppliers shall prohibit the use of child labor and ensure the age of employment is in accordance with local labor law.
2. Suppliers shall prohibit the use of forced, bonded, indentured, or involuntary prison labor. All work must be voluntary; workers shall not be forced to hand over government issued identification, passports, or work permits as a condition of employment unless required by local law.
3. Suppliers shall ensure working hours comply with applicable local law regulating hours of work.
4. Suppliers shall provide compensation and benefits that are competitive and in compliance with applicable wage laws including those related to minimum wages, overtime hours, and legally mandated benefits.
5. Suppliers shall maintain workplaces that are free from harassment or discrimination against employees in any form. This includes but is not limited to gender, race, color, caste, disability, veteran status, union membership, political affiliation, national origin, religion, age, marital status, pregnancy, or sexual orientation.
6. Suppliers shall maintain workplaces that are free of physical or mental harassment, abuse, or any other behavior that diminishes a person's integrity or self-esteem. This includes but is not limited to harsh and inhumane treatment in the form of sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse of workers.
7. Suppliers shall maintain workplaces where workers can communicate openly with management regarding working conditions without fear of reprisal, intimidation, or harassment.
8. Suppliers shall respect voluntary freedom of association including the right to organize and bargain collectively in a manner that is legally compliant. Where worker representation and collective bargaining are

restricted by law, efforts should be made to facilitate open communication and direct engagement between workers and management as an alternative way of ensuring worker rights, views, and needs are considered and acted upon appropriately and in good faith.

9. Suppliers shall maintain a workplace where workers have a safe and healthy working environment that meets or exceeds applicable standards for occupational safety and health.
10. Suppliers shall undertake reasonable due diligence to assure that any of the specified 'conflict minerals' as listed in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 are sourced from smelters or mines outside of the 'conflict region' or from mines and smelters independently certified as 'Conflict Free'.
11. Suppliers shall not retaliate or discriminate against workers for exercising their rights in compliance with local laws and regulations.

ii. Health and Safety

1. Suppliers shall eliminate safety hazards and take precautionary measures that guard against accidents and occupational diseases. These hazards should be controlled through proper design, engineering/administrative controls, preventative maintenance, safe work procedures, and ongoing safety training. Where hazards cannot properly be controlled by these means, workers shall be provided appropriate and well maintained personnel protective equipment.
2. Worker exposure to chemical, biological, or physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, suppliers shall provide appropriate personal protective equipment programs.
3. Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures.
4. Procedures and systems are to be in place to prevent, manage, track, and report occupational injury and illness, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate root causes; and e) facilitate the return of workers to work.

5. Workers shall be provided with ready access to clean toilet facilities and potable water. If the company provides food and housing to workers the company shall provide sanitary food preparation, storage, and eating facilities. Worker dormitories provided by suppliers or a third party agent shall be maintained in a clean and safe manner and shall have appropriate emergency egress, adequate heat and ventilation, reasonable personal space, and entry and exit privileges.
6. Exposure of workers to the hazards of physically demanding tasks shall be identified, evaluated, and controlled.
7. Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks, and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

iii. Ethics

1. Suppliers shall prohibit any and all forms of corruption, extortion, embezzlement, bribery, excessive gift giving, or other means of obtaining undue or improper advantage. Monitoring and enforcement procedures shall be implemented to ensure compliance.
2. Suppliers shall properly disclose, transfer, and protect business information, customer information, and intellectual property rights in accordance with applicable requirements and contractual obligations.

iv. Environmental

1. Suppliers should adopt an environmental management system compliant with and registered to ISO 14001:2004.
2. Suppliers shall conduct business in a sustainable manner that places the least practical burden possible on the environment while protecting the health and safety of the public.
3. Suppliers shall obtain, keep current, and adhere to all laws and regulations requiring environmental permits, approvals, and registrations.
4. Suppliers shall identify and manage materials that pose a hazard if released to the environment and are to ensure safe handling, movement, storage, recycling or reuse, and disposal of such materials in accordance with local law and regulations.
5. Suppliers shall identify, monitor, treat, and control air emissions, wastewater, and solid waste prior to discharge or disposal as required by local law and regulations.

6. Suppliers shall prohibit the use of restricted or prohibited substances, materials, or waste pursuant with applicable laws, regulations, and contracts.
7. Waste of all types, including water and energy, are to be reduced or eliminated at the source by practices such as modifying production, maintenance and facilities processes, materials substitution, conservation, and recycling and re-use of materials.

4. Performance Monitoring – Supplier Scorecards

a. Purpose

The BEP Supplier Scorecard is a tool for both suppliers BEP to measure and monitor performance metrics and trends for future sourcing decisions. In addition, it provides the baseline to identify suppliers needing a Supplier Management Review event (SMR). The expectation is that suppliers maintain a scorecard rating of Exceptional (90 points) or higher. In the event the supplier's annual scorecard is below 85 points, a Supplier Management Review (See Quality Chapter 3) may be initiated at the discretion of the buyer and/or purchasing manager.

b. Applicability

All active production suppliers shipping into BEP shall receive a quarterly scorecard (at minimum) via email.

c. Scoring Calculation

The supplier scorecard will start with 100 possible points; 40 for Quality, 30 for Delivery and 30 for Commercial and are scored on a monthly basis. Points are calculated based on the following point system:

Scoring

Quality 40	Delivery 30	Commercial 30

		points	criteria
QUALITY	**PPM**	**20**	0-99
	(Total possible points = 20)	17	100-249
		14	250-499
		11	500-999
		8	1000-1499
		5	1500 - 4999
		0	over 5000
	Customer/Line Disruptions	**10**	0
	(Total possible points = 10)	5	1
		0	>1
	# of NCM's	**5**	0
	(Total possible points = 5)	2	1
		0	>1
	On Time Scar/Repeat Issue	**5**	0
	(Total possible points = 5)	3	1
	Late/no response, incomplete, repeat	0	>1 or repeat
DELIVERY	**Delivery**	**20**	>=99%
	(Total possible points = 20)	17.5	>=95%
		15	>=90%
		10	>=80%
		5	>=70%
		0	<70%
	Incoming Premium Freight	**10**	$0
	(Total possible points = 10)	8	<=$50
		6	<=$100
		4	<=$300
		0	>$300
COMMERCIAL	**PPV**	**10**	>5% reduction
	(Total possible points = 10)	8	>0% reduction
		4	no change
		0	>0% (increase)
	Service	**5**	0
	(Total possible points = 5)	3	1
	Late Quotes, Low responsiveness,	1	2
	incomplete quotes, etc.	0	>2
	Payment Terms	**10**	net 60
	(Total possible points = 10)	8	net 45
		6	net 30
		4	net 15
		0	<net 15
	Cost Savings/VAVE/Continuous Improvement	**5**	Presents/Supports
	(Total possible points = 5)	3	Supports
		0	no activity

Total Available Points ***100***

i. Quality Score: 40 Points

1. PPM (parts per million) - this section is worth 20 total points.
2. Customer/Line Disruptions - this section is worth 10 points. Customer/Line Disruptions include times that BEP was line down (each shift = 1 disruption) and times that BEP was unable to ship customer orders on-time due to missing supplier parts (each missed order = 1 disruption). If costs are incurred due to BEP or customer down time some or all costs may be passed on to the supplier.
3. # of NCM's (Non-Conforming Materials) – this section is worth 5 points.
4. On Time SCAR/Repeat Issue – this section is worth 5 points

ii. Delivery Score: 30 Points

1. OTD (On Time Delivery) – this section is worth 20 points. OTD performance is calculated based on the PO due date verses the receipt date. Drop-in orders (inside agreed upon supplier lead-time), receiving errors, etc. will be adjusted at the discretion of the BEP buyer.
2. Incoming Premium Freight - this section is worth 10 points.
   - It is the supplier's responsibility to communicate premium freight dollars incurred to the BEP purchasing team.
   - BEP will calculate supplier responsible freight costs monthly.
   - Any Premium freight incurred by BEP where the supplier is deemed not to be at fault will be subtracted from the premium freight score at the discretion of the BEP buyer.

iii. Commercial Score: 30 Points

1. PPV (purchase price variance) – this section is worth 10 points. Point determination is based on the % variance from January 1 purchase price.
2. Service - This section is worth 5 points. Point determination is based on a combination of on time quotes, quote completion, responsiveness, team support, etc. Points in this section are determined at the buyers' discretion.
3. Payment terms – this section is worth 10 points. BEP Corporate Supplier terms are net 60 days.
4. Cost Savings/VAVE/Continuous Improvement – this section is worth 5 points. This section is for CS/VAVE/CI projects with BEP and any internal activities the supplier performs. Please ensure you are communicating these activities with your buyer. Points are determined at the buyers' discretion.

iv. Suppliers will receive the following status on their scorecard based on their overall monthly score as well as their average annual score:

1. A total overall score of 90-100 = **"Exceptional Status"**
2. A total overall score of 80-89 = **"Acceptable Status"**

3. A total overall score of 70-79 = "**Needs Improvement Status"**
4. A total overall score of 0-69 = **"Probation Status"**

Suppliers with 3 consecutive months of "Needs Improvement Status", Probation Status or a combination of both may require a Supplier Management Review, per the discretion of the buyer or purchasing manager.

