



Lacks Enterprises Corporate Purchasing

Supplier Manual (Direct Materials)

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General Information

1. Purpose

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

2. Corporate Structure

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

3. Website and Lacks SupplyWeb

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

The Lacks SupplyWeb website can be accessed directly at www.Lacks-SupplyWeb.com or it can be found through the Supplier Link on www.lacksenterprises.com.

4. Confidential Information

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

5. Lacks Terms and Conditions of Purchase

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

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

6. Insurance Requirements

Lacks requires its suppliers to carry certain types and levels of insurance. Refer to Appendix B, which lists these requirements.

Purchasing Information

7. Approved Supplier List

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

8. Request for Quote (RFQ)

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

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

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

9. Component Prints / CAD Data

Lacks may provide its suppliers with sketches, detailed component drawings, and/or CAD data in the RFQ process. However, when business is awarded, Lacks may rely on its suppliers to provide detailed component drawings and/or CAD data. Suppliers are assumed to be design-responsible for the parts they supply unless otherwise agreed upon in writing with Lacks Purchasing.

Suppliers should assume that they are responsible for creating and maintaining detailed component prints and CAD data unless otherwise notified by Purchasing. All supplier-provided drawings must be approved (signed-off on) by the appropriate Lacks Engineering representative prior to tool kick-off. Only data transmitted by Lacks Engineering which is labeled "OK-TO-TOOL" may be used at kick-off.

10. Continuous Improvement

Lacks encourages cost reduction ideas from its suppliers over the life of a program. Those suppliers who provide cost reductions to Lacks will be considered preferred suppliers when awarding new business.

11. Supplier Codes

Each supplier is assigned a supplier code in the Lacks materials management system. This code is a 5 digit number. A supplier may have several supplier codes if it ships product to multiple business units of Lacks. A supplier will have a supplier code for each Lacks business unit it ships to. The supplier code(s) should be detailed on PPAP warrants, labels, and packing slips.

12. Purchase Orders

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

Lacks Purchasing also issues discrete purchase orders for production tooling, spot buys, prototype buys, etc. These purchase orders will have a unique, automatically-generated number assigned to them. These purchase orders will detail a specific quantity of goods or services required and a delivery date required. There will be no weekly material release associated with these discrete purchase orders.

13. Purchase Order Pricing

Refer to General Information Section 5, *Lacks Terms and Conditions of Purchase*.

Lacks shall not pay more for smaller quantities during the ramp-up or a phase-out of a program.

14. FOB and DDP Terms

Lack's delivery terms with all domestic suppliers are "FOB Destination, Freight Prepaid." Shipments should be prepaid and freight included in the price unless otherwise agreed upon in writing by Lacks Purchasing.

Lack's delivery terms with all international suppliers are "Incoterms 2010, DDP Lacks Receiving Dock", unless otherwise agreed to in writing by Lacks Purchasing. The supplier is responsible for the delivery routing, carrier duties, customs clearance, transportation costs, etc.

15. Payment Terms for Production Shipments

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

16. Payment Terms for Component Tooling

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

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

17. Invoicing

All invoices should be sent to Lacks via e-mail. Invoices should be addressed to the “Bill To” location detailed in the purchase order and they should be emailed to the address listed below. Invoices should be sent in a .pdf file format. (Failure to address an invoice to a specific Lacks business unit or specifying an incorrect business unit may delay payment).

LacksTrimAP@LacksTrim.com

All invoices must reference the purchase order number, amendment or release number, Lacks part number, Seller’s part number where applicable, quantity of pieces in the shipment, number of cartons or containers in the shipment, seller’s name and number, bill of lading number and other information as required. Lacks may return incorrect invoices or related documents.

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

18. Lacks-Owned Tooling

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

Tools must be made to approved CAD data and must be identified and tagged as being the “Property of Lacks” and/or Lacks’ customer, as required. Tooling cannot be scrapped or disposed of without the written authorization of Lacks Purchasing.

19. Common Tooling–Tooling Owned by Another Customer

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

The supplier must notify Lacks of any changes the other customer makes to the tooling or process, which would affect the part supplied to Lacks. The supplier must give Lacks ample warning of the change **BEFORE IT HAPPENS** through a written request to

Purchasing. Lacks is required to notify its customer(s) of all impending changes and it must get its customer to approve of all changes. Lacks and its suppliers are required to follow normal PPAP procedures.

