



SALFORD GROUP INC.

SUPPLIER REQUIREMENTS MANUAL

P-840-001-B



David Webster
President – Salford Group Inc.
Tel. 866-442-1293
Fax. 519-485-7074

Salford Group Inc.
364018 McBeth Road
Salford, Ontario
N0J 1Y0

Dear Supplier,

Since 1978, Salford Group Inc. has been dedicated to providing our customers with the best products and services available. Our reputation in the marketplace for innovation, quality and leadership is a great source of pride for all Salford associates and customers. Our suppliers play a critical role in helping Salford deliver top quality products to our customers. Successful management of product quality and performance requires a clear understanding of requirements, expectations, and measurements of performance to drive continuous improvement. This Salford Group Inc. - Supplier Requirements Manual communicates our Commercial, Technical, Delivery, Quality, and Continuous Improvement requirements. Salford Group Inc. expects its suppliers to comply and meet these requirements. We trust that our communication together will continue to be the cornerstone of our relationship. The quest for excellence is never ending and we look forward to continuing this journey with our supplier partners.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Webster", with a stylized flourish at the end.

David Webster
President
Salford Group Inc.

SUPPLIER REQUIREMENTS MANUAL

<u>SECTION</u>	<u>PAGE:</u>
1.0 Table of Contents	2
2.0 Scope	4
3.0 Fundamental Requirements / Supplier Code of Conduct	4
3.1 New Supplier Approval Process	4
4.0 Quality Expectations	4
4.1 General Expectations	4
4.2 Product Approval Process	5
4.3 Corrective Action Reporting (CAR)	7
4.4 Traceability	8
4.5 Annual Component Layout	8
4.6 Gauging and Gauge Calibration	8
4.7 Questions	8
5.0 Salford Owned Property at Supplier Locations	8
6.0 Health, Safety & Environmental Expectations	11
6.1 General	11
6.2 Material Safety Data Sheets (MSDS)	11
6.3 Government Laws and Regulations	12
7.0 Materials and Delivery Expectations	12
7.1 Delivery	12
7.2 Packaging	12
8.0 General Requirements	13
8.1 Confidentiality	13
8.2 Commercial	14
8.3 Record Retention	14
8.4 Contingency Plans	14
8.5 Customs and Trade Agreements	15
8.6 Export Controls	15
8.7 Import Security	15
8.8 Invoicing for Production of Commercially Purchased Items	15
8.9 Wood Packaging	16
8.10 Preferential Duty Treatment, Country of Origin, Duty Drawback	16
8.11 Salford Group Inc. Import Control	16
8.12 Means of Enforcement	18
9.0 Invoicing	18
10.0 Continuous Improvement	18
11.0 Supplier Performance Evaluation System	18

12.0	Other Salford Group Requirements	19
12.1	Engineering Changes	19
12.2	Materials Management	19
12.3	Commercial	19
12.4	Sample Submissions and Tooling	20
13.0	Certified Product Approval	20
13.1	Purpose of Certified Product Approval	20
13.2	Qualifications for Certified Product Approval	20
13.3	Certified Product Approval Steps	20
14.0	Revisions	21
A	Appendix – Linamar – Supplier Code of Conduct	21

2.0 **SCOPE:**

This manual applies to all suppliers providing production or service parts, services, or material sub-contracted or manufactured at supplier locations for use by Salford Group Inc.

This manual defines requirements for suppliers to comply within their operations to ensure that parts, services and materials delivered to Salford Group Inc. and its customers meet all specifications and to assure the quality of supplied parts and materials.

3.0 **FUNDAMENTAL REQUIREMENTS / SUPPLIER CODE OF CONDUCT**

Salford Group Inc. expects all Suppliers to adhere to the standards outlined in the **Linamar - Supplier Code of Conduct** (included as Appendix A)

Salford Group Inc. and its customers require suppliers to maintain a quality management system aligned with the latest edition of ISO9001.

Suppliers shall fulfill the following requirements:

- ☐ Product Approval Process: PPAP sample submission requirements;
- ☐ Meet all additional requirements of Salford Group Inc. and its customers, including compliance with current customer terms and conditions.

*NOTE: Salford Group Inc. may perform an onsite assessment to confirm that the suppliers' quality management system is compliant with ISO9001 or Salford Group Inc. requirements in lieu of the ISO9001 certification.

3.1 **New Supplier Approval Process:**

New potential suppliers are added to the Salford Group Inc. - Approved Supplier List, as required. The appropriate people at Salford Group Inc. accomplish this through a supplier approval process that includes meeting the requirements identified in Section 3.0, and internal agreement and sign-off. Suppliers are not candidates for the supply of materials or services unless they have undergone this process and have been added to the Approved Supplier List.

4.0 **QUALITY EXPECTATIONS**

4.1 **General Expectations:**

4.1.1 Salford Group Inc. expects Zero "0" defects from its supply base. To achieve this, suppliers shall utilize and deploy the quality management systems and standards as identified in the Fundamental Requirements shown above.

Production part approval will be considered for new materials, components, parts, goods or services; changes in process; part number; engineering level; manufacturing location, material subcontractor(s) and production process environment. All design, process, or sub-contractor changes must be communicated to Salford Group Inc. to obtain direction of elements and level of PPAP required. PPAP submission is also required by Salford Group Inc. for its customers. If there are questions about the Production Part Approval, contact the responsible Salford Group Inc. Quality or Purchasing Representative.