BEP maintains an approved supplier list and categorizes suppliers in our system based on the status from the monthly supplier scorecards with input from other criteria which includes but is not limited to: demonstrated ability to align with BEP supplier expectations, ISO/TS certified, total landed cost, liabilities, customer designated/approved, etc. BEP will list suppliers as "Strategic – growth supplier partners", "Maintain – average suppliers", "New Business Hold – poor performing suppliers", or "Actively De-source – chronic issues or product/services no longer needed".

d. Scorecard Disputes

The supplier may dispute their score within 5 business days of receipt of the supplier scorecard. The dispute must be in written format with supporting documentation. All disputes shall be funneled through the BEP buyer and/or purchasing manager and will be reviewed by the cross-functional BEP personnel as warranted based on the nature of the dispute. BEP will provide a final response to suppliers within 10 business days of a completed dispute and update the supplier's score accordingly. In the unlikely event of lack of resolution, escalation may be made through the purchasing manager.

5. Engineering Requirements

a. Introduction

Engineering support from our suppliers for product feasibility, product design, and tooling design/approval may be required for a particular program and/or product. Suppliers shall support design reviews and other collaborative efforts to support lowest total cost solutions for tools, products, and services.

b. Requirements

i. International Material Data System (IMDS)

Government and industry regulations on subjects including the environment, safety, corporate governance and product performance are being enforced around the world. The IMDS (International Material Data

System) is an internet-based database that has been endorsed by the automotive industry original equipment manufacturers (OEMs) for free-of-charge use by suppliers. IMDS tracks chemical ingredients of parts and assemblies across the entire automotive OEM supply chain. The solution aids OEM's seeking compliance with national and EU regulations related to material handling and disposal. Suppliers shall submit IMDS information to BEP prior to receiving PPAP approval.

ii. Engineering Data Exchange

BEPs standard format for CAD data exchange is via dropbox. This is a free web-based application that allows for secure data exchange and is not limited by the file size or type.

6. Program Management Expectations and General Expectations

a. General

BEP expects that our suppliers will appropriately staff their team to manage the program requirements of the business they have, as well as the business they seek, with BEP.

b. Specific

i. Suppliers must comply with all program specific requirements as outlined in purchase orders, award letters, letters of intent, or other documents defining the scope of work.
ii. Launch support must be made available by the supplier to support launch meetings, design reviews, build events, etc
iii. Launch support is required by the supplier to participate in Supplier build events, PSO reviews, etc.
iv. Suppliers are to provide BEP program management with their launch team contacts, emergency contacts and phone numbers as soon as their team is assembled.

7. Commercial Requirements & General Service Expectations

a. Procurement General Requirements

1. Suppliers shall provide a cost breakdown form along with any customer requested information with each quotation to the appropriate BEP purchasing representative.
2. Suppliers must send all quotations to their appropriate buyer and may copy the requestor in the event the request originated form BEP

engineering or program management. Capital Equipment suppliers are exempted from this requirement.

3. Suppliers must clearly note the cost change, and reason for said change, on their cost breakdown for quotes related to revisions in the product being quoted.

b. Planning Requirements

i. Suppliers are required to submit capacity plans to the BEP buyer and Program Manager. Ensure capacity plans identify bottlenecks in the supply chain.

ii. Suppliers shall have contingency plans in place per TS-16949 requirements. These plans will be made accessible to BEP upon request.

Chapter 2: Tooling

1. BEP Tooling, Gages and Equipment

a. Product Requirements

Suppliers shall develop and manufacture Tooling, Gages and Equipment in accordance with the BEP standard in effect at the time of contract award and any BEP statement of work specific to the product. The current version of these standards will be provided to the supplier upon request.

b. Credit/Payment Terms

Suppliers shall invoice BEP for payment of monies owed after tooling, gage or equipment has been validated through pre-production builds and formal approval has been provided by the responsible BEP personnel. BEP payment terms are net 60 days after receipt of invoice unless otherwise negotiated.

c. Builder of Record

Suppliers shall be the tool 'Builder of Record' for all tools and/or equipment produced in their facilities . This means that the supplier is solely responsible for the performance of its subcontractors which will include, but not be limited to: timing commitments, tool quality, data integrity, tool functional try-outs, quoted cycle times, shipment, delivery, adherence to applicable tool standards, and tool warranty. If tooling issues with subcontractors are not resolved by the suppler, BEP reserves the right to redirect the subcontractor and any subsequent costs incurred will be the responsibility of the supplier.

d. Damage or Loss

Suppliers shall insure and protect BEP Tooling and Equipment against loss or damage at all times prior to physical receipt of BEP Tooling and Equipment at specified BEP manufacturing facility.

2. Supplier Tooling, Gages and Equipment

a. Definition

Supplier Tooling is defined as tooling specifically designed for the production of a BEP part where such tooling is unique to, and only used for said BEP part. Its intended life (absent substantial modification or alteration) is limited to the production of the part for which it was designed. Capital equipment (i.e. stamping presses, molding machines, automated material handling equipment, etc.) and generic tooling (i.e. perishable tools, drill motors, impact guns, wrenches, etc.) shall not be considered as Supplier Tooling unless provided by BEP.

c. Relocation

Supplier Tooling may be relocated to another supplier for use on that supplier's equipment. Supplier Tooling that is designed specific to a supplier's equipment should be modifiable to suite another supplier with similar equipment.

d. Ownership

Supplier Tooling is at all times considered property of BEP or BEP's customer. The supplier shall only use BEP or BEP customer owned tooling to manufacture product for use in support of BEP unless otherwise approved by the BEP Purchasing Manager.

e. Maintenance and Storage

Supplier Tooling shall be maintained, per TS16949 requirements, by the supplier at the supplier's expense and shall not be altered in any way or disposed of without the written authorization of BEP Purchasing Manager.

f. Tooling Inventory

During the first month of each calendar year suppliers shall furnish to the responsible BEP buyer a list of all Supplier Tooling in the supplier's possession. The list shall include but not be limited to the BEP tool identification number

(asset tag number), tool description, BEP purchase order number authorizing the acquisition/construction of the tool, and the city and state where the tool is located. BEP shall be afforded the right to verify/audit at the supplier's facility the status and condition of Supplier Tooling.

g. Credit/Payment Terms

Suppliers shall invoice BEP for payment of monies owed for Supplier Tooling (regardless if the payment is for the original tool or tool changes) upon formal PPAP approval of the component(s) the tool produces and/or the gauge measures. Suppliers must provide evidence of the full PPAP approval by submitting an electronic copy of the customer approved Part Submission Warrant (PSW) that is directly related to the invoice. BEP terms of payment will be 60 days after receipt of invoice, unless otherwise negotiated.

h. Damage or Loss

Suppliers shall insure and protect Supplier Tooling against loss or damage at all times.

3. Other Requirements

a. Supplier Quotes

Supplier quotes must include a detailed description for each line item entry such that each element of BEP Tooling and Equipment or Supplier Tooling is clearly identifiable on all documentation and during any physical review.

b. Prints, Specifications and CAD

The supplier shall provide any and all prints, CAD data and specifications associated with BEP Tooling and Equipment and/or Supplier Tooling to BEP upon request.

c. Marking Requirements

During the operational life of the tool, which includes the production of past-model service parts, the physical tag/marking must:

- Remain permanently affixed to the tool
- Remain legible
- Be durable in its manufacturing environment
- Not impair the operation of the tool

- Tool markings must clearly depict BEP or BEP customer ownership as detailed in BEP requirements.

Chapter 3: Quality

1. Quality Expectations Scope

All suppliers shipping to BEP plants are expected to meet the quality expectations set forth in this section. Please contact your BEP contact for questions on any topics covered in this section.

2. General Quality Expectations

A solid systems approach to quality management is essential to achieve the level of quality required by today's demanding customers.

a. Maintaining and Communicating Certifications

The supplier is responsible to submit copies of the valid certifications, for each applicable facility, to BEP purchasing, including all renewals prior to the expiration of the current certificate on file. Failure to submit and maintain certification level established at time of approval by BEP may jeopardize future business.

3. Supplier Assessment and Development Plan

For a new supplier or a new manufacturing location for an existing supplier to be added to the BEP approved supplier list, a New Supplier Questionnaire must be submitted and approved, along with all applicable documents. A supplier audit may be completed using the Potential Supplier Audit form, this may be requested as a self-assessment or BEP Audit. Supplier Audits and updated Supplier Questionnaires may be requested of BEP's key suppliers to ensure continual maintenance, communication and continuous improvement.

a. New Supplier Audit Outcomes

The result of the supplier audit will be one of three outcomes:

1. The supplier demonstrates a benchmark management system that is likely to result in meeting our and is thus promoted to the preliminary approved supplier list for validation during a product development cycle.
2. The supplier demonstrates an adequate management system with some risks that require a supplier development plan, approved by BEP purchasing and quality to be promoted to the preliminary approved supplier.

3. The supplier demonstrates significant weaknesses in their management system and is not promoted to the preliminary approved supplier list.

b. Existing Suppliers

Existing suppliers will follow the same requirements as new suppliers in situations where the supplier is adding a manufacturing location that does not currently produce product for BEP form that location.

4. Advanced Product Quality Planning (APQP)

a. APQP Planning and Reporting

APQP is an automotive industry standard, used when new products are introduced into the market to monitor launch activities for all suppliers regardless of the BEP end product. This standard has been demonstrated, when followed, to result in a worry free product to which the BEP brand is attached.

The supplier will be notified which parts require report out of APQP tracking. Program kick-off meetings are often held to further communicate product/manufacturing process development requirements as an integral part of the launch process. The program manager and the buyer are the primary contacts throughout the launch process.

Suppliers may also be required to demonstrate conformance to unique OEM customer specific requirements and/or provide customer specific documents. If this is the case, the supplier will be notified accordingly.

The suppliers are expected to manage their own APQP activities in accordance with their program timeline, which is constructed in a manner that is designed to deliver a fully vetted out production ready product/service. Documentation and APQP process evidence may be required to be submitted throughout the launch process of review.