20. Applicable Laws

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

21. Tooling Timelines

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

22. Minority Owned Businesses and Small Businesses

Lacks Enterprises encourages and expects its suppliers to use sub-suppliers with particular needs as defined in *Lacks Terms and Conditions of Purchase* and those businesses that have been certified by the *National Minority Business Development Council* or one of its regional affiliates.

Suppliers who purchase materials from minority sources should report their minority dollar spending to Lacks on a quarterly basis. This information should be submitted to their Purchasing Agent.

Lacks purchases a portion of its goods and services from certified minority-owned companies. If your company is a certified minority-owned company, please submit a copy of your certification to your Purchasing Agent.

23. On-site Inspection

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

24. Service and Replacement Parts & Tooling

Refer to Section 5, *Lacks Terms and Conditions of Purchase* for a supplier's contractual obligations to provide service and replacement parts to Lacks and its customers.

25. Supplier Evaluation/Supplier Development

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

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

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

A supplier “score card” will be published once every 6 months (or more frequently) and will be available on Supply Web or upon request (for non-Supply Web Suppliers). HIGH IMPACT suppliers could be subject to any or all of the following:

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

Questions regarding the supplier score cards should be directed to the appropriate Lacks buyer within 5 business days of receipt.

Quality Requirements

26. Quality System Registration

Lacks requires that its automotive suppliers comply with the requirements of IATF-16949:2009 or ISO 9001:2008. Lacks prefers to use suppliers which are certified to one of these two standards. However, in the event a supplier is not certified, but it does comply with these ISO/IATF standards as proven by an audit conducted by Lacks or a 2nd Party, it may receive a written waiver from Lacks Purchasing. Certification to these ISO/IATF standards or a written waiver is a minimum requirement for doing business with Lacks Enterprises.

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

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

Suppliers must notify Lacks Purchasing, in writing, if any certifications have been revoked at any time.

27. When to Submit a PPAP to Lacks

A PPAP should be submitted to Lacks in accordance with the requirements identified by the most recent edition of the AIAG PPAP Manual and include, but not limited to, the below reasons for a PPAP submission or re-submission:

- Initial submission for production parts.
- Re-submission due to the rejection of the first submission.
- Any engineering change.
- Any process change.
- The movement or transfer of existing tooling.
- The addition or replacement of tooling or machinery.
- Any change to a sub-contractor or source of raw material.
- Prototype parts (as required).

When in question, please contact the Lacks Quality Department to determine if an event or circumstance requires a PPAP submission.

PPAP packages should be submitted to the attention of your Supplier Quality Manager.

28. Default PPAP Level

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

29. PPAP Checklist and PPAP Readiness

A supplier is expected to achieve Full PPAP approval with its first submission. To assist the suppliers, Lacks has created a *PPAP Checklist*. A copy of this document may be obtained through the Supplier Link at www.lacksenterprises.com.

This PPAP checklist may be required to be completed, signed, dated, and included with the supplier's PPAP package.

30. PPAP Approvals

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

- 1. Approval:** Indicates that the part meets all requirements and specifications. The supplier is authorized to ship production quantities to scheduled releases.
- 2. Interim Approval:** The Supplier has not met all requirements or specifications, but Lacks permits the shipment of components for production requirements on a limited-time or piece-quantity basis. Re-submission is necessary unless the supplier is advised in writing that the print and/or specification will be revised to agree with components as manufactured.
- 3. Rejected:** All requirements and specifications are not met. The Supplier may not ship product to Lacks.

PPAP performance is a category that is rated on a supplier's score card. Late PPAP submissions and/or submitting a PPAP which does not get approval can negatively affect a supplier's score card for the PPAP category.

31. Surface Coating and Certified Product Data Sheets

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

32. Containment

All new part PPAP packages must include a Containment/Pre-Launch Control Plan with enhanced inspection of parts at the supplier's facility, prior to shipment. Suppliers are required to be in containment for at least the first lot of any new part number. This time period may be reduced or extended at the discretion of Lacks Purchasing and/or Quality Departments.