- 4.1.2 Suppliers are expected to adhere to any other customer-specific obligatory requirements as identified by Salford Group Inc.
- 4.1.3 Any product, supplied to Salford Group Inc. under an approved deviation number must have the deviation number identified on all products and packaging shipped to Salford. Suppliers should contact the appropriate Salford location for receipt of a deviation number or clarification. An action plan with correction time must accompany all deviation requests.
- 4.1.4 Salford Group Inc. may require that a system and process audit be conducted for repeat non-conformances, and if a supplier's performance rating falls below an acceptable level.
- 4.1.5 The supplier's manufacturing process and operating equipment must be planned and developed with sufficient capacity to produce the required features within tolerance, at the specified part volume plus customer required percentage increase. The supplier shall also have the capacity / ability to meet a 20% increase in contracted volumes at no additional cost to Salford Group Inc.

4.2 Product Approval Process:

- 4.2.1 Suppliers shall fully comply with all PPAP requirements set forth by Salford Group Inc. All sample submissions, including the required documentation, testing, material certifications must be completed on time.
NOTE: As part of the supplier's PPAP sample submission, process capability studies must be submitted for all key characteristics and/or other characteristics if requested by Salford Group Inc.

Suppliers should contact their respective Purchasing Department to obtain information as to where the PPAP submissions must be forwarded to.

- 4.2.2 The supplier's internal laboratory shall have a defined scope that includes their capability to perform the required inspection, test or calibration services. This laboratory scope shall be included in the quality management system documentation. Accreditation to ISO/IEC17025 may be used to demonstrate supplier in-house laboratory conformity to this requirement but is not mandatory.

- 4.2.3 External/commercial/independent lab facilities used for inspection, test, and calibration services by suppliers shall be accredited to ISO/IEC17025 or national equivalent.
- 4.2.4 Salford Group Inc has the following expectations:
- a) PPAP's submitted by suppliers be accurate and conform to specifications.
 - b) If a situation arises where the suppliers' processes are unstable and/or may not meet specifications, the supplier shall identify, evaluate and wherever possible eliminate the causes of variation prior to PPAP submission.
 - c) The supplier shall notify Salford Group Inc. of any unstable processes that exist and shall submit a corrective action plan prior to any submission.
 - d) Acceptance criteria cannot be obtained by the PPAP promise date, the supplier shall submit to Salford Group Inc. for approval a corrective action plan and modified control plan normally providing for 100% inspection.
 - e) Under special consideration, Salford Group Inc. may grant a deviation prior to PPAP submission. This deviation must be referenced in all in-coming PPAP documents and product packaging to Salford.
- 4.2.5 After receipt of a supplier's sample submission, Salford Group Inc. will provide written notification identifying sample submission disposition. In the event of the rejection of a PPAP submission, the supplier will be contacted by Salford Group Inc. to consider an action plan and timing for re-submission.
- 4.2.6 Any supplier's sample submissions requiring re-submissions due to rejection of samples can result in a charge back to the supplier for additional labor costs, handling costs, travel expenses, etc. which Salford may incur.
- 4.2.7 A systemic and sequential review of the supplier's process may be completed through an on-site visit by Salford Group Inc. to verify the supplier's readiness.
- 4.2.8 Suppliers must notify and receive written approval from Salford Group Inc. prior to making any changes to the product, process, equipment, material, manufacturing location changes and sub-contractor changes. This is imperative as changes can affect Salford's manufacturing processes and products. These types of changes will be reviewed by Salford Group Inc. and may result in new request(s) for PPAP submission.
- 4.2.8.1 Sample Submission, including PPAP may require validation, and / or testing by Salford Group Inc.
- 4.2.8.2 In the event that the material or product is still in the development phase, suppliers must maintain and provide clearly documented records of the materials, methods, manufacturing processes used,

process parameters, and include key process drivers used with the sample materials provided.

- 4.2.9 Where required for products and materials supplied to Salford Group Inc., suppliers must obtain and approve PPAP sample submissions from its sub-contractors prior to authorizing production commencement. Suppliers, upon Salford's request, will provide copies of the sub-contractor's PPAP documentation. Sub-supplier can ship direct to Salford Group Inc. but the Supplier is responsible for all defects.
- 4.2.10 Samples shipped into Salford Group Inc. must be clearly marked "PPAP samples" (stickers, or if unavailable, sufficient marking must be applied, detailing the following information: item number, quantity, addressed to the PPAP Owner as defined by the Request for PPAP Submission form) PPAP submission documentation will be e-mailed to the PPAP Owner as defined by the Request for PPAP Submission form.

4.3 Corrective Action Reporting (CAR):

- 4.3.1 Suppliers shall inform the appropriate Salford facility, of any potential quality or delivery problems on current product or new product, which could affect Salford Group Inc. in meeting our customers' requirements or specifications.
- 4.3.2 If supplier's non-conforming material is reported by Salford Group Inc., suppliers are expected to immediately provide replacement conforming material and/or initiate activities such as the disposition of the materials, inspection, certification and other services at the appropriate Salford facility. Salford Group Inc. may elect to implement containment and certification processes to manage and determine disposition of nonconforming materials. These activities will be at the suppliers' expense.
- 4.3.3 Initial response to CARs for quality concerns or rejections shall be submitted in writing to Salford Group Inc. within 48 hours (about 2 days). Immediate and ongoing containment actions shall occur to prevent further shipments of non-conforming materials until permanent corrective actions are implemented. Disposition of the non-conforming materials shall occur promptly. This includes the disposition of the materials in the entire materials pipeline.
- 4.3.4 Suppliers are expected to utilize methodical problem-solving processes (i.e. like the 8-D problem solving technique). If required, the supplier, at their own cost, will submit non-conforming material/parts to an independent accredited outside lab to assist in identifying the root cause of the non-conformance. The supplier shall provide a final response within 30 working days. Final CAR response shall include root cause analysis including method used to identify the root cause, corrective and preventative action (error-proofing), elements of the proposed implementation process, how the success of proposed actions will be evaluated, how the solution will be implemented to other similar processes or products, necessary revisions to

the Control Plan, Potential Failure Mode and Effects Analysis (FMEA), process flows, work instructions, etc. Suppliers will be measured in the timeliness of their response. If an adequate response cannot be completed within 30 **working** days, the supplier must notify the Salford issuing location of the situation.