All pre-production part container/packages must be identified with, at a minimum, the BEP part number, quantity, revision level and purchase order number. Any pre-production parts that are shipped without proper identification as stated above may be returned at the supplier's expense.

Prototype and non-PPAP approved pre-production parts must have a full 6 piece dimensional/material/functional layout sent for each lot of a singular production event. This ensures that both he supplier and BEP understand the maturation level of the product.

BEP expects suppliers to continuously improve by applying the APQP methodology, as well as other methods (kaizen, quality circles, value stream mapping, etc.). when quality issues occur and effective problem solving is executed, the corrective actions most often can fall under one or more conditions requiring a revised PPAP submission. PPAP is a process, not an event. The PPAP submission is a key milestone event that is the sum of the APQP activities and as such, we expect that suppliers maintain internal PPAP records for each element for every change point. The evidence we ask a supplier to submit is not equivalent to the obligation of work. ALL elements of PPAP must be considered and updated to reflect the lessons learned as applicable. Suppliers may be tasked with VA/VE goals and BEP expects that the supplier consider the APQP process when planning/implementing the initiates.

5. Process Sign Off (PSO)

a. PSO Introduction

The Process Sign Off is an in-depth, cross-functional review of both the process documentation and the actual manufacturing process with trained personnel. By verifying conformance of the documentation as evidence of the intended process and then reviewing the production process is capable of producing quality parts in sufficient quantity for production, this enables BEP to acquire a first-hand understating of the supplier's production readiness. BEP uses the PSO process as a tool to assure our customer that our suppliers meet all requirements.

b. PSO Expectations

The PSO is required to be performed on all new parts or parts whose capacity has been modified. Parts that have been identified to be of high risk will have a PSO led by a BEP engineer. Parts that have an acceptable risk assessment will have a supplier led PSO event. Any product or process change that occurs after

initial PPAP approval must be reviewed by BEP to determine whether a new PSO is required regardless of what party will lead the event. PSO's are to be completed prior to supplying parts for saleable product.

c. Sub-Supplier PSO

Suppliers are expected to conduct sub-tier supplier PSO assessments prior to the PSO for the product made for BEP. Sub-tier supplier PSO assessments are not required for bulk materials provided that sub-tier supplier has confirmed they have adequate capacity to meet the contractual demand.

d. Capacity Verification verses PSO Differentiation

The PSO event is not synonymous with capacity verification. The PSO event is focused on the end item manufacturing stream and does not account for shared process capacity within the manufacturing cell or upstream of the production line. A separate capacity analysis will be required by the supplier to validate that the supplier has adequate capacity to meet average per week and maximum per week (APW/MPW) requirements. The supplier will work with the buyer to determine the quantity and production time required for capacity verification as needed.

6. Measurement System Analysis (MSA)

a. Measurement System Analysis Introduction

AIAG's Measurement System Analysis Manual (and applicable Customer Specific Requirements) describes the methodology for determining if the measurement technique(s) and equipment are capable of collecting accurate data to use for decision making, up to and including driving improvements. MSA is a complex activity requiring expertise and a strong understanding of statistics to accurately interpret the results and solve issues as they arise. Gauge Repeatability and Reproducibility is commonly referred to as GR&R, but linearity, bias, and stability studies are also required elements as described in the AIAG MSA Manual. In general, the GR&R study should use the full range of part to part variation from the process, which represents expected sources of variation. It is a good practice to collect parts over as many process set-ups as possible.

b. MSA Expectations

Most MSA studies are performed by using software. It is expected that all BEP suppliers validate the software they are using through the application of a

standardized input data set and check using corresponding expected output results.

c. Gauge Certification and Calibration

All part specific gauges or checking fixtures used for BEP product quality will be dimensionally certified as part of initial PPAP and evidence of compliance to drawing included with the PPAP package. Gauges and checking fixtures will have a MSA/GR&R completed. All gauges or measuring instruments used for controlling BEP product must be calibrated annually, unless frequency is higher based on manufacture's recommendations or required based on what is learned from the MSA.

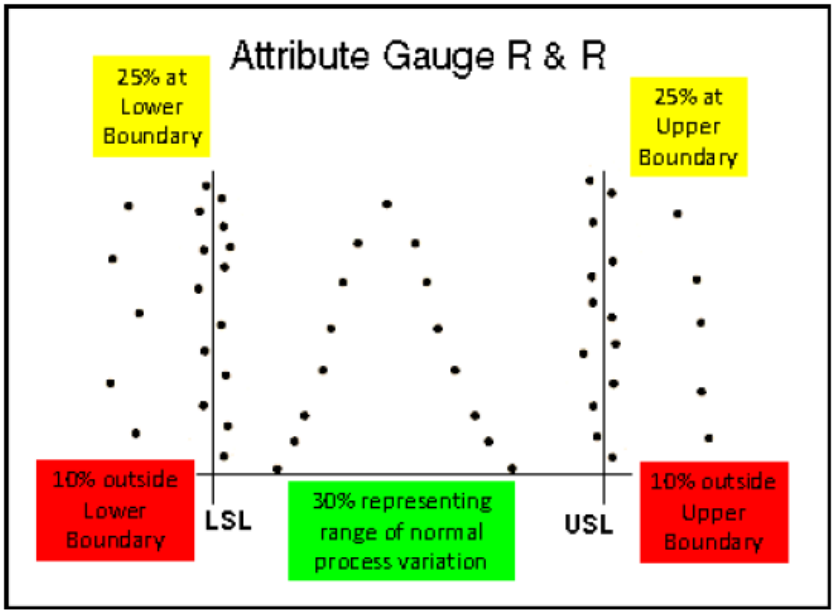
d. Gauge R&R Acceptance Criteria

Variable: Gauge R&R as a percent of study variation* of less than or equal to 10% is acceptable with a minimum number of distinct (n.d.c) categories ≥5. The study variation should be representative of the production runs with all known sources of variation. We understand that it is not always feasible to intentionally change sources of variation such as raw material lot variation. GR&R acceptance needs to be in context relative to the initial process or long term process studies (whichever apply) as the GR&R as a %SV is inversely proportionate to the amount of process variation. In the special case where the manufacturing process is very capable, stable and in statistical control; generally, a Ppk>2.5, the GR&R % study variation may be in excess of 10%. In this case, the percent tolerance method may be used. In this case, the number of distinct categories requirement is not required, the values on the range chart are not always within control limits and more than 50% of the values on the Xbar chart may be inside the control limits. If the % Tolerance method is applicable, a value of less than or equal to 10% is acceptable.

Results*	***Interpretation***
GRR <10%	*The GRR meets the acceptance criteria*
GRR >10% <30%	*The GRR does not currently meet the acceptance criteria and risk of shipping non-conforming product requires guard banding*

	until improvements can be made to meet acceptance criteria.
GRR>30%	*The GRR does not currently meet the acceptance criteria and requires improvements to be made to meet acceptance criteria. Further, gage cannot be used for production control methods.*

Attribute: The attribute gauge must reject all parts outside the specification limits. Rejecting good parts may be acceptable if the throughput/capacity losses are acceptable to the team. All Kappa values should be greater than 0.75. Kappa values less than 0.75 may be acceptable if the reason is limited to operators rejecting good parts. The parts used for the attribute study should follow a normal distribution to adequately determine the gauges' ability to properly determine if the gauge is capable to separate acceptable from non-conforming throughout the full range of variation and product tolerance. As a general guideline, 50% of the parts should be evenly split between the upper and lower tolerance. 30% should represent the expected process variation (selected from initial process capability) and 20% of the parts should be split evenly outside the specification, even if the parts are "specially" manufactured to represent these conditions.



7. Statistical Process Control

a. SPC Introduction

AIAG's Statistical Process Control Manual (and applicable Customer Specific requirements) describes the methodology for assessing variation as well as analyzing and monitoring processes. SPC is a complex concept requiring expertise and a strong understanding of statistics to properly apply the techniques(s), interpret the results, and solve issues as they arise. BEP expects suppliers to have resources that have proper knowledge and practice in statistical theory to ensure appropriate applications of techniques. While the AIAG PPAP manual sets forth requirements, there may exist exceptions where it is improper to blindly use these approaches.

b. SPC Expectations

BEP expects suppliers to establish the appropriate Statistical Process Controls for Critical and Special Characteristics.

c. Initial Process Studies

The purpose of the Initial Process study is for the manufacturer to determine if the manufacturing process is likely to produce product that will meet customer requirements. These studies, by their nature, are short term and will not predict the effects of variation over time. Initial Process studies that are assessed by using software are expected to be validated by using standard input data and checked using corresponding expected output results.

1. **Design Records without Critical or Special Characteristics:** Suppliers must conduct an initial process study on at least 1 product characteristic that would indicate to the manufacturer the level of process stability and predict if the process is expected to meet customer requirements.
2. **Design Records with Critical or Special Characteristics:** Suppliers must conduct an initial process study on each unique critical and/or Significant Characteristic(s) as called out on the latest controlled revision of the print and/or specification.
3. **Conducting Initial Process Studies:** Suppliers conduct studies by using at least 125 data points (sample size), sub grouped into 25 groups with a subgroup size of

5, sampled from their significant production run using the expected range of variation from the manufacturing process (i.e. – the actual manufacturing environment, all tools, all cavities, all manufacturing process streams and expected manufacturing cycle time). The study must start by analyzing if the process is in statistical control on an Xbar and R chart. If the process is stable, then the supplier must evaluate normality and determine the capability index. If the process is stable but not normal, then the data should be matched to the best fitted distribution for calculating the capability index. If the process is not stable, the supplier must determine and eliminate the sources of the special causes(s) and repeat the study(s) until the stability criteria can be met.