33. Run-at-Rate

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

34. Supplier Zero Defects Policy

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

35. Defective Material Notices (DMN)/Corrective Action

In the event that a supplier ships in non-conforming material, the material may be rejected. Lacks Supplier Quality will evaluate the non-conforming material. The supplier may be contacted and an 8D corrective action may be initiated. **The immediate containment of the rejected material is critical.** Suppliers must react quickly to all non-conforming material issues.

8D Corrective Action:

The supplier is required to submit to Lacks an initial 8-D corrective action within twenty-four (24) hours of the occurrence, which details their immediate containment activity. The supplier will then follow up with a permanent 8D or corrective action report within five business days. The Supplier’s 8-D corrective actions should be submitted to the appropriate Supplier Quality Manager.

The supplier must include the identification of all potential root causes and mistake-proofing techniques. PFMEAs, control plans, and process flow documents should all be changed for the new mistake-proofing techniques.

The supplier will be expected to replace the non-conforming material with certified stock as soon as possible. A “return material authorization” (RMA) should be given to Lacks immediately so parts may be returned or scrapped. If Lacks requests an (RMA) and one is not given to Lacks, Lacks reserves the right to return the defective material to the supplier at their expense.

Lacks will review the DMNs and submitted corrective actions and approve the Supplier’s corrective actions for closure.

For component suppliers, there is a DMN category rating on a supplier’s score card.

36. Rejected Parts Per Million (PPM)

Lacks tracks suppliers by how many rejected parts per million (PPMs) are shipped. For component suppliers, this is a category on the supplier’s score card and this category is negatively affected by higher PPM numbers. The quantity of DMN’s divided by the total number of parts shipped is used to calculate a supplier’s PPM rating.

37. Costs of Poor Quality/ Poor Delivery Performance

A supplier's defective material and/or poor delivery performance may cause economic harm to Lacks. Pursuant to *Lacks Terms and Conditions of Purchase*, Lacks may require to be reimbursed for all costs associated with a Supplier's non-conforming product and/or poor delivery performance, including sorting, rework, and/or full assembly part costs incurred either at a Lacks facility, 3rd party off-site facility, or customer facility.

Lacks may charge a \$250 administrative fee for processing debit memos relating to non-conforming materials or delivery performance issues.

38. Appeal of Debit Memos

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

40. Process Audits

As part of its IATF-16949 quality system, Lacks conducts process audits internally and at supplier locations. Process audits at supplier locations are conducted at a scheduled interval. Suppliers will be notified twenty-four (24) to forty-eight (48) hours in advance of a scheduled process audit.

However, Lacks reserves the right to conduct a process audit at any time, with or without notice, in the event that the supplier has shipped defective material to Lacks.

41. W-HTX Heat Treating Specification

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

42. CQI-9 Special Process: Heat Treat System Assessment

All Suppliers heat-treating components shall comply with *AIAG CQI-9 Special Process: Heat Treat System Assessment*. Suppliers shall ensure that their own processes and the processes of their sub-suppliers comply with CQI-9. Suppliers shall present a copy of the CQI-9 Assessment to Lacks for their or their sub-supplier's processes immediately upon request.

43. CQI-11 Special Process: Plating System Assessment

All Suppliers' plated components shall comply with *AIAG CQI-11 Special Process: Plating System Assessment*. Suppliers shall ensure that their own processes and the processes of their sub-suppliers comply with CQI-11. Suppliers shall present a copy of the CQI-11 Assessment to Lacks for their or their sub-supplier's processes immediately upon request.

44. CQI-12 Special Process: Coating System Assessment

All Suppliers coating components shall comply with *AIAG CQI-12 Special Process: Coating System Assessment*. Suppliers shall ensure that their own processes and the processes of their sub-suppliers comply with CQI-12. Suppliers shall present a copy of the CQI-12 Assessment to Lacks for their or their sub-supplier's processes immediately upon request.

45. CQI-14 Special Process: Warranty

All Suppliers coating components shall comply with *AIAG CQI-14 Special Process: Warranty*. Suppliers shall ensure that their own processes and the processes of their sub-suppliers comply with CQI-14. Suppliers shall present a copy of the CQI-14 Assessment to Lacks for their or their sub-supplier's processes immediately upon request.

