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1.1 Supplier Profile

- 1.1.1 The Supplier is responsible to provide a completed Supplier Profile with after hour and emergency contact information. If questions are considered to be not applicable, indicate as such with "N/A."
- 1.1.2 It is the supplier's responsibility to forward a new Supplier Profile when any of the information included on the form changes.

1.2 Communication

- 1.2.1 At Magna Exteriors & Interiors Toluca, our means of communicating direction, expectations, guidelines and systems include:
 - Purchase Orders
 - Supplier Performance Data
 - Letter of Intent / Sourcing Commitment Documents
 - Program Statements of Work / Requirements
 - Supplier Bulletins/Notifications
 - Supplier Guidelines

1.3 Monitoring

- 1.3.1 All production suppliers are required to attend Supply web training sessions before Start of Production. At minimum, Quality and material representatives must attend training sessions. Contact Magna Exteriors & Interiors Toluca Material or purchasing representative for training arrangements.
- 1.3.2 **Quality performance** will be monitored by tracking defective parts per million (PPM) received. Refer to Section 8.0 of this guideline regarding Magna Exteriors & Interiors Toluca's expectations of the Defective Material Notice (DMN) process. Quality performance will make up 33 % of the supplier's overall performance rating. Performance data will be captured in monthly basis & communicated at the very end of each calendar year. Suppliers are required to implement a process to prevent the shipment of defective material.
- 1.3.3 **Delivery performance** will be monitored by tracking compliance to shipment due date(s) and release quantity accuracy. Performance data will be captured in the Supplier Rating - Toluca. Any deviations from timeliness and quantity accuracy requirement(s) must be approved by the Material Representative. Written authorization will be in the form of a modified supplier release. Refer Section 8.0 of this guideline regarding Magna Exteriors & Interiors Toluca's expectations of the Delivery Performance Review (DPR) process. Delivery performance makes up 33% of the supplier's overall performance rating. Suppliers are required to implement a process to meet on time shipping requirements.
- 1.3.4 **Responsiveness will be taken into consideration failure to respond as directed, and may result in the issuance of a DPR, which will affect your supplier rating.** Responsiveness includes, but is not limited to, timely receipt of advanced shipping notices, packing slip accuracy, complying with packaging requirements, bar code label requirements, and timeliness in the responses to DMN and DPR corrective action requirements.
- 1.3.5 The Supplier Rating will be created each month & publish each 6 months to production component suppliers. Suppliers of new programs will start being evaluated upon start of production. Supporting documentation (letters, phone calls, or DPR) is optional and is completed only as a courtesy. Should the supplier not agree with their performance rating, a written response to the appropriate representative is required within 5 working days of receipt, otherwise the rating will stand without review.
- 1.3.6 Unsatisfactory supplier performance will be determined by the following:
 - Less than 100% in delivery performance category, unless otherwise agreed upon by Magna Exteriors & Interiors Toluca Purchasing Manager
 - PPM greater than 50, unless otherwise agreed upon by Magna Exteriors & Interiors Toluca Quality Manager.
 - Noncompliance to any requirements as outlined in the Supplier Guidelines.
 - Not responsive to customer service request(s).

- Not cost savings ideas vs supplier business plan with Magna
- 1.3.7 Unsatisfactory supplier performance will be monitored by the designated Buyer / Materials and/or Quality Representative with any of the following steps being taken:
- Corrective actions submitted as requested and monitored for compliance.
 - Meeting with supplier representative, designated Buyer, Materials, Purchasing Manager, Program Manager, and/or Quality Representatives to issue time-line of completion for required corrective action.
 - On-site supplier survey, as required.
 - Placement on **Containment I or II** which requires 100% inspection of all parts prior to shipment (*refer to 8.3*)
 - Notification to supplier of New Business Hold status. (*Refer to section 8.4*)
 - Notification to supplier of product de-sourcing due to continued non-compliance.
- 1.3.8 Magna Exteriors & Interiors Toluca will also compile an overall list of the monthly and yearly performance of our supply base. Continued high performance levels will be strongly considered when awarding new business.

2.0 QUALITY AND DELIVERY PROBLEM REPORTING AND RESOLUTION

2.1 Notification from Supplier/Sub-Contractor to Magna Exteriors & Interiors Toluca

- 2.1.1 In the event that a supplier/sub-contractor has reason to believe that a non-conforming condition exists in the areas of Quality, Delivery or Other reasons, they must immediately notify the Magna Exteriors & Interiors Toluca Buyer, Quality Engineer and/or Material Representative. Contact shall be by telephone for emergency issues.
- The supplier is responsible to ensure written communication to the Magna Exteriors & Interiors Toluca Quality Manager of any reported consumer fatality or injury as a result of product supplied. Reporting shall comply with Tread Act reporting.
- 2.1.2 Notification to Magna Exteriors & Interiors Toluca shall be followed up by:
- Immediate corrective actions, including containment within 24 hours,
 - Long term preventive action plans to prevent any further occurrence of similar non-conformance and with applicable statistical documentation to support evidence of corrective action verification is to be forward within **15 calendar** days, unless otherwise directed sooner.