4. **Acceptance Criteria for Initial Process Study**

Results	***Interpretation***
Index ≥1.67	*The process currently meets the acceptance criteria*
Index < 1.67	*The process does not currently meet the acceptance criteria and risk of shipping non-conforming product requires modified control methods that are 100% effective until process improvements can be made to meet acceptance criteria.*

5. **Advanced Statistical Techniques**

Suppliers with resources with demonstrated understanding of statistics are encouraged to apply more sophisticated techniques (for examples, Johnson's Transformation in the even the initial process study is not normal or use long term historical standard deviations in place of the short term standard deviation).

d. Control Requirements for Special Characteristics:

Three primary Special Characteristics are probable to be included in BEP or BEP customer specific prints and/or specifications. These include: 1.) A Critical Characteristic is a feature if non-conforming has a high likelihood of causing a safety critical failure on the BEP or BEP customer end item or a severity of ≥ 9 on

the DFMEA; 2.) A Significant Characteristic is a feature that if non-conforming, would have a high likelihood of affecting customer satisfaction; 3.) A Pass-Thru Characteristic is a characteristic associated with BEP customer requirements which is NOT inspected in the BEP process and if non-conforming would have high likelihood of being passed onto BEP's customer. A Pass-Thru Characteristic (PTC) inherently has higher liability risks to the supplier if a non-conformance is found. The symbols for these characteristics can be found on the latest version of each controlled print and/or specification.

1. ***Critical Characteristics (CC)***
   CC's require controls which prevent shipment of any non-conforming product regardless of the location in the supply chain (Tier 1 through Tier N) of the manufacture of the physical characteristic(s) associated with the Critical Characteristic. Prevention controls may be 100% error proofing or 100% error detection with 100% machine segregation locking out defective parts from potentially getting mixed. Ongoing SPC is required with data records retained. Supplier may use the long-term control charts as evidence of meeting ongoing process capability requirements for annual revalidation PPAP.
2. ***Significant Characteristics (SC)***
   Ongoing SPC is required with data records retained. Supplier may use long term control charts as evidence of meeting ongoing process capability requirements for annual revalidation PPAP.
3. ***Pass Thru Characteristics (PTC)***
   There are no specific SPC requirements for PTC's. However, supplier will be liable for 100% of cost from BEP's customers related to any non-conformances of a PTC. Error-proofing or 100% end of line failure detection is strongly encouraged.

8. Production Part Submission Process (PPAP)

a. Supplier part Submission Introduction

Supplier PPAP activity is primarily for the manufacturer and not for the customer. The PPAP submission is a documented physical and functional inspection process to verify that defined manufacturing methods are capable of producing an acceptable product as specified by applicable customer design records such as engineering drawings, material and/or performance

specifications, purchase orders, etc. during actual production at a given quoted rate. BEP utilizes common industry practices and forms as outlined in the AIAG Production Part Approval Process manual (latest published version). Suppliers are required to follow these standard practices when preparing to PPAP to BEP. Suppliers are expected to execute ALL applicable elements of PPAP, regardless of the evidence that the supplier is requested to submit for approval. BEP submission requirements also include International Material Data System (IMDS) reporting, regionally accepted equivalent documents and other documentation required by specific OEM customers.

b. Supplier Part Submission Applicability

Suppliers to BEP are required to prepare and provide part submission packages for any custom designed product or as requested by BEP. Submission should cover new parts, corrections to a previous submission, engineering changes, and any other changes to design, process, or facility. Submission and subsequent BEP approval is required PRIOR to first production shipment. Any material received at BEP from an unapproved PPAP will be deemed non-conforming. COTS (Commercial Off-the-Shelf) products do not require PPAP submission packages but may require IMDS submission, product certifications, and/or other documentation as requested by BEP. In the event that unapproved material passes through our organization and is shipped to an OEM or other BEP customer, such material will be deemed non-conforming and all liability of costs to quarantine and replace the end product will be the supplier's sole responsibility, including freight and transportation. Submission process applies to initial production runs using planned manufacturing processes, tooling, equipment, materials, and operators to validate a significant quantity of parts for future use. Prototype parts or parts built using methods different from those intended for the normal production process are not considered to be initial production runs, nor are subject to part submission requirements (unless specifically communicated by the appropriate BEP quality contact for the program).

c. Supplier Part Submission Process

For new launch business, the start of production date and PPAP timing

requirements are communicated by the designated buyer in the sourcing events. The BEP purchasing, quality, and/or engineering team will communicate what elements of PPAP are required to be submitted as verbiage on the initial purchase order. The supplier is responsible to prepare and submit the PPAP package to the designated BEP representative for approval. Unless otherwise stated, Level 3 submission is required for parts used for the BEP production purposes. The BEP representative may choose to validate the PPAP submission package content at the supplier's facility. At BEP's discretion, a submittal review may also be conducted at a supplier's sub-tier suppliers. The submission package is approved or rejected based on conformance to all requirements. The BEP representative notifies the supplier of disposition and documents status in the submission package. Suppliers are expected to submit conforming PPAP's and not use the customer to inspect the quality of the submission. Failure to submit conforming PPAPs may result in issuance of a SCAR (supplier corrective action report) or escalation to the BEP SMR (Supplier Management Review) process for recurring issues. A chronic problem with the supplier being able to submit conforming PPAPs may result in BEP notifying the e supplier's registrar of the systemic breakdown. A signed approved PSW warrant from BEP signifies that supplier has authorization to ship parts for production per the communicated demand requirements based on BEP open purchase orders. The first shipment of the production parts from a PPAP will be marked on the outside of the packaging "***First Shipment of PPAP Approved Parts"*** to communicate to the BEP production facility. If the submission package is rejected, the designated representative works with the supplier to resolve any discrepancies and to establish timing for a revised submission. Production shipments cannot begin until part submission approval is received. BEP may choose to approve a Supplier Deviation or grant an interim approval if it is necessary to utilize the parts prior to full submission approval. Suppliers are responsible for implementing additional containment measures that protect the customer during the period in which the Interim PPAP Approval or Approved Deviation is effective. Suppliers are responsible for the costs related to resubmission.

d. Annual revalidation Requirements

BEP suppliers will compete an annual revalidation in order to demonstrate continued conformance to proper engineering levels and performance to design intent. The annual revalidation will be documented on the supplier's production

control plan. The annual revalidation will be completed and available upon request for parts produced more than 1 year from the last full PPAP approval date. Suppliers are not required to submit annual packages unless requested. However, suppliers are responsible to develop a system to conduct annual revalidation, independent of BEP's request and annual revalidation submission packages should be readily available according to the retention policy described in section 8e. **If a report is not requested, suppliers shall report the date when the validation was completed to the BEP buyer.** Annual revalidation packages require a minimum of the following:

1. 6-piece dimensional layout with all cavities represented if mold has ≤ 6 cavities.
2. Material certifications that are less than 1-year-old; unless raw material turn is ≤ 1 turn per year.
3. Annual Performance testing (DVP&R) per Annual Revalidation or Continual Conformance section of control plan approved at original PPAP.
4. Long-term data that demonstrates that all SC's and CC's are capable and are in statistical control. Control charts are acceptable provided the control limits are consistent with an Index > 1.67 and there is supporting evidence of adequate reactions to all out of control points.

Non-conformances found during the annual revalidation process must follow the corrective action (SCAR/8D) methodology including notifying BEP that supplier is containing the defect. If the issues cannot be contained, then the supplier must stop shipment and immediately contact the buyer to determine action plan.

e. Quality Document Retention

Suppliers to BEP will maintain quality records such that they are retrievable and legible upon request by BEP. BEP requires record retention duration of 10 years from initial full PPAP approval. Records related to non-conforming product for trend analysis and problem identification will also be maintained for the same period of time. This requirement extends into sub-tier 1 through N.

f. Configuration Control and Lot Traceability

The supplier will be responsible for controlling/tracking the actual configuration of material of parts to the approved engineering documents in addition to any changes to ensure that the end product meets specified functional and physical requirements as contracted. Additionally, the supplier will have a robust system

in place to provide (upon request) lot or part traceability back to the raw material stock for all material shipped to BEP, per ISO 9001 7.5.3.

g. Customer Specific Requirements

Suppliers must also meet all applicable OEM Customer Specific Requirements (CSR), as specified in the supplier statement of work or on the purchase order and must be able to show records of compliance. The applicable requirements are exclusive to those that are in the public domain including the BEP website, AIAG websites and OEM specific websites. Requirements that are only available in secured locations (username/passwords) that are not made directly accessible to BEP suppliers by OEM's are excluded from these requirements. Exceptions to CSR's must be resolved and reflected in the statement of work or on the design record, if exception is related to part form, fit, or function.