46. CQI-23 Special Process: Molding System Assessment

All Suppliers molding components shall comply with *AIAG CQI-23 Special Process: Molding System Assessment*. Suppliers shall ensure that their own processes and the processes of their sub-suppliers comply with CQI-23. Suppliers shall present a copy of the CQI-23 Assessment to Lacks for their or their sub-supplier's processes immediately upon request.

Environmental Requirements

47. Restricted, Toxic and Hazardous Substances

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

A supplier may not ship any tools, component parts, samples, or other goods to a Lacks facility that include “banned” materials as identified by the Lacks Environmental Department. A list of banned and regulated materials is displayed on the Lacks Enterprises, Inc. website supplier information page: www.lacksenterprises.com.

48. Safety Data Sheet (SDS)

SDS sheets must accompany all raw material shipments which are considered to be controlled under the W.H.M.I.S (Workplace Hazardous Material Information System).

49. ISO-14001

Lacks is certified to ISO-14001. Lacks expects all of its suppliers to comply with applicable environmental aspects identified by Lacks Enterprises and pertaining to ISO-14001. Lacks *Environmental Requirements for Contractors* can be found at www.lacksenterprises.com.

Lacks encourages all of its suppliers to become certified to the ISO-14001 standard.

50. IMDS-International Material Data System/Conflict Minerals

All direct material suppliers are required to submit IMDS data with their component PPAP Packages. The method of IMDS submission is the supplier entering their specific IMDS data via the Internet at www.mdssystem.com. The supplier then would include a print-out of the IMDS submission confirmation number or an initial sample report with its PPAP package to Lacks.

Failure to submit IMDS data will prevent Lacks from granting a supplier full PPAP approval. IMDS data includes a submission confirmation number, an initial sample report or a data sheet.

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

Materials Management Requirements

51. Labeling (Production and Pre-Production)

All containers of production and pre-production parts and materials must have a bar code label attached to them. Lacks utilizes a bar code scanning receiving process which requires unique serial numbers on each bar code label. Therefore, Lacks requires that its suppliers print bar code labels that meet the format specifications and are scannable upon receipt. The use of SupplyWeb or EDI is preferred along with transmitting an ASN via one of those methods. Both are required for Lacks to receive product electronically. Failure to attach Lacks bar code labels on containers and transmit an ASN will negatively affect a supplier's delivery rating. An example of a Lacks bar code label is shown below:

FROM 5333 33RD STREET SUITE C GRAND RAPIDS MI 49512 USA	TO 3703 PATTERSON S.E. GRAND RAPIDS MI 49512 USA	DOCK Entered In Screen
PART # (P) RH04006 		
QTY (Q) 500 	 RAN # (K) 00005662-1178	
SPLR ID (V) 00056001 	 SHIP ID (2S) 16	
SHIP DATE 2008-01-31	LOCATION 01234	LOT # 00000012412
SERIAL # (S) 00056001709 		

Colorants, chemicals or other materials deemed hazardous should be identified with the applicable safety labeling required by government agencies and required by the Lacks Enterprises Protective Services Division.

52. Engineering Sample Component and Paint Labeling

Any component supplied to Lacks prior to being PPAP approved by Lacks is considered to be "Engineering Samples" and their containers should be identified with a yellow "Engineering Sample Components" label affixed to each box or container with all information completed. Lacks Purchasing Agents can provide new labels to suppliers and a downloadable copy of the label can be found through the Supplier Link at www.lacksenterprises.com. In the event after initial PPAP approval, and the supplier is providing any non-production or non-PPAP approved part to Lacks for any reason (e.g. tryout, samples, engineering evaluation) then the containers for those parts should have this yellow label attached.

All paint samples submitted for trial should also be labeled with this yellow tag.

The image shows a yellow rectangular tag with the title "ENGINEERING SAMPLE COMPONENTS" in bold black letters at the top. Below the title are several fields for data entry, each with a horizontal line for a signature or text: "Program:", "Component Description", "Lacks P/N:", "E/C Level:", and "Qty:". The tag is designed to be used for labeling engineering sample components.