- 4.3.5 Salford reserves the right to charge back all out-of-pocket costs resulting from supplier non-conformances. Payment for non-conforming goods/services shall not constitute an acceptance, limit or impair Salford Group Inc's right to charge back any out-of-pocket costs including suppliers' responsibility for latent defects.

4.4 Traceability:

Suppliers shall maintain full traceability of all materials and services supplied to Salford from the finished state back to raw material. Before supplying materials and services, the supplier will identify and establish the traceability system that will be maintained. Suppliers should review their system for traceability with Salford Group Inc. for approval.

4.5 Annual Component Layout:

For the supply of materials such as components or parts, suppliers may be requested to submit annual layout inspection information, as requested by Salford Group Inc., to ensure continuing conformance to all Salford requirements.

4.6 Gauging and Gauge Calibration:

- 4.6.1 Suppliers may be required to review and obtain gauge concept approval as part of their PPAP submission.
- 4.6.2 Suppliers are expected to comply with the requirements involved in the control of inspection, measuring and test equipment. Supplier-owned, Salford-owned, or customer-owned gauges at the supplier will be calibrated, maintained, and repaired as necessary to ensure integrity in the inspection of production parts and materials by the supplier.

- 4.7 **Questions:** These are a few of the expectations of quality, and do not encompass all issues. Any questions concerning requirements or standards for quality should be directed to the Salford Group Inc. Quality Manager.

5.0 SALFORD OWNED PROPERTY AT SUPPLIER LOCATIONS:

- 5.1 Suppliers shall provide, upon request, actual drawings and photographs of tooling, molds, equipment, gauging, fixtures, packaging, etc. which are owned by Salford Group Inc. (in a legible electronic format). All drawings must be complete, detailed, legible and up to date as changes authorized by Salford Group Inc. occur. Supplier will not use, modify, reverse engineer or replicate any property of Salford Group Inc. (regardless of whether such property has been purchased by supplier), except to the extent expressly authorized in advance by Salford Group Inc. in writing. The

Supplier acknowledges that Salford does not grant supplier any license or implied license of Salford Group Inc. intellectual property rights or otherwise, regardless of whether the underlying property (e.g., tooling, molds, equipment, gauging, fixtures, packaging, etc.) is currently or was formerly owned by Salford, and that any license must be expressly granted by Salford Group Inc. to supplier in writing.

- 5.2 When the need for the procurement of tooling, molds, equipment, gauging, fixtures, packaging etc. arises, Salford Group Inc. payment policy for such items includes items that are specific to the manufacture of Salford parts only. Salford Group Inc. will not include / consider for payment items which it considers as the supplier's "capital equipment" in its payment policy for such items.
- 5.3 Tooling, molds, equipment, gauging, fixtures, packaging, etc. quoted by the supplier and the issuance of a subsequent purchase order by Salford Group Inc., may be subject to a tooling audit by Salford to evaluate that the quoted cost requested by the supplier for such items is in line with and representative of the value of such items built or planned to be built.
- 5.4 Based upon the results of the audit, Salford Group Inc. may notify the supplier that it intends to change its purchase order and/or payment for tooling if it is determined through the audit that the cost of such items does not represent their value. If the supplier does not agree with the audit results, it may request that an independent third-party audit be undertaken for the quoted cost and tooling, etc. within 30 days. Salford Group Inc. and their supplier shall agree on the choice of the independent auditor.
- 5.5 Suppliers shall provide, as required by the specific Salford plant location, a timing chart for new tools, molds, equipment, gauges, fixtures, etc. or Engineering changes to these items to the Salford Purchasing Department.
- 5.6 Suppliers are responsible for ensuring that all Salford-owned tooling, molds, equipment, gauging, fixtures, etc. are maintained by the supplier to capably support the life of the part/product while in production. "Service" or "past model" requirements must be supported for a period of up to ten years after production phase out, or as further specified by Salford customers, after production phase-out. It is the suppliers' responsibility to make certain that all Salford-owned property, i.e. tooling, molds, equipment, gauging, fixtures, etc. is:
 - a) regularly inspected, maintained in good condition and repaired at supplier's own expense;
 - b) used by supplier only for the benefit of Salford Group Inc.;
 - c) considered to be Salford Group Inc. personal property;
 - d) conspicuously marked and permanently identified as property of Salford Group Inc. showing a complete description of item, including applicable item number;
 - e) not co-mingled with the property of supplier or any other person or entity;
 - f) not moved from suppliers' shipping location (as shown by the shipping address of supplier in the Salford Group Inc. purchase order); and