9. Quality Performance Reporting

a. Key Process Indicators

Key Process Indicators (KPI's) are used by BEP to measure the effectiveness of internal business processes. Suppliers are required to define KPI's that are relative to their operation, set targets for these metrics, measure them relative to the established targets, report their findings, and develop improvement plans based on the results. KPI's are to be regularly reviewed by management and must be available upon request during a Supplier Management Review event. Examples of KPI's that are relevant to a manufacturing facility may include (but are not limited to) the following:

Quality Measures	***Manufacturing***
Customer PPM	Schedule Attainment
Internal PPM	Scrap %
# Repeat Problems post C/A	Inventory Costs
Supplier PPM	First Time Capability

Shipping	***Safety***
On-Time Delivery	Lost Time Accidents
Premium Freight Costs	Recordable Accidents

10. Quality Deliverables

a. PPM Expectations

The expectation for supplier performance is Zero PPM (zero defects). Product

that is received into BEP facilities that does not conform to the drawing specification(s) and/or agreed upon standards will be counted against a supplier's PPM record. Quantities will be reported in the units of measure in which they are purchased. This applies to production parts. **The following conditions are considered Quality PPM and may require a SCAR:**

- Production parts that do not meet drawing specifications, dimensional, functional, and/or appearance standards as called out in the specification or from an approved boundary sample by a BEP representative.
- Production parts damaged as a result of inadequate packaging, regardless of BEP approval of the packaging form. Production parts damaged from transportation for which the supplier is responsible.
- Shipments that are received with mixed parts or parts that are the wrong revision level after the clean point has been established. Reject/defect quantity is for the quantity of incorrect parts only.
- Any defects outside the boundaries of an approved deviation for cases where supplier may be shipping prior to PPAP approval.
- Out of specification parts shipped prior to PPAP approval without an approved deviation or interim approval. This includes production samples used during product development (launch cycle) that have a design record at REL level or beyond.

The following are examples of situations where Quality PPM is not applicable:

- Parts that meet drawing specifications and/or boundary sample requirements but are not useable.
- Parts that meet drawing specification and/or boundary sample requirements that are rejected by a BEP facility.
- Parts that have not been released for production (i.e. – not at revision REL or beyond on a design record). This excludes prototype parts off of prototype tooling.
- Parts that have an approved deviation for a non-conforming condition(s); these parts cannot be assigned PPM if the problems are only associated with the deviated characteristic.

b. Correcting PPM

When a quality issue requires containment, the suspect material must be sorted 100% for all material including parts at all BEP locations, in inventory at supplier,

and material in transit. If suspect parts are removed from the BEP location (and moved to non-nettable inventory) and sorted off-site (at supplier or 3rd party) the supplier must complete the sort and return certified material to BEP in a timely manner including reporting any defects found. A timely manner is defined such that the BEP production facility is uninterrupted by the sorting activity. Suppliers are encouraged to work with BEP buyers to understand when they need certified material to maintain uninterrupted production schedules. If a supplier identifies, communicates, and takes appropriate action to correct a potential problem before the problem is identified or before parts are used in a BEP facility, then the parts will not be counted against PPM and no points will be deducted from the supplier's scorecard. Suppliers may authorize scrapping material (at supplier's expense) if it does not interrupt BEP production. Parts which are out of specification may be used "as-is" with an approved deviation signed by BEP engineering and quality representative, if the purposed is to maintain production to prevent potential interruption at BEP's end customer. In these cases, PPM may be assigned based on risk, non-conformance history, and severity as determined by the DFMEA/PFMES from BEP or BEP's Customer.

c. Degradation of Quality Control of Critical Characteristic

A Critical Characteristic is considered the highest level issue within BEP because of the safety and liability implications that could occur as a result of the non-conformance(s). In the event that a Critical Characteristic(s) is found to be non-conforming after the production controls, per the control plan, were executed, this is an indication that the control system has degraded (worsened). Supplier containment and immediate notification to request approval for a change in production control plan will be required until such time as the root cause(s) can be identified, corrected, and verified. Containment can take the form of a downstream error proofing activity on the BEP assembly line provided that the supplier agrees to fund the costs and BEP is able to maintain cycle times. The goal is the most effective detection method of the defect. *One CC defect is one defect too many.*

d. Degradation of Process Capability of Significant Characteristic

A Significant Characteristic is considered the second most important issue of priority within BEP because of the functional impact. In the event that the

ongoing SPC controls indicate that the overall process capability has degraded below 1.67, the supplier is expected to notify customers, identify 100% effective containment measures, and request approval to implement the change in the production control plan until such time as the root cause(s) can be identified, verified, and corrected. The objective is to implement the most effective detection method thus suppliers may consider alternatives at the first assembly station error detection at BEP provided that the supplier funds the investment in the equipment and the change does not have *a significant impact on BEP's schedule attainment.*

11. Supplier Chargeback

a. Supplier Chargeback Communication & Expectations

Suppliers are notified of non-conforming material through the Supplier Corrective Action Report (SCAR) notification. Non-conforming material is defined as suspect or rejected product that is deemed defective according to the design record(s), product specifications, or established appearance boundary samples. If the problem results in a line down situation, a minimum of a $750 USD administrative fee will apply. No RMA's are required for administrative fees. Suppliers are expected to issue a return material authorization (RMA) within 24 hours of SCAR notice to the BEP requestor to authorize actions including, but not limited to, scrap, re-work, sorting on-site, or returning material to vendor. Supplier chargebacks should be targeted for closure within 30 days and can only be extended with the written acknowledgement of the purchasing manager.

12. Problem Solving Documentations

a. Supplier Problem Solving Expectations

The SCAR (Supplier Corrective Action Report) which is very similar to the standard AIAG 8D Problem Analysis Report is the BEP preferred problem solving format for us by all BEP Suppliers. The SCAR provides a means for the definition and resolution of issues through problem solving.

Each supplier is responsible for appropriate and timely application of the SCAR and for ensuring their organization possesses the knowledge and skill level to solve problems. It is expected that an acknowledgement of SCAR receipt and

containment plan is submitted within 24 hours (1 business day) from receipt of SCAR notification. In the event that the supplier is providing product from a foreign location greater than 8 hours' time difference, the containment period will be less than 3 days' time.

Each supplier is expected to submit evidence to prove potential root cause(s) are real and in some cases, prove them not to be real. The permanent corrective actions will be directed at a method to detect the cause of failure mode, not an action that is intended to detect the failure. Failure detection costs may be an interim control to protect BEP but cannot be the basis to close out a problem as this drives non-value add waste in our supply chain that has the potential to become new business practices creating uncompetitive supply lines. Suppliers can dispute a SCAR and request it to be deleted if adequate evidence is provided that root cause could not have occurred at supplier. Suppliers are expected to follow the PPAP requirements (Section 8) for permanent corrective actions that fall under the scope of PPAP. BEP has contractual customer obligations to request Tier 1 to N changes thus it is critical to follow the change notification and request sequence with absolute discipline. It is an expectation that suppliers manage their corrective actions and avoid letting them age beyond 90 days. In the event that the supplier has submitted permanent corrective actions (PCA) and BEP is restricting supplier's ability to implement PCA, please notify the BEP buyer or purchasing manager to escalate the concern. Suppliers are expected to verify SCAR closures via monthly reviews of supplier scorecards. The suppliers are encouraged to raise concerns to the buyer if they believe that SCAR closures have not been correctly reflected in their scorecard. Outstanding SCARs in excess of 90 days may negatively impact supplier's PPM score on the supplier scorecard even if there were no rejected parts in that given month.

13. Supplier Management Reviews (SMR)

a. SMR Introduction

A Supplier Management Review is an escalation process used to ensure that the supplier is placing the proper focus on a systemic issue(s) and establishing corrective actions that result in a substantial change in performance over time, as reflected in supplier scorecards.

b. SMR and New Business Hold Criteria

The SMR and New Business hold criteria is listed below but not limited to:

SMR / New Business Hold Criteria	SMR	New Business Hold
Chronic documented unresolved problems in the area of Quality, Service, Logistics, and/or Delivery	X	
Special Characteristics (CC, SC, PTC) that have been received as non-conforming in any BEP facility or BEP customer facility.	X	
Discovery that a supplier has not submitted PPAP packages for changes as required by 4th Edition PPAP requirements.	X	
Discovery that a supplier has shipped production product to BEP without PPAP approval or a valid BEP deviation or interim approval on more than 1 occasion.	X	
Production suspended at BEP resulting in a customer disruption, or significant cost to BEP due to a supplier's product quality, part shortage, or logistical issue unrelated to a force majeure event	X	
Chronic, documented, unresolved SMR problems spanning more than 2 quarters or deemed high-risk requiring immediate action		X
Unreasonable response from the supplier or indications that no progress has been made to resolve SMR issues		X
Suppliers inability or unwillingness to work with BEP to make fundamental quality system improvements.	X	X
Unresolved special product characteristics, as defined on the print, do not meet Ppk or Cpk requirements as expressed in the AIAG PPAP requirements and/or engineering documents	X	X
Continued customer dissatisfaction of a supplier's product quality, delivery or logistical issues after previous SMR activities for like issues have been closed out	X	X
Significant single event issue (Quality, Delivery, Cost, Other)	X	X

c. SMR Notice and Expectations of Conducting SMR Review

The Supplier Management Review is the opportunity to discuss the concern(s) and review corrective action plans. The SMR notice is initiated by a meeting notice to the supplier. The SMR is to be conducted by the buyer and attended by the Supplier's Management Staff. Focus must be placed on effective critical thinking, systemic root cause analysis, and identification of meaningful countermeasures. All quality and delivery problems are to be supported with appropriate data. The supplier is expected to bring a permanent corrective action plan for all items referenced in the agenda. The Supplier or designee shall collect detailed meeting minutes, including any additional agreed upon action items to be taken, and distribute the minutes to all attending parties. The buyer determines if the action plan is acceptable with or without minor changes. If the corrective action plan is not acceptable then the supplier may be placed on new business hold.

d. SMR Exit Criteria

The supplier will implement their BEP approved systemic corrective action plan and will provide evidence of corrective actions along with data demonstrating a measurable impact. On-site verification of improved processes may be required. If the corrective action is not satisfactory, or insufficient evidence is presented, a determination is made whether to escalate the SMR to the next level.

e. Expectations of Final Resolution.