53. New or Engineering Part Labels for PPAP Samples

Suppliers must label each box/container with the label found in Appendix D and printed on pink paper when shipping PPAP sample parts as well as the first production shipment. This tag is available through the Supplier Link at www.lacksenterprises.com and in Appendix D of this manual.

54. Packaging

The supplier is responsible for packaging design and the packaging must protect the component parts or materials from damage. The cost of the packaging should be included in the piece price. For molded parts that Lacks will be painting, Lacks Paint Engineering must approve the packaging design before the packaging will be kicked off.

Chemicals, paints, or any materials deemed to be hazardous should be packaged in accordance with all governmental regulations for hazardous material shipment, transport, and handling.

Boxes (i.e. gaylords) of resin shall not exceed 1,800 lbs.

55. Material Releases and Authorizations

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

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

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

Refer to the Lacks *SupplyWeb User Guides* found through the Supplier Link at www.lacksenterprises.com for more detailed information and instructions regarding Material Releases.

56. EDI

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

57. Advanced Shipping Notices (ASNs)

Lacks requires that suppliers transmit advanced shipping notices to Lacks via SupplyWeb or EDI. ASNs must be transmitted to Lacks prior to the shipment arriving at Lacks.

Receiving Accuracy is one category that Lacks uses to rate its suppliers.

58. Receiving Hours

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

59. 100% On-time Delivery

Lacks requires 100% on-time delivery from its suppliers.

Suppliers are expected and required to give ample warning if there is a risk that requirements cannot be fulfilled. All significant changes must be communicated as soon as they are identified.

60. Delivery Performance Review (DPR)

Supplier delivery performance is tracked in SupplyWeb based on Receiving Accuracy and Schedule Adherence. Delivery performance scores may be impacted for a variety of reasons including, but not limited to, missed delivery, late or early shipment, under-or over-shipment, missing or incorrect shipping documents, unscannable labels, and missing packing slips.

Lacks may require an 8-D corrective action from the supplier when a delivery issue occurs, depending on the severity of the delivery issue. All delivery issues will be analyzed on a case by case basis pursuant to *Lacks Terms and Conditions of Purchase*, Lacks may be reimbursed for all costs associated with a Supplier's late delivery or other delivery issues.

61. Over-shipments

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

62. Packing Slips

A uniquely numbered packing slip must accompany each shipment to Lacks. The slip must contain the following minimum information: part number(s), quantity, revision levels, purchase order number, lot numbers, and descriptions. Suppliers are encouraged to print packing slips directly from SupplyWeb. An inaccurate packing slip or a missing packing slip can negatively affect a supplier's score card.

63. Certificates of Analysis

Certificates of Analysis must accompany each shipment of chemicals, solvents, paints, and resin received at Lacks (bulk and containers). Certificates of Analysis should be emailed to: ResinCoA@LacksEnterprises.com.

64. Build-out Cums and PPAP Approvals

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

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

65. Premium Freight–AETCand PFA

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

No premium freight shall be paid without an approval by the Lacks Materials Department.

Premium freight is a category that Lacks uses to rate its suppliers.

66. NAFTA Certificates of Origin

Suppliers must submit a NAFTA Certificate of Origin for each of the parts they supply to Lacks. The blanket period of each certificate should be from January 1– December 31. The certificates must be completed in their entirety and have a specific description of the parts and the appropriate HS tariff Classification Number.

A NAFTA Certificate of Origin must be submitted with PPAP for a new part.

Certificates for existing parts should be submitted to Lacks Purchasing each December for the new year. As a reference, NAFTA Certificate of Origin forms can be found at the following US Customs and Border Protection website:
<http://cbp.gov/xp/cgov/toolbox/forms/>.

67. Country of Origin - Box and Part Labels

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

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

68. Contingency Plans

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

69. Risk Assessment

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

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

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

Reference MMOG/LE clauses: 1.1.2, 1.5.1, 1.5.2, 2.2.1, 4.1.1, 4.1.2, 5.3.1, 6.1.1, 6.2.1, 6.3.2, 6.7.1.