- g) used in compliance with Salford Group Inc. and the manufacturer's instructions and in compliance with all applicable laws.
- 5.7 Unless otherwise agreed to by Salford Group Inc., the supplier, at its own expense, shall keep and maintain in good (running/operating) condition all tools, molds, equipment, gauges, fixtures, etc., including those owned by Salford. "Good (running/operating) condition" means that these items are maintained to meet Salford Group Inc. performance and quality control requirements for the life of the component/material as specified above.
- 5.8 All tooling, molds, equipment, gauging, fixtures, packaging etc. purchased by Salford Group Inc. include their ownership and the ownership of design, and the rights of development. This includes any 3D solid models or other peripherals, etc. used to manufacture such items.
- 5.9 All Salford-owned property, i.e. tooling, molds, equipment, gauging, fixtures, packaging, materials, etc. ("Property"), at the suppliers' site are held by the supplier as a bailment and will be returned to Salford Group Inc. promptly upon request. The supplier will not scrap, destroy or dispose of Property without prior written permission from Salford Group Inc.
- 5.10 The supplier must ensure that the appropriate protection insurance is in place to cover the cost of replacement of Salford owned property on the supplier's premises of facilities. As requested, the supplier will provide Salford Group Inc. with a copy of the certificate(s) of insurance naming Salford as the insured name.
- 5.11 Prior to proceeding with any changes which affect the supplier's quoted capacity, or any changes relating to Salford Group Inc. owned property, i.e. tools, equipment, gauges, fixtures, property etc., (for example, reduction in tool capacity and capability through-put), suppliers must notify the Salford Purchasing Department to obtain written authorization to proceed. Demonstrated capacity must be shown to the quoted volumes. If tools, molds, equipment, gauges, fixtures, etc. purchased by Salford Group Inc. are unable to demonstrate supplier quoted capacity and capability which resulted in a purchase order and/or payment by Salford, the supplier will be liable to provide a cost adjustment, representing the value impacted by such item(s). This includes reimbursement resulting from such occurrences, as applicable.
- 5.12 The Salford Purchasing Department must authorize any/all changes in writing prior to the supplier proceeding with engineering changes to any tool, equipment, gauges fixtures, etc., and this includes cost related changes. Whether Salford Group Inc. or the supplier initiates a tool change, or repair, the supplier is responsible to maintain release quantities and continuity of supply. The suppliers must coordinate inventory requirements in writing with Salford Materials Management Department and obtain authorization before proceeding with the repair or change to ensure continuity of the material supply.
- 5.13 For suppliers processing Salford-owned materials at their facilities, Salford Group Inc. requires that suppliers control their processes to avoid material losses. All suppliers processing Salford owned materials are expected to maintain adequate

and secure storage facilities to prevent physical damage or loss; maintain an accurate perpetual inventory of Salford Group Inc. material, and provide monthly details of receipts, shipments, and scrap or other materials loss. Scrap and/or other losses must not exceed the pre-agreed upon terms with Salford. Notifications of any scrap or other losses need to be provided with an explanation as to the root cause as well as description of corrective actions put in place to minimize the negative impact to Salford Group Inc. Physical inventory counts will be required on a regular recurring basis, as determined by Salford. Salford Group Inc. and/or persons authorized by Salford shall be entitled to at all reasonable times to check and physically inspect inventory, the supplier's records thereof, and may enter the supplier's land and building for those purposes. This shall not absolve the supplier of the responsibility to provide an acceptable product, nor shall it preclude subsequent rejection by Salford Group Inc.

6.0 HEALTH, SAFETY & ENVIRONMENTAL EXPECTATIONS:

6.1 General:

- 6.1.1 It is the policy of Salford Group Inc. to conduct our business in a manner that protects the environment and the health and safety of our employees, by meeting or exceeding all applicable environmental, health, and safety laws, and regulations. Suppliers are encouraged to become certified or to be compliant with the ISO 14001 environmental management system requirements standard and the Occupational Health & Safety Management Systems Specifications (OHSAS 18001). As a minimum, Salford Group Inc. anticipates all suppliers shall have established a commitment to the reduction of waste, of harmful emissions, control of environmental pollution and the provision of a safe work environment for its employees.
- 6.1.2 This includes adherence to the International Material Data System (IMDS) for the supply of materials as required.
- 6.1.3 Suppliers must comply with customer specific requirements for restricted and reportable substances. If a supplier has questions regarding customer-specific requirements for Salford Group Inc.'s product, they should contact the Salford Quality Department.

6.2 Material Safety Data Sheets (MSDS):

Prior to production release and/or the supply of products to Salford Group Inc., the supplier must obtain and maintain copies of the latest Material Safety Data Sheets (MSDS). Copies of the current/latest Material Safety Data Sheets (MSDS) must be provided to the appropriate Salford personnel. Specific attention will be paid to the risk phrases, product identifier, hazardous information and in the handling, storage and disposal of the product. Hard copies are not required providing that the faxed or e-mailed copy or the electronic version cover the nine (9) basic sections of most Material Safety Data Sheets and that all information is legible. It is understood that a "Materials Certification" document or Material Specification document will not be acceptable as an equivalent to the requested Material Safety Data Sheet.

6.3 Government Laws and Regulations:

It is the supplier's responsibility to comply with governmental, safety, environmental, regulations, and laws relative to purchased materials and products and the manufacturing process.

7.0 MATERIALS AND DELIVERY EXPECTATIONS

7.1 Delivery:

- 7.1.1 For production and prototype orders, 100% on-time ("0" tolerance) delivery performance which includes correct quantity shipped to release or order, is mandatory. Salford Group Inc. will monitor supplier delivery performance.
- 7.1.2 Failing to meet the delivery requirements may result in a charge back to the supplier with the associated premium freight and any out-of-pocket cost incurred by Salford Group Inc.
- 7.1.3 Salford monitors premium freight. A few examples of delivery non-conformances resulting in premium freight are listed below.
 - ☐ Supplier is behind schedule (past due).
 - ☐ Supplier missed designated ship date, or excessive carrier waiting time.
 - ☐ More or fewer than authorized number of shipments per week or month.
 - ☐ Extra shipment due to rejects or supplier discrepancy or returns.
 - ☐ Failing to use designated "milk run" of Salford appointed carriers.
 - ☐ Incorrect quantity shipped to release or order.
- 7.1.4 Suppliers should refer to Salford Group Inc. purchase order and/or release, for quantities, dates, shipping method, engineering specification, revision level, etc.