Inadequate evidence of improvement through SMR activities after an extended period of time, as determined by the BEP management team, indicates that a substantial degradation has occurred with the supplier. This includes ineffective corrective action(s) or corrective action(s) at a pace that indicates continued impact to BEP operations and/or launch teams. This type of systemic degradation may result in either new business hold with intentions to passively de-source the product but allow the supplier to maintain existing business or new business hold with intentions to actively de-source the supplier.

14. Containment

a. Purpose of Containment for Production

Containment is accomplished through deployment of additional controls in the

supplier's process to identify known or potential non-conformances and to prevent such non-conformances from shipping to BEP.

Additional controls can include but are not limited to:

i. Statistically based inspection audits
ii. Dimensional measurements
iii. SPC checks
iv. Appearance checks
v. Part functionality checks (EOL tester)
vi. Label verification systems
vii. Check fixtures/gage and poke-yokes

The goal of containment is to protect BEP and its customers from defective material escapes during the initial product and process startup (pre-production), throughout production and in reaction to a quality issue identified at any location in the supply chain. The following section details our expectations for each of these phases.

b. Pre-Production/Launch Containment Expectations

Pre-production containment applies to any parts produced for prototype, pilot, or saleable end item builds at BEP prior to full production. Pre-Production containment activities are a requirement of the suppliers APQP process and must be documented on the prototype or pre-launch control plan, whichever applies. The pre-launch control plan includes increased frequencies and additional tests over and above the production control plan to ensure heightened product and process quality until the supplier's production process is validated. The exit criteria to validate the production process will be documented on the pre-launch control plan. During pro-production, the sample size and/or frequency of product inspection is typically 100% and does not replace the final part audit. The BEP engineering, quality, and/or purchasing teams review the pre-launch control plan which is typically done during the Process Sign-Off event. Open issues from the PSO will drive deployment of additional controls and documentation in the pre-launch control plan.

Issues that still remain 90 days' post BEP start of production may be subject to

3rd party containment if the BEP engineering, quality, and/or purchasing teams deem it to be appropriate as supplier has had reasonable time between suppliers PPAP due date and the program SOP date to resolve issues.

c. Containment Exit Expectations

Criteria for exiting containment will be approved by the BEP quality contact. Exit criteria will be based on reaching a predetermined quality level and not a number of parts or days sorted. To exit containment, the supplier must achieve a predetermined quality level (generally zero defects) and maintain this level for a minimum of 30 days or 3 production lots.

15. Supplier Change Request and Alerts

BEP acknowledges that suppliers may have a need to request a permanent change to their product and/or manufacturing process. We further recognize that deviations may be requested and expect suppliers to manage the risk accordingly.

a. Supplier Change Request and Approval Process

The process below defines the steps for supplier product or process changes to ensure that they meet BEP requirements as well as any customer specific requirements. Suppliers shall provide SREA and obtain BEP SREA approval prior to any change. Failure to do so may result in the supplier being placed on new business hold, a formal notification to the TS16949 or ISO9001 supplier registrar, and/or financial consequences.

Product and/or Process Changes include, but not limited to, the following:

- Any change affecting fit, form, or function
- GD&T changes
- Manufacturing process change
- Change in manufacturing or shipping location
- Sub-supplier changes
- New or refurbished tooling or equipment (excludes perishable tooling)
- Changes in test/inspection methods
- Revisions to the line layout or work station

Steps for obtaining approval to make the requested change:

1. Submit a completed BEP Supplier Request for Engineering Approval (SREA) form with supporting detail. This form can be requested from BEP.
2. BEP will evaluate the request and if acceptable, will approve the request by signing the form and returning to the supplier.
3. Post PPAP components will require re-PPAP submission and approval.
4. Supplier shall affix a "First SREA Shipment" label on each box of initial shipment of changed products.

b. Supplier Deviation Request and Approval Process

A deviation is defined as a short-term change from an approved, usual, expected, or planned process. The process below defines the steps for suppliers to request approval to implement a deviation.

Steps for obtaining approval to make the requested change:

1. Submit a completed BEP Supplier Deviation Request form with supporting detail. This form can be requested from BEP.
2. BEP will evaluate the request and if acceptable, will approve the request by signing the form, assign an Alert number and expiration date, and return to the supplier.
5. The supplier implements the temporary deviation including any edits documented on the form.
6. Supplier shall affix an 'Alert #XXX" label on each box of initial shipment of changed products.

Chapter 4: Materials and Logistics

1. Materials Management and Logistics

a. Introduction

The materials management and logistics organizations at BEP contribute to manufacturing excellence in quality, cost, and delivery to the customer. Specifically, these teams ensure the on-time delivery of component materials and subsequent shipments of finished goods at the lowest cost and best value to customers. Continuous improvement in our supply base relative to materials management and global logistics is required and, if managed correctly,

sustained improvement will provide a competitive advantage for BEP and our supply chain. To fully leverage the potential of these innovative systems and processes, the knowledge and capabilities of BEP's extended enterprise must be flexible and capable of meeting our replenishment requirements.

b. Global Standards

World-class materials management and logistics is achieved via execution of comprehensive, standard business processes. As such, suppliers of direct materials to BEP will:

- Maintain certification with ISO/TS 16949:2009 (applies to suppliers of direct materials used in automotive products at BEP only)
- Maintain certification with ISO 9001:2008 (applies to suppliers of direct materials used in non-automotive products at BEP)
- Maintain compliance via annual self-assessments with Materials Management Operations Guidelines / Logistics Evaluation (MMOG/LE) as published by the Automotive Industry Action Group (AIAG) (applies to suppliers of direct materials used in automotive products at BEP only)

c. Fundamental Systems

Suppliers of direct materials to BEP will ensure the following expectations are in-place and are included in their business processes:

- Communications take place electronically between trading partners
- Lean Manufacturing principles and practices are employed in the organization
- Customer demand is analyzed, schedule variation is reacted to, and variances in demand are reconciled promptly with BEP buyer.
- All communicated forecasted or actual demand is compared to available capacity and concerns are reported to BEP buyer immediately.
- Communications are proactive relative to potential issues in meeting demand requirements.
- Shipments are made according to routing instructions.
- 100% on-time delivery is required and measured from sub-suppliers
- Materials Management and Logistics team members have development plan which focus on increasing their abilities and experience in the areas of materials management and logistics processes, technical capabilities, problem solving, and leadership.
- Materials Management and Logistics systems are audited to ensure compliance.
- Key measures are identified, monitored, and reviewed for continuous improvement of performance.

2. Shipping and Replenishment Performance

a. Introduction

The standard for BEP suppliers is 100% on-time arrival of all parts required by the BEP manufacturing site. This means shipping the correct quantity of the correct product to the correct location in the correct method at the correct time.

It is mandatory that the supplier contact the BEP facility, immediately upon recognition of an issue, if the order requirements cannot be met.

BEP expectations are that suppliers procure materials to the authorized purchase order and/or forecast requirements depending on the agreements in place with each supplier.

b. Shipping and Delivery

Authorization to ship product to BEP will be communicated through the BEP purchase order requirements. If replenishment methods should change, the BEP buyer will communicate the change to the supplier. The requirements on the purchase order will show a due date. The due date defines when the goods are to be ultimately received by the BEP facility. A due date is NOT the date the material should be delivered to the carrier or the date of completion of manufacture. Transit time must be determined and the product shipped to account for receipt at BEP facility on the date reflected on the purchase order. A purchase order acknowledgement is to be provided for each PO received upon receipt to the buyer. If there is any concern at all with the suppliers' ability to meet the requested due date it is the responsibility of the supplier to proactively communicate their concern to the buyer. Communication from the supplier should be with the PO acknowledgement but no later than 48 hours (2 business days) after receipt of the purchase order. On-time delivery performance data used for the supplier scorecard will be based on the PO due date with a 1 day early zero days' late tolerance for domestic suppliers and a 5 days early zero days' late tolerance for international suppliers.

The supplier is required to:

- Control its processes to assure that the physical shipments correspond with the BEP demand requirements.
- Have the ability to meet either a 20% week to week net increase in quoted volume. This does NOT apply to balance out material.
- Contact the BEP buyer if the supplier is unable to meet the demand requirements within 48 hours of receipt of purchase order. The following must be submitted if the supplier is unable to meet PO requirements:

i. The quantity of parts showing required by date
ii. The quantity of parts the supplier is able to supply by the dates on the PO
iii. The dock date(s) that the supplier will be able to supply the balance of the parts due
iv. A recovery plan to get back on schedule to meet BEP PO demand requirements which should include assigning the necessary resources to resolve any delivery issue.

- Contact the BEP buyer for an agreement on transportation method if the PO due date(s) cannot be met
  i. Obtain approvals from the BEP buyer on the mode and carrier chosen for all expedited materials.
  ii. Make every effort to reach an agreement on the expedited freight responsibility at the time of shipping.
    a. If the supplier is responsible for freight costs, supplier may use the logistics company of their choice. However, the supplier is then responsible for tracking the in-bound freight to BEP and advising the BEP buyer as to the shipping status. This includes all updates (i.e. – departure, customs clearance, ETA, etc.) as freight is in-transit, including off hours where applicable.
    b. If BEP is responsible for the freight, it is expected that the freight is moved through either Deringer or FedEx as directed by the BEP buyer.
- Take responsibility for downtime and other associated costs (i.e. – premium freight or charter costs) due to their inability to meet delivery requirements that are in accordance with the purchasing terms and conditions.