APPENDIX A: Locations

Corporate Locations:

Lacks Enterprises Corporate Headquarters

5460 Cascade Rd, SE
Grand Rapids, MI 49456

Lacks Enterprises Corporate Purchasing

5675 Kraft Ave, SE
Kentwood, MI 49512

Lacks Enterprises Research & Testing Facility

4975 Broadmoor Ave, SE
Kentwood, MI 49512

Novi Sales & Engineering Center

39500 Mackenzie Dr, Suite 500
Novi, MI 48377

Germany Sales & Engineering Center

Grabenstrasse 13
D-71063 Sindelfingen
Germany

Lacks Japan Godo – Kaisha

K1 Gyoenmae Building, 4th Floor
1-14-2 Shinjuku
Shinjuku-ku, Toyko 160-0022

Sweden – Sales & Engineering

Eurokval Ab Offerstenvagen 12
Savendalen S. 433 70, Sweden

Lacks Trim Systems:

52nd Mold

4365 52nd Street SE
Kentwood, MI 49512

52nd Paint East

4375 52nd Street
Kentwood, MI 49512

52nd Paint West

4245 52nd Street
Kentwood, MI 49512

Airlane North & South

4260 Airlane SE
Kentwood, MI 49512

Airlane Northwest

4221 Airlane Dr.
Kentwood, MI 49512

Kraft North/South

5711 Kraft Ave SE
Kentwood, MI 49512

South Carolina Mold

830 International Blvd.
Fountain Inn, SC 29644

Airwest Mold

4260 Airwest SE
Kentwood, MI 49512

Airwest Engineering

4275 Airwest, SE
Kentwood, MI 49512

44th Assembly

4480 Aerotech Drive
Kentwood, MI 49512

52nd Distribution Center

5010 52nd Street
Kentwood, MI 49512

Lacks Wheel Trim:

Barden Plating
4090 Barden SE
Kentwood, MI 49512

Barden Assembly
4080 Barden SE
Kentwood, MI 49512

Brockton Mold
4251 Brockton Ct, SE
Kentwood, MI 49512

Brockton Assembly
4240 Brockton Ct, SE
Kentwood, MI 49512

Plastic Plate:

Raleigh West
3500 Raleigh Dr. SE
Kentwood, MI 49512

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

Raleigh East
3505 Kraft Ave, SE
Kentwood, MI 49512

Kraft Plater
5675 Kraft Ave, SE
Kentwood, MI 49512

APPENDIX B: Insurance Requirements

Insurance Requirements for Suppliers and Contractors

Suppliers and contractors shall keep in full force and effect, at its sole cost and expense, with insurance companies having an A- Rating or better by A.M. Best Insurance Rating Service the following minimum insurance coverage including a required additional insured endorsement:

- Workers Compensation coverage for its employees with statutory limits required under Michigan law and Employment Liability coverage with limits of \$500,000 per accident; \$500,000 disease policy limit and \$500,000 disease each employee.
- Commercial General Liability on an occurrence form with combined bodily injury and property damage limit of at least \$1,000,000 each occurrence; \$1,000,000 Personal Injury and Advertising Injury; \$2,000,000 General Aggregate; \$2,000,000 Products and Completed Operations Aggregate.
- Commercial Umbrella coverage with limits of at least \$5,000,000 Each Occurrence and \$5,000,000 Aggregate.
- Commercial Auto Liability with limits of at least \$1,000,000 Combined Single Limit Each Accident including Hired and Non Owned Auto coverage, statutory Michigan no fault coverage and coverage for Any Auto (Symbol 1).
- Property – Contractor is responsible insuring supplies, materials, equipment or other personal property on an “All Risk” policy in an amount equal to its full replacement value.
 - Supplier’s property – Refer to Lacks Purchase Order Terms & Conditions.
- Certificates of Insurance naming Lacks Enterprises, Inc. and all subsidiaries and affiliates as an Additional Insured on the Commercial General Liability, Automobile Liability and Umbrella Liability policies must be received by the Lacks Purchasing Department at the address below before any contractor’s or supplier’s employees may enter any of Lacks Enterprises’ Facilities.