7.2 Packaging:

- 7.2.1 All suppliers shall comply with Salford Group Inc. Packaging Standards. The supplier will obtain Packaging Standard specifications and receive approval for supplier proposed packaging concepts (as required) from the applicable Salford facility and must be part of the PPAP sample submission package.
- 7.2.2 Suppliers shall ensure that all returnable packaging utilized is maintained clean, free, of contamination/debris and the effects of the environment (i.e. snow, ice, water), including free of effluence, and infectivity, in order to sustain product quality for the supply of materials, and the health and safety of people who may come in contact with them.

8.0 GENERAL REQUIREMENTS:

8.1 Confidentiality:

Salford Group Inc. owns confidential information that relates to Salford products, processes, or operations. Salford Group Inc. may choose to share confidential information with the supplier. Salford is strongly committed to protecting its confidential information; consequently, the supplier may be required to sign or may have signed a Mutual Non-Disclosure Agreement.

8.2 Commercial:

- 8.2.1 Request for Quotation for materials, goods and services will be solicited from the Salford Group Inc. - Approved Supplier List by the Purchasing Department along with the specifications, standards, description of work, prints, drawings, etc. Alternatives are encouraged as a means of improving quality, reducing cost or increasing serviceability. Suppliers are encouraged to provide these opportunities as an addendum to their quotation for our consideration.
- 8.2.2 Salford Group Inc. standard purchase order terms and conditions are understood to be integral of Salford Request for Quote, in addition to all other specifications. Objections to these requirements and terms and conditions must be identified in writing at the time of quotation.
- 8.2.3 Transactions will be governed by Salford Group Inc. Terms and Conditions as well as those of Salford's customers.
- 8.2.4 The requirements in this manual are an integral part of the purchase order or contract between Salford Group Inc. and the supplier. As such, failure to comply with this manual is a material breach of its contract or purchase order with the supplier.
- 8.2.5 Supplier Cost Reduction Program:
Salford Group Inc. participates in cost reduction programs as part of its continuous improvement activities. Suppliers are expected to participate in and support Salford Cost Reduction Programs, productivity programs, or other actions supporting continuous improvement and cost reduction initiatives.
- 8.2.6 In the event that there are changes during the product and the process development that involves change in cost, the supplier will provide immediate written notification to Salford purchasing personnel detailing a breakdown of the cost changes. Submission of the revised cost does not constitute acceptance and will be subject to review. Only the Salford Purchasing Manager is authorized to commit Salford Group Inc. Financially.

- 8.2.7 Salford Group Inc. and/or persons authorized by Salford shall be entitled at all reasonable times to check and inspect the materials, tooling, parts, etc. and supplier records thereof, and may visit the supplier facility onsite for those purposes. This shall not absolve the supplier of the responsibility to provide an acceptable product, nor shall it preclude subsequent rejection by Salford Group Inc.
- 8.2.8 The Supplier shall provide capacity guarantees for product volumes as requested by Salford Group Inc. at its time of request over project lifetime.
- 8.2.9 Salford Group Inc. reserves the right to modify the requirements in this manual from time to time and will update the supplier accordingly.

8.3 Record Retention:

- 8.3.1 Quality Records:
Production part approval records shall be maintained 3 Years after the part or material is out of production. Production inspection and test records (i.e. control charts, inspection and test results) shall be retained for five calendar years after the end of production in which they were created. Records of inspection shall be maintained for each inspection or test performed, unless waived in writing by Salford Group Inc. The actual test result (variable or attribute) should be recorded. Simple pass/fail records of inspection are not acceptable for variable measurements. Records of internal quality system audits and management review shall be retained for three years as a minimum.
- 8.3.2 Purchasing Records:
Tooling records, purchase orders and amendments shall be maintained for the length of time that the material, part (or family of parts) is active for production and service requirements plus three calendar years unless otherwise specified by Salford Group Inc. or as required by applicable law. All Salford purchase orders/amendments are included in this requirement. Purchase orders/amendments for any Salford-owned property, i.e. tooling, equipment, gauging, fixtures, packaging, etc. are also included in this requirement.
- 8.3.3 Specified retention requirements may be revised at the direction of Salford Group Inc. and Salford OE and non-OE customers.
- 8.3.4 The above requirements do not supersede any governmental regulatory requirements.

8.4 Contingency Plans:

Suppliers shall prepare and communicate activation of contingency plans to satisfy Salford/customer requirements, including the continuity of supply of goods and services, in the event of an emergency such as utility interruptions, labor shortages, key equipment failure, field returns, and natural disasters etc.

8.5 Customs and Trade Agreements:

It is the supplier's responsibility to comply with relevant customs and related trade agreement regulations. For North American suppliers, it is a condition of any purchase order that the supplier must supply a complete and accurate NAFTA Certificate of Origin, which must be up-dated, as additional materials are ordered, or as changes occur.

8.6 Export Controls:

Suppliers shall not use, distribute, transfer or transmit any products, software or technical information (even if incorporated into other products) provided to it by Salford Group Inc. except in compliance with all applicable export control laws and regulations. These export control laws include but are not limited to Canadian or U.S. International Traffic in Arms Regulations (ITAR), Export Administration Regulations (EAR), and Foreign Assets Control (OFAC) Regulations; and similar laws for other countries.

8.7 Import Security:

This section shall only apply to suppliers who provide goods to buyers within Canada and the United States, or those whose goods are supplied to Buyers with knowledge that those goods are intended for shipment to Canada or the United States.

Security:

The Salford Buyer is committed to supply chain security and to comply with the requirements of the Canadian and US Customs and Border Protection's Customs Trade Partnership Against Terrorism.

The Supplier agrees to become C-TPAT compliant within ninety (90) days of accepting this agreement, to keep abreast of changes to the guidelines at http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/, and to update their policies, procedures and practices to ensure continuing compliance. Suppliers that utilize subcontractors to fulfill the buyer's contract requirements shall also ensure that their subcontractors comply with C-TPAT guidelines.

Buyers' Right to Audit:

The Buyer at their discretion and expense, may audit the suppliers' compliance with the guidelines or may engage outside consultants to perform the audits at its expense. Although it will generally provide suppliers with notice of compliance audits in advance, the buyer reserves the right to perform unannounced audits of supplier compliance.

8.8 Invoicing for Production or Commercially Purchased Items:

8.8.1 Suppliers' invoices for every international shipment of product or commercially purchased items shall include the following information for each item shipped:

- a) Purchase Order number
- b) Complete noun description (in English, unless otherwise specified);

- c) Country of origin;
- d) Product identification number;
- e) Harmonized tariff number for each product;
- f) Price paid or payable by company;
- g) Any related assists (as contemplated by the customs regulations of the importing country);
- h) Itemization of all charges for any related services, and whether these charges are included in the Price paid or payable;
- i) Supplier or manufacturer's complete address;
- j) Terms of sale;
- k) List of all serial numbers for products shipped if required by law of the destination country
- l) Any additional requirements for invoices required by in the importing or exporting country.

8.9 Wood Packaging:

All wood packaging used by suppliers must comply with the International Phytosanitary Standard, Invasive Species Pest Management, (ISPM15) for regulated wood packaging material (WPM) entering countries which have adopted this standard. Suppliers shall comply with all operational guidelines and procedures of the customs agency or department of the importing country. All regulated WPM used by suppliers shall be treated and marked according to the ISPM15 standard and applicable importing country regulations.

8.10 Preferential Duty Treatment, Country of Origin, Duty Drawback:

Suppliers shall provide Salford Group Inc. with a valid, accurate completed blanket certificate of origin or manufacturer's affidavit for all products ordered by November 30 for the following calendar year or prior to the first shipment of product sufficient to be used by Salford as proof of eligibility for any applicable duty preferential treatment programs (i.e., FTD, GSP) as applicable. Certificate of Origin should include your part number and Salford product numbers, with a brief description of the product. If the products are not subject to preferential duty treatment, the suppliers must provide the country of origin of each product or supplier company letterhead for our records. Supplier shall also cooperate with Salford Group Inc. in the substantiation of preferential duty program claims, preparation of response to customs inquiries, or other treaty claims that arise out of product shipped for any order. Suppliers shall provide Salford Group Inc. with thirty (30) days written notice prior to making any pricing or sourcing changes for product that may affect our bill of materials and the application of preferential duty treatment programs. Upon request, Suppliers agree to provide Salford Group Inc. with copies of any documents necessary to allow Salford to claim duty drawback.

8.11 Salford Group Inc. Import Control

8.11.1 Compliance with Customs laws (of the applicable importing country) governing the importation of merchandise is a priority for Salford Group Inc. As such, the management of Salford directs all employees involved in purchasing and/or importing merchandise from those suppliers outside

Canada and the United States to always comply with such provisions. In turn, suppliers to Salford Group Inc. must be familiar with the relevant provisions of the law, regulations, rulings, tariff schedules, and decisions applicable to Salford import operations. Further, Suppliers must comply with all purchase order terms and conditions and notes contained thereon.

8.11.2 Commercial Documents Required from Suppliers:

Commercial invoices prepared by suppliers shall include the following:

- a. Seller name and address
- b. Supplier (manufacturer of goods) if different from the seller
- c. Delivery address
- d. Purchase order number (one commercial invoice per purchase order)
- e. Invoice reference number
- f. Quantity - Quantity shipped must match the quantity being referenced, as well as being open and shippable in accordance with the most recent purchase order amendment, as issued to the supplier.
- g. Complete description of product (in English)
- h. Salford item/part number(s) Use supplier part number if no Salford part number has been assigned.
- i. Country of origin (country of manufacture) Provide a formal Certificate of Origin if a preferential agreement exists between the destination country and the corresponding country of origin (i.e., NAFTA, GSP, etc.)
- j. Value of goods in currency of importing country (both per unit and total) The commercial invoice value must match the billing invoice value.
- k. Terms of Sale (Inco terms 2000)

8.11.3 Packing List includes the following:

- a. All information shown on commercial invoice (see above) except for value
- b. Gross and net weights
- c. Total number of cartons shipped

8.11.4 Marking/Country of Origin Requirements

The country of origin must be marked as follows:

- a. On the immediate container (the innermost level of packaging)
- b. On the article itself in compliance with the marking laws of the importing country's customs authorities.
- c. Conspicuous (can be easily seen with normal handling)
- d. Legible
- e. Indelible (resists fading)
- f. Permanent
- g. In the language required by the country of import, and any additional language as specified by Salford.

8.11.5 Notifying Party/ Customs Broker

If Salford Group Inc. is to act as the importer of record, please contact the applicable Logistics personnel at the applicable Salford facility.

8.12 Means of Enforcement

Non-compliance with any of the requirements above may result in Salford Group Inc. rejecting and returning merchandise at the suppliers' expense, and thereby may result in the assessment of penalties as well as disqualification as a Salford supplier. Supplier shall indemnify, defend, and hold Salford Group Inc. harmless from any claims, penalties or damages resulting directly or indirectly from Supplier's failure to comply with this Section 8.5-8.11.

9.0 INVOICING

- 9.1 It is the supplier's responsibility to highlight in writing any invoice which has been submitted and remains unpaid after 90 days.
- 9.2 Suppliers should contact Salford Group Inc. purchasing or individual Salford locations to determine standard payment terms.
- 9.3 Suppliers' invoices should include the following information as a minimum: Salford Group Inc. purchase order number, part/material name and number, quantity; bill of lading number, price; and Salford location.
- 9.4 Payment for all component, tooling, molds and gauging purchase orders are dependent on the supplier receiving Salford Group Inc. full production approval of supplier submissions.
- 9.5 Invoices for tooling may be submitted only after the supplier has received written approval from Salford Group Inc. for the associated component(s). Unless prior arrangements with Salford Purchasing Department have been made, tooling invoice(s) will not be honored unless Salford has issued an approval, and the obligations as identified in the purchase order have been met.

10.0 CONTINUOUS IMPROVEMENT

The supplier shall continually improve the effectiveness of the quality management system using the quality policy, quality objectives, audit results analysis of data, corrective and preventative actions, management review, and lean manufacturing principles. Continuous improvement shall be fully implemented throughout the supplier's organization, i.e. quality, technology, productivity, service including timing, and delivery.

11.0 SUPPLIER PERFORMANCE EVALUATION SYSTEM:

Salford Group Inc. is developing a Supplier Scorecard based on Quality, Price and Delivery performance. As this process is developed it will be added to this Supplier Requirements Manual and communicated to suppliers.

12.0 OTHER SALFORD GROUP REQUIREMENTS:

The following are some requirements as noted below. Suppliers should contact individual plant sites to obtain any additional plant specific requirements.

12.1 Engineering Changes

Salford Group Inc. communicates engineering changes through an Engineering Change Request Form (ECR). The (ECR) form may also be used by suppliers to request an engineering change along with attaching a marked-up print or specifications sheet detailing the change requested. After receipt of the ECR from the supplier, Salford will assess the feasibility of the change and decide if the change can or cannot be made. For disposition of a supplier initiated ECR, suppliers should follow-up on their ECR for results of status. When Salford initiates an ECR, the supplier is expected to respond on the Engineering Change Request Form and return it within five (5) working days from date of receipt. Any concerns or open issues the supplier may have with a change should be noted on the Engineering Change Request Form and returned to the initiator at Salford. The supplier should also contact the appropriate personnel at Salford to review any exceptions so they can be addressed in a timely manner.

12.2 Materials Management:

12.2.1 For PPAP samples or special orders, suppliers must mark their containers with stickers clearly identifying them as samples or special orders. A label is required with the Request for PPAP number, item number, item description, revision, and piece count addressed to the name of the Salford representative that the goods are destined for. A packaging slip should be attached to the outside of samples or special orders.

12.2.2 Mixed Parts/Materials: If more than one item is shipped on a pallet, a separate label is required for each carton. A "mixed" load label shall be applied to the pallet where multiple items are shipped on the pallet.

12.2.3 When the supplier receives a blanket purchase order, which refers to include Salford releases for material authorization, fabrication authorization and instructions for actual ship quantities, these requirements are commitments by Salford Group Inc. to the supplier. It is expected that the supplier will procure materials and fabricate to match these quantities on an ongoing basis to meet requirements as releases are received from Salford.

12.3 Commercial:

The supplier is expected to respond electronically to a Salford Group Inc. Request for Quote in its entirety on/or before the required due date. Quotations may not be considered unless the Salford Purchasing Department Manager is made aware, in advance, of unusual circumstances that may preclude meeting the required response date. Quotations must include all costs including tooling, molds, gauging and piece price, as appropriate. All quotations must include products packed in conformance with Salford Group Inc. Packaging Standards. It is expected that

costs for goods and services will remain firm (less applicable productivity) for the program's life.

12.4 PPAP Sample Submissions and Tooling:

12.4.1 A mutually agreed-upon Sample Submission of PPAP date is reflected on the Salford purchase order and is part of our contractual expectations. Dates are firm and cannot be changed unless agreed to by the Salford Purchasing Department. This applies to all sample submissions.

12.4.2 Suppliers shall provide a timing chart as per the frequency identified by Salford Group Inc. for new tools, molds, gauges, fixtures, or engineering changes to these items, etc. showing all phases in build and ultimate sample submission to the Salford Purchasing Department.

13.0 CERTIFIED PRODUCT APPROVAL

13.1 Purpose of Certified Product Approval

The purpose of Certified Product Approval is to reduce inventory and the non-value-added waste resulting from non-conforming material, communication errors, duplicate testing and receiving inspection. The intention is to remove liability for purchased products and services. Certified products are destined for use without further testing or inspection. On receipt they move directly to the warehouse or using location.

13.2 Qualifications for Certified Product Approval

13.2.1 A supplied product qualifies to be certified when the supplier demonstrates all the following requirements:

- a) Satisfactory PPAP approval.
- b) Continued acceptable, on-target performance of defined characteristics
- c) Zero supplier corrective actions for non-conformance reported during the last 6 months for the Supplier

13.2.2 Non-conformance is defined as out of specification on any parameter which results in product rejection or a corrective action report from the supplier.

13.2.3 If two or more instances of non-conformance occur, the product may remain on the approval list but will lose Certified Product status.

13.3 Certified Product Approval Steps

The Certified Product Approval steps are:

- ☐ Product selection from the Approved Supplier List
- ☐ Critical Process and Product characteristics to be certified

- ☐ Data collection and correlation
- ☐ Verification and final process and product characteristics selection
- ☐ Certified Product Approval

14.0 **REVISIONS**

Revision	Date	Section	Summary of Change	Authorized by
A	11-7-2024	All	Initial issue	Amy Stott
B	10-9-2025	App A	Added Linamar - Supplier Code of Conduct	Amy Stott

A **APPENDIX - LINAMAR SUPPLIER CODE OF CONDUCT**

See next page.

Supplier Code of Conduct

Linamar's Supplier Code of Conduct outlines key principles for social responsibility, environmental responsibility and corporate governance. These principles align with relevant laws and international standards for both Linamar and its Suppliers, including but not limited to the UN Guiding Principles on Business and Human Rights, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. These principles are also consistent with the policies Linamar complies with as outlined in our Global Operating System (GOS).

Linamar expects all Suppliers to adhere to the standards outlined in this Supplier Code of Conduct and encourages Suppliers to uphold these same principles in their own supply chain. Linamar believes this Code of Conduct will support the development of a responsible and resilient supply chain and foster strong business relationships.

Business Ethics

Anti-Corruption, Anti-Bribery & Anti-Money Laundering: Suppliers are expected to comply with all applicable laws and prohibit all forms of corruption, bribery and fraud (including money laundering).

Data Protection, Data Security & Intellectual Property: Suppliers are expected to comply with all applicable data protection and security laws and ensure the protection of intellectual property rights as well as the privacy of all employees and stakeholders.

Responsible Disclosure of Information: Suppliers are expected to ensure the reporting of all financial and other business information is accurate.

Conflicts of Interest: Suppliers are expected to avoid and disclose any conflicts of interests.

Counterfeit Parts: Suppliers are expected to take reasonable measures to minimize the risk of introducing counterfeit parts.

Responsible Trade: Suppliers are expected to comply with all applicable laws related to antitrust, competition, export controls and trade restrictions.

Grievance Mechanism & Non-Retaliation: Suppliers are expected to establish and maintain an effective grievance mechanism for stakeholders to report concerns without fear of retaliation.

Human Rights and Working Conditions

Human Rights Management: Suppliers are expected to establish and maintain policies and procedures related to basic working conditions and human rights that meet or exceed all applicable employment, labour and human rights laws, regulations and international standards.

Ethical and Inclusive Work Environments and Recruiting Processes: Suppliers are expected to ensure that their workplace and recruiting processes uphold the highest ethical standards, fostering an environment of inclusion, equal opportunity, and mutual respect. Suppliers must strictly prohibit any form of discrimination, violence and harassment, and ensure workers are provided with clear contractual agreements and freedom of movement.

Published: March 2025
Revised: N/A

Wages, Benefits & Working Hours: Suppliers are expected to ensure wages, benefits and working hours comply with local legal requirements.

Freedom of Association and Collective Bargaining: Suppliers are expected to respect workers' rights to associate and bargain collectively.

Child Labour, Forced Labour & Human Trafficking: Suppliers must prohibit child labour, forced labour and human trafficking within their own operations and their supply chain.

Rights of Indigenous Peoples & Local Communities: Suppliers are expected to respect the rights of local communities and indigenous peoples (which shall include land rights), ensuring free, prior and informed consent.

Health and Safety

Health and Safety Management: Suppliers must meet or exceed all applicable health and safety laws and regulations. They are expected to maintain health and safety policies and procedures conformant with ISO 45001, which shall include ensuring a safe work environment, ensuring the availability of PPE, providing adequate training, ensuring emergency preparedness, conducting risk assessments, maintaining an incident management program, ensuring contractor safety and working towards continuous improvement.

Environment

Environmental Management Systems: Suppliers are expected to meet or exceed all applicable environmental laws and regulations and maintain environmental policies and procedures conformant with ISO 14001.

Environmental Stewardship: Suppliers are expected to (a) minimize the use of resources including energy, water and raw materials by committing to responsible environmental practices such as energy efficiency, reuse and recycling, (b) manage releases to land, water and air (including noise) according to applicable regulatory requirements and (c) monitor and continuously work towards minimizing environmental impacts, such as those associated with emissions and waste.

Biodiversity, Land Use and Deforestation: Suppliers are encouraged to take reasonable measures to protect natural ecosystems from the impacts of their operations, as well as any construction or development.

Decarbonization: In order to align with Linamar's long term carbon neutral goals, Suppliers are expected to develop internal plans for decarbonization by 2050 or earlier. Suppliers are encouraged to track emissions and actively work towards decarbonizing their value chain in line with their commitment. Upon request, Suppliers are expected to share their strategies and relevant carbon emissions data with Linamar.

Responsible Chemical Management: Suppliers are expected to comply with all applicable regulatory requirements pertaining to hazardous substances, follow the hierarchy of controls and ensure there are practices in place to safely and responsibly handle, store, transport and dispose of hazardous materials.

Responsible Supply Chain Management

Suppliers must establish a responsible sourcing process which ensures compliance with environmental, social and governance laws and standards throughout the supply chain. This process must include prohibiting the use of Conflict Minerals as required by applicable laws such as the Dodd-Frank Act and SEC Regulations. Suppliers must ensure that the materials they purchase and supply to Linamar are comprised of "DRC conflict-free" minerals in accordance with the Responsible Minerals Initiative (www.responsiblemineralsinitiative.org). Suppliers must also ensure that the materials they purchase and supply to Linamar comply with applicable legislative requirements of the United Kingdom and European Union including but not limited to the REACH Regulation and WEEE Directive. Suppliers must reply promptly to Linamar's information requests pertaining to these requirements.

Monitoring and Compliance

Risk Management: Suppliers are expected to monitor and control business risks and ensure regulatory compliance.

Reporting Concerns & Remediation: Suppliers are expected to report any violations of this Code of Conduct or applicable laws to Linamar. Suppliers are encouraged to report concerns directly to their designated Linamar contact. Alternatively, anonymous reports can be made through, EthicsPoint (linamar.ethicspoint.com). Suppliers are expected to take remedial actions to address any violations and implement corrective actions to prevent reoccurrences.

Auditing: Upon request, Suppliers shall promptly provide any necessary documentation, records, or other pertinent information that Linamar may require to verify the Supplier's compliance with this Code of Conduct.