3. Replenishment Goals

a. Introduction

In order to standardize supply chains, optimize inventory levels, and minimize freight expenses, BEP has defined goals for replenishment of raw materials. Raw material replenishment requirements will be communicated to the supplier through issuance of a purchase order based on forecasted and actual demand requirement received from BEP customer and in accordance with BEP overall business and purchasing strategies and goals.

b. Explanation of Goals

Our goal is three-fold:

- Optimize turnover, truck utilization, and prevent premium freight
- Maximize internal and external visibility of component parts

- Appropriate use of technology to communicate replenishment signals

4. Materials Management Operations Guidelines / Logistics Evaluation

a. Introduction

The Materials Management Operations Guidelines / Logistics Evaluation (MMOG/LE) is a global document jointly created by the Automotive Industry Action Group (AIAG), Odette representatives, OEM representatives, and automotive suppliers. It is a document with recommended business practices for the supply chain management processes of automotive industry suppliers, and is intended to establish a common definition of materials "best practices" to facilitate effective communication between supply chain partners. The MMOG/LE has the same technical process approach as ISO/TS, but focuses on the supply chain processes, whereas TS focuses on quality management.

b. Expectations

BEP suggests that their suppliers complete the self-assessment annually and submit the output of the audit to BEP. However, at this time BEP is not requiring supplier to complete the assessment or be certified at a level A. However, if BEP determines a need for the MMOG assessment to be completed a written request will be provided to the supplier and the supplier shall complete the assessment as requested and provide the results to the BEP requestor.

The MMOG/LE publication and training on how to use the assessment can be found on the AIAG website at www.aiag.org.

5. Balance Out and Claims Process

a. Introduction

BEP believes that obsolete material claims can be avoided by minimizing lead times, strictly adhering to production schedules, and properly managing inventory at all tiers in the supply chain. Most obsolete material claims occur at the balance out of a product. Balance out is defined as the end of a model as well as current model engineering changes. Our goal at balance out is to have zero obsolescence, and this requires our suppliers to closely manage their inventory on an on-going basis, and especially during the balance out event.

b. Balance Out and Claims Process

Our balance out process requires the BEP engineering team, through the E/C process or the Supplier Change Request form, notify internal team members as early in the process as possible of end of life/balance out requirements.

i. Upon notification of balance out timing/quantities the BEP purchasing team is to notify the impacted supply base through written communication. BEP will work with suppliers, internal customers, and external customers to mitigate any obsolescence risk to BEP and our supplier partners.
ii. After receiving balance out notification from a BEP purchasing representative, any supplier planning to produce additional saleable items related to the product balancing out must receive written approval from BEP purchasing prior to the production run.
iii. Upon receipt of the balance out notification, any supplier with on-hand inventories (raw, WIP, finished goods) must notify BEP purchasing of the total on-hand inventories within 48 hours. BEP purchasing will come to an agreement with the supplier regarding financial obligations for any on-hand inventories at the supplier's or sub-supplier's facilities based on contractual agreements in place and previously communicated demand requirement.
iv. All obsolete material must be segregated and stored, pending BEP audit (as needed) and final deposition by BEP or the OEM.
v. Supplier are encouraged to submit all claims to BEP, regardless of value. However, external supplier claims less than $250 USD may not be paid, as it is dependent upon the total claim submitted to the OEM. BEP claims to the OEM totaling less than $500 USD aggregate will not be submitted to the OEM, nor paid to the supplier.
vi. Supplier must obtain BEP authorization in order to scrap or sell claimable material.

6. Logistics Requirements

a. Introduction

These requirements are intended to give the BEP supplier a clear understanding of what is needed and how to ship product to BEP, as well as the expectations and requirements needed to ensure deliveries are received on-time and worry-free. The requirements are intended to be used for collect shipments to BEP, where BEP is responsible for the transportation costs. This applies to all shipments domestic and international.

The supplier is encouraged (but not required) to use a BEP preferred carrier/forwarded when making shipments where the supplier is responsible for

the cost of transportation. This enables the supplier and BEP to maintain visibility and track the product while in transit.

If the supplier is part of a BEP routed, dedicated run (milk run), all expectations noted in this document apply.

b. BEP Freight Forwarders

BEP uses global freight forwarders in conjunction with FedEx to move products and materials throughout the world. All freight shipments (151 lbs. or more) where BEP is responsible for the cost will be handled through one of these forwarders unless specific deviation instructions are provided to you by BEP. Parcel shipments or shipments totaling 150 pounds or less will be shipped directly to BEP using BEP's preferred parcel carrier FedEx. Please contact your BEP buyer or logistics manager for the correct account number(s).

c. Third Party or Drop Shipments

Shipments that do not originate from, or deliver to, a BEP location will require specific authorization and processing if the charges are to be billed to a BEP freight account. The supplier must first obtain written approval from a BEP buyer that is knowledgeable of the situation requiring this move. The supplier must then provide this person's name to the carrier/forwarder moving the material, to use as the shipment reference that will show on the carrier invoicing that EBP will receive. In the event that BEP receives a freight invoice for 3rd party or drop shipment that does not contain this information, the invoice will be disputed with the carrier and the charges will be billed back to the shipper.

d. Shipment Frequency

Production suppliers are required to ship at the frequency reflected on the open purchase order requirements. Deviations from standard ground shipment, if not previously authorized by BEP purchasing, are subject to supplier chargeback.

e. Over/Under Shipments

Suppliers must ship to their open order requirements as communicated on the BEP purchase order. Shipping more or less requires BEP approval. This includes shipments where a supplier may ship more than once per week. Shipping short one day and over the next to make-up the difference requires prior written approval.

f. Domestic Shipment Documentation Requirements

All suppliers are required to provide accurate and complete documentation to BEP and the carrier/forwarder at the time of tender. Suppliers are required to ensure correct billing for freight by implementing dock procedures that ensure the Bill of Lading provided by the designated BEP logistics service provider is provided to the actual carrier driver who has picked up the freight. Not using the correct Bill of Lading could result in the direct billing to BEP by the carrier at a considerable increased cost. Violations to this requirement may be addressed through BEP's SCAR system, with violations carrying actions for cost recovery. Shipment delays, additional administrative activities, excess transportations costs, or any other process deviation resulting from non-compliance may also be handled through the SCAR process.

g. Packing Slips

A packing list must be attached to every shipment that arrives at a BEP facility regardless of mode or method of transport. This includes items that arrive by personal delivery. The following information is required on each packing slip:

- BEP purchase order number
- Complete BEP part number as stated on PO (discrete or blanket)
- BEP part revision as stated on PO (discrete or blanket)
- Total pieces by part number
- Net weight of complete shipment
- Gross weight of complete shipment
- BEP part description of each part
- Contact name of person requesting the shipment for non-production items and/or samples

h. Parcel Shipments

For parcel shipments (FedEx or UPS) the following information is required:

- In the listed reference fields:
  i. Reference #1 – BEP PO Number
  ii. Reference #2 – Name of BEP person requesting shipment
  iii. Reference #3 – Pack Slip Number
  iv. Reference #4 – At least 1 BEP part number as stated on the PO
- Customs documents (As required)

i. International Shipment Requirements

It is the supplier's obligation to provide all necessary commercial trade documents and trade related information required to process the shipment through customs and across boarders efficiently and in compliance with all trade regulations defined by the country of destination. All suppliers are required to

provide accurate and complete documentation to BEP and the carrier/forwarder at the time of tender. Shipment delays, additional administrative activities, excess transportation costs, or any other process deviation resulting from no-compliance may be handled through the SCAR process. SCARs can negatively affect a suppliers' scorecard rating and may contain debits for cost recovery.

i. **Ocean Freight Routing from Offshore Suppliers**
Materials shipped from offshore suppliers should be booked to follow these guidelines:
- 15 cubic meters (530 cubic feet) or less should ship LCL (Less than Container Load)
- 16 to 30 cubic meters (565 to 1000 cubic feet) should ship on a 20' container
- 30 to 66 cubic meters (1000 to 2328 cubic feet) should ship on a 40' container

Suppliers may be required to modify certain documents to enable the separation of the shipment(s) to optimize the logistics.

j. International Trade Compliance

BEP expects that all suppliers, when required or directed by BEP, will ship materials across international boards in a manner that ensures BEP and the suppliers are meeting all regulatory trade requirements assigned to the transaction by the governments of the origin and destination countries. The supplier will ensure that all customs and shipment documentation is accurate, complete, and provided in a timely manner to any agent, forwarder, or broker, working in conjunction with, or on behalf of, BEP. Should BEP incur fines, penalties, or other costs resulting from inaccurate completion of these documents, traceable to the supplier's failure to respond to a customs inquiry, audit, or verification, BEP will hold the supplier accountable for reimbursement.

The supplier may also be responsible for any cost associated with the need to expedite freight as a result of materials being held in customs due to inaccurate, incomplete, or missing documentation.

k. NAFTA – North American Free Trade Agreement

In order to receive the preferential duty rates on products made in North America under NAFTA, BEP must sign a BEP Certificate of Origin. The NAFTA Certificate of Origin declares that the goods covered by this certificate are made in North America. The NAFTA Certificate must be provided to the requesting Customs officials at the time goods are exported to NAFTA countries. For BEP to issue its Certificate of Origin, we must be able to provide documentation verifying that the goods covered by the Certificate are made in North America.

This requires some assistance on the part of our suppliers.

BEP requires written origin declarations for all parts from all suppliers. The preferred method is for the supplier to qualify their products under NAFTA and provide a signed NAFTA Certificate of Origin if the products qualify. This would require that an officer, or other authorized representative, from the supplier sign a NAFTA Certificate attesting to BEP that each item listed satisfies the NAFTA Rules of Origin. BEP imports also require a NAFTA Certificate of Origin, so if the supplier is shipping to BEP across boarders within the NAFTA region, a NAFTA Certificate is required.