Lacks Enterprises, Inc.
Corporate Purchasing Department
5675 Kraft Ave., S.E.
Kentwood, MI 49512
Fax: (616)455-0226

- Certificates of all insurance coverage shall be in a form of an Accord Certificate and it is the responsibility of the Supplier and Contractor to ensure a current certificate is on file with Lacks Enterprises, Inc. at all times. The certificates shall contain a provision that coverage afforded shall not be cancelled, materially modified or allowed to expire or be non-renewed until after 30 days written notice thereof has been given to the above address.
- All Suppliers and Contractors must comply with Lacks Enterprises, Inc. safety practices, visitor policies, and procedures while on the premises of any Lacks Enterprises’ facilities.
- Indemnification and Hold Harmless – Refer to Lacks Purchase Order Terms and Conditions.

APPENDIX C: Lacks Enterprises – Conflict Minerals Policy Statement

The U.S. Securities and Exchange Commission (“SEC”) adopted final rules to implement reporting and disclosure requirements related to “conflict minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require manufacturers who file certain reports with the SEC to disclose whether the products they manufacture or contract to manufacture contain “conflict minerals” that are “necessary to the functionality or production” of those products.

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

OUR COMMITMENT:

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

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

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

ATTENTION !!!

- ENGINEERING CHANGE**
- NEW PRODUCTION PART**
- PPAP SAMPLES**

This box contains the first shipment (lot) of a new engineering change level, new parts, or PPAP Samples.

Supplier: _____
(write in supplier name)

Change Description:

(write in description of any engineering changes)

COPY THIS FORM ON TO PINK PAPER

APPENDIX E: Description of Changes

Date	Description of Changes	Initials of Approval
2/2/08	Initial release	MP
2/1/12	Modified sections throughout	MS
6/1/13	<p>Table of contents addition of specific specifications titles # 41, 42, 43, 44, 45</p> <p>Changed Appendix C title to match actual</p> <p>Removed Appendix E Approval of Supplier Manual and replaced with Description of Changes</p> <p>Section 8 removed Lacks uses a series of standard RFQ forms which must be completed and returned to your Purchasing Agent.</p> <p>Section 9 changed 'often relies on' to 'may rely'</p> <p>Section 14 removed Kentwood, MI</p> <p>Section 26 removed the follow: its Supplier Performance Review criteria, which can be found through the Supplier Link at www.Lacksenterprise.com. Lacks monitors and rates its suppliers on. Also removed Delivery Performance Report from same location</p> <p>Added the scoring numbers to excellent, good and at risk.</p> <p>Section 26 report card published changed from monthly to 6 months and added for non-Supply Web supplier the report cards are available upon request. All verbiage removed for excellent, good and at risk, the criteria is explained earlier in section 26. Addition of a report card score grater or equal to 80 are preferred suppliers and may be candidates to become Certified Supplier.</p> <p>Section 36 removed the Defective Material Notice (DMN) system in Lacks Supp[y Web. Changed corrective action report follow up from 7 – 30 to 7-10 days and clarification given for an RMA.</p> <p>Section 37 corrected the calculation for PPMs.</p> <p>Section 38 addition of including sorting or rework costs incurred either at Lacks, 3rd party off-site or a customer facility.</p> <p>Section 47 changed MSDS to SDS removed the verbiage initial and changed to raw material shipments.</p> <p>Section 49 moved failure to submit IMDS data from end of sentence to beginning of sentence.</p> <p>Section 59 clarified delivery performance reviews and their scores.</p> <p>Removed 8D corrective action response to be submitted in Lacks SupplyWeb.</p> <p>Section 61 removed the verbiage results in DPR.</p> <p>Appendix A corrected any address errors.</p>	MS
9/12/13	<p>Section 65 revised to include website reference for NAFTA Country of Origin reporting. Remove Appendix D. Change Appendix E to Appendix D</p> <p>Add Lacks Enterprises Conflict Minerals Policy Statement as Appendix C.</p> <p>Appendix C (Engineering Change Tag) is now Appendix D.</p>	MS
8/28/15	Modified several sections throughout/addition of MMOG/LE	MS
2/6/17	<p>Remove section 25 – Certified Supplier Program</p> <p>Edit section 26 – Supplier Evaluation / Supplier Development</p> <p>Re-number sections 26-70 accordingly</p> <p>Changed ISO/TS-16949 to IATF-16949 everywhere listed</p> <p>Added Kraft N/S facility location to Appendix A</p>	MS