2.2 Notification from Magna Exteriors & Interiors Toluca to Supplier/Sub-Contractor

- 2.2.1 In the event that Magna Exteriors & Interiors Toluca personnel identify a non-conformance exists in the areas of:
- I. **Quality** - A Defective Material Notice (DMN) will be issued by the Magna Exteriors & Interiors Toluca Quality personnel as it relates to Quality issues.
- The supplier has **24 hours** from receipt of a DMN to respond with a disposition of the defective material. Disposition response may be entered into Supply Web or submitted in writing. For product nonconformance's, immediate actions must include containment activities up to and including sort, rework and shipment of certified material.
 - **After 48 hours passes with no response**, the Magna Exteriors & Interiors Toluca reserves the right to scrap the material and charge the supplier back in full for the component(s) and other related costs. The Magna Exteriors & Interiors Toluca Quality department will be the main point of contact for quality problems and resolution. If the quality problem affects delivery, then the Buyer and Material Representative must be notified immediately as well.
 - Long term preventive action plans to prevent any further occurrence of similar non-conformance and with applicable statistical documentation to support evidence of corrective action verification is to be forward within **15 calendar** days, unless otherwise directed sooner. Permanent corrective action /root cause shall address the system, process and product failure
- II. **Delivery** - A Delivery Performance Review (DPR) may be issued at the Materials Representative discretion for delivery problems or other non-conformance.

Any supplier related cost will be incurred by Magna Exteriors & Interiors Toluca will be charged back to the supplier for both DMN and DPR's. Reference the DMN and DPR Fee Schedule reports located on Supply Web.

Delivery and quality problems will negatively affect the supplier's monthly performance rating, including failure to provide written responses to DMN and DPR's. Continued problems may result in de-sourcing (see Monitoring and Development Methods).

- 2.2.2 If the DMN requires part certification, the container must be clearly marked with the following:
- Reason for Certified stock (DMN #, sort reason, etc)
 - Inspector initials and date certified
- 2.2.3 Magna Exteriors & Interiors Toluca reserves the right to send representatives to visit the supplier/sub-contractor's production facility to establish 100% compliance and ensure that corrective action has and is currently taking place.

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- 2.2.4 It is expected that a target for compliance of zero discrepancies be set for all goods and services to be supplied to Magna Exteriors & Interiors Toluca.
- 2.2.5 Magna Exteriors & Interiors Toluca customers must also have the right to accompany any Magna Exteriors & Interiors Toluca representative(s) into the supplier/sub-contractor's production facility for 100% compliance and to ensure that any corrective action has and is currently taking place.
- 2.2.6 It is the responsibility of the Supplier to check Supplyweb at minimum once per day and respond to all DPR and DMN's issued.

Containment I & II

- 2.2.7 Magna Exteriors & Interiors Toluca has the authority to place a supplier on Containment for quality concerns. Based on the severity of the issue, Magna Exteriors & Interiors Toluca shall determine the level of containment inspection. Containment may be determined by one or more of the following reasons:
 - Repeat Quality Issues or failure to correct an issue through resolution of a corrective action
 - Severity / risk to the organization due to a quality nonconformance
 - Incapable process
 - Disruption to Magna Exteriors & Interiors Toluca production
 - High PPM
 - OEM complaints
 - Any additional reasons deemed necessary by Magna Exteriors & Interiors Toluca

The Containment process is as follows:

- Magna Exteriors & Interiors Toluca Quality will review Supplier quality concerns and nonconformance issues and have the authority to initiate Containment.
- Magna Exteriors & Interiors Toluca Quality will notify the Supplier of their Containment status.
- Magna Exteriors & Interiors Toluca may reserve the right to notify the applicable OEM
- The supplier must notify their quality system registrar regarding Containment status.
- Magna Exteriors & Interiors Toluca Purchasing and/or Quality will develop and review the inspection and controlled shipping expectations and exit criteria with the supplier.
- Magna Exteriors & Interiors Toluca Purchasing and Quality will monitor supplier's progress to plan.
- Once supplier has met exit criteria, a Containment Removal Letter will be issued to the supplier.
- Failure to exit from Containment status may result in New Business Hold.

2.3 New Business Hold

The Supplier will be placed on New Business Hold (NBH) for any one, or combination of, the following **criteria**:

- Suspension of their Quality System Certificate
- Performance issues resulting in multiple instances of Controlled Shipping
- Financial risk or instability
- Contractual issues, (at Purchasing discretion)

The New Business Hold (NBH) process is as follows:

- Magna Exteriors & Interiors Toluca Purchasing and/or Quality will review Supplier performance and initiate NBH process.
- Magna Exteriors & Interiors Toluca Purchasing will notify the supplier of their New Business Hold (NBH) status via the NBH letter
- Magna Exteriors & Interiors Toluca may reserve the right to notify the supplier's quality system registrar regarding NBH status.
- Magna Exteriors & Interiors Toluca Purchasing and Quality will develop and review the improvement expectations and exit criteria with the supplier.
- Magna Exteriors & Interiors Toluca Purchasing and Quality will monitor the supplier's progress to plan.
- Once supplier has met exit criteria, a NBH Removal Letter will be issued to the supplier.

2.4 Supplier/Sub-Contractor Internal Self-Audits

- 2.4.1 Suppliers/sub-contractors are expected to conduct regular internal audits to ensure that internal systems and procedures which have been implemented in order to assure that customer requirements are being met, are in effect, are meeting goals and objectives, and are subject to a continuous improvement mode.
- 2.4.1.1 Internal audits should wherever possible, be conducted by personnel who are independent of the organizational or functional activity that is being audited.
- 2.4.2 Documented procedures should be in effect for the internal audit, indicating:
- Audit system review for effectiveness from use of continuous improvement analysis.
 - Defined responsibilities for personnel conducting the audit.
 - Content/questions within the audit.
 - Audit frequency
 - Follow-up procedures to track and confirm that any requests for action are confirmed as completed with respect to deficiency corrections.
- 2.4.3 Internal audits showing follow-up activities are to be maintained on file for three years and are to be available for review, upon request by Magna Exteriors & Interiors Toluca.

2.5 CONTROL OF INSPECTION FIXTURE, MEASURING/TESTING INSTRUMENTS AND EQUIPMENT.

- 2.5.1 All equipment provided by, and property of Magna Exteriors