BEP requires supplier NAFTA Certificates to cover shipments for up to one year (a "blanket" certificate). Supplier certificates will have to be renewed on an annual basis. To complete the NAFTA Certificate of Origin and supply the information required, the supplier must carefully analyze each item provided to BEP to determine whether it meets the NAFTA Rules of Origin. The text of the treaty, the interim implementing regulations, the Statement of Administrative Action, and the legislative history may assist in the needed analysis. For additional assistance in qualifying items, please utilize: www.cbp.gov/trade/nafta

Only items that qualify for NAFTA preferential duty rates should be included on the NAFTA Certificate of Origin. For any non-qualifying items, such as goods of foreign origin, supplier must provide a Manufacturer's Affidavit on company letterhead, clearly declaring the country of origin for the foreign made article.

DEFINITION: Product of the United States. A product of the United States is an article manufactured within the Customs territory of the United States and may consist wholly of United States components or materials, of United States and foreign components or materials, or wholly of foreign components or materials. If the article consists wholly or partially of foreign components or materials, the manufacturing process must be such that the foreign components or materials have been substantially transformed into a new and different article, or have been merged into a new and different article.

We require that the NAFTA Certificate of Origin and Manufacturer's Affidavit include not only a description of the article, but also the supplier ID number, BEP's item ID number, and the full 10 digit United States Harmonized Tariff Schedule classification number. Please send the completed, signed NAFTA Certificate of Origin and Manufacturer's Affidavit to BEP to the attention of your buyer, or to the BEP requestor when responding to annual NAFTA and country of origin solicitations.

Please be aware that when BEP signs its own NAFTA Certificate of Origin, it is relying on the accuracy and validity of the information its suppliers have provided. Any changes to the information you supply must be immediately communicated to BEP in writing. Should BEP incur fines, penalties, or other costs resulting from inaccurate completion of these documents traceable to the suppliers' failure to respond to a customs inquiry, audit or verification, or a loss of NAFTA-organization status, BEP will hold the supplier responsible for reimbursement.

Foreign suppliers located outside of the NAFTA territories (United States, Canada, and Mexico) may also be required to provide similar information and comply with certain expectations associated with any free trade agreements established between the relevant origin and destination countries. BEP will notify each supplier of their obligations, should these documents be required.

l. Bill of Lading and Packing Slip (Reference Sections 6.f, 6.g, & 6.h above)

In addition to the standard information required on the domestic Bill of Lading, all international shipments will also require the Incoterms to be called out on this document. Please reference your PO, contract, or terms and conditions for the agreed to term. Incoterms are required to follow the "Incoterms 2010" version as defined by the International Chamber of Commerce (ICC), and must also include the defined "named place" where applicable.

m. Commercial Invoice Requirements

The following information is required on all commercial invoice documents:

- Full description of merchandise in English; including HTS Code appropriate to the destination country
- Country of Origin
- Piece count
- Value per item
- Total invoice value
- Currency of given values – must be in destination country currency (i.e. – USD, MXN, CNY, etc.)
- Foreign shipper/manufacturer name and address
- Document must clearly state "Commercial Invoice"

The official requirements can also be found on the US Government Code of Federal Regulations website at the following location:
https://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR

n. Shippers Letter of Instruction (SLI)

Suppliers are required to complete a shipper's letter of instruction for all international shipments handled by a BEP Freight Forwarder.

o. Parcel of Small Package Shipments (less than 150 pounds to any BEP location)

Parcels of less than 150 pounds shipped to any BEP location will be shipped via FedEx Express standard ground service (within the US) or FedEx Express International Economy (if originating outside of the US) using the appropriate BEP account number associated with the final BEP destination point. Please contact the BEP buyer or logistics manager for the correct FedEx account number.

The following information is required for all parcel shipments made under BEP accounts:

- Reference #1 – BEP purchase order number
- Reference #2 – name of BEP person requesting shipment
- Reference #3 – pack-slip number
- Reference #4 – at least 1 BEP part number, as stated on the PO

Use of UPS or any other parcel carrier requires BEP written approval.

7. Packaging and Labeling Requirements

a. Introduction

Packaging is a critical component within the value-stream as it serves to Protect goods and facilitate efficient storage, transport, and handling.

b. General Packaging Requirements

Products shipping to BEP will always be banded or wrapped tightly to the skid. Heavy items will be placed on the skid first with lighter items stacked on top – only if the packaging will support the weight and allow for damage free transport thru to final delivery. Use of oversized or odd sized skids must be pre-approved by BEP. Product must ship on standard 48 inch by 45 inch wooden skids unless an approved alternate packaging design has been provided. Suppliers must use care when building the shipment to ensure the product travels in a safe and secure manner.

c. International Packaging Requirements

For international shipments strict enforcement of the ISPM 15 wood packaging

standard will be imposed. Shipments held in customs or any cost associated with re-packaging due to uncertified or non-compliant packaging being used will be billed back to the supplier. Please reference the following link for specific information regarding packaging containing wood and wood products: https://www.aphis.usda.gov/aphis/ourfocus/planthealth/import-information/wood-packaging-materiall/

d. BEP Packaging Standards

Suppliers are responsible for the following:

- Quoting packaging as requested by BEP (supplier-owned returnable packaging, customer-owned (BEP) returnable packaging, expendable packaging, or a combination of returnable and expendable packaging.
- If quoting supplier-owned returnable or expendable packaging, designing a pack which ensures shipments are received in acceptable (damage-free) condition and are efficiently and economically packaged per the planned transportation and handling methods.
- Providing all dunnage necessary for component part packaging
- Ensuring part quality from point of manufacture to point of use
- Obtaining BEP approval of proposed packaging design prior to ordering dunnage
- Defining a standard pack so that full container weight does not exceed 30 pounds.
- Maintaining (repairing/replacing) supplier-owned containers in response to any damage stemming from normal usage
- Securing containers to pallets by shrink-wrapping or banding.
- Pallet Allowances
  i. Width = 45”
  ii. Length = 48”
  iii. Height = 50”
  iv. Weight = 2000 Lbs.
    - Only Overseas Resins are allowed to deviate. Up to 2204 lbs per pallet, bagged.

e. Labeling Requirements

Suppliers must ensure that each and every tote/box/container of material shipped to BEP is correctly labeled and that the labels are properly attached. When labeling, verify that there are two labels per container on adjacent corners. The label must be placed in the upper left-hand corner of the major side. Whenever possible the label printing should be a bold black type with at least 25mm high lettering. Supplier owned packaging must have “Return to”

labels located in a clearly visible area that does not interfere with the production identification labels.

Label protection against moisture, weathering, abrasion, etc., may be required in harsh environments and is encouraged wherever practical. Care must be taken to assure that labels meet reflectivity and contrast requirements.

It is the supplier's responsibility to remove labels on returnable containers and affix a new label prior to shipment, unless prior arrangements have been made with the BEP receiving facility. When purchase order requirements warrant cartons of mixed material on one pallet, a special "Mixed Load" label must be used in addition to being labeled per BEP specifications. All containers must be loaded to cubic capacity in order to maintain load density, package integrity, and obtain optimum transport utilization. The following criteria must be observed when shipping mixed loads to a BEP facility:

- Cartons must be uniform in size to maintain load stability.
- Each pallet must have material/product for only one BEP plant.
- Avoid shipping less than a full layer whenever possible.

For unit load packaging that is shrink wrapped, the master label and mix load labels must be applied to the outside. When individual containers are palletized and made into a unit load for mechanical handling, the master label will be attached to two adjacent sides of the unit load.

All containers must have the final BEP destination information affixed either as a master label on the skid or within the standard label format affixed to each container. Data required includes BEP site name, address, city, state, and postal code.

Suppliers will ensure that all labels used for BEP product meet the following requirements:

- Standard Label Size – Nominal dimensions of 4" high and 6.5" wide
- Font can be Ariel, Sans Serif or similar type font used with a bold setting
- Font should be 20 to 36 points high as appropriate
- Labels must include the following:
  i. Part Number – BEP part number
  ii. Quantity – Number of units per container
  iii. PO – BEP purchase order number
  iv. Lot – Supplier lot number
  v. Supplier – Name and manufacturing location of supplier
  vi. Manufacture Date – in YYYMMDD format

vii. Location – Country of Manufacture or Country where the product last underwent significant transformation – Shown using 2 digit ISO 3166 alpha country code. These codes can be found at the following website: https://www.iso.org/obp/ui/#search

viii. Revision – Revision level / Engineering Change level value which should match the revision requested on the purchase order. Revisions differing from the latest controlled released revision should be clearly identified with additional deviation label in a bright color.

- Labels may include the following:
  i. Description – part or material description and other pertinent information as needed
  ii. Manufacturer's Part Number – supplier part number
- Labels must be printed with black characters on white background
  i. Deviation or other special labels as required must be printed with black characters on a brightly colored, high-visibility label
- Adhesive labels and/or standard card stock labels will be accepted as dictated by the application
- Labels must be placed in appropriate cardholders when present on totes – do not permanently affix the label to returnable tote.
- Labels must be affixed to corrugated boxes
- Labels must be verified as legible by the supplier

8. Document/Record Retention

Reason for New/Revised Document:
03/29/17: Updated format and Added Financial Information to Chapter 1. **06/17/17: Updated Scorecard Requirements, Supplier Management Reviews, General Expectations.** **08/23/17: Updated Social and Environmental Responsibility.**
Approvals
Carrie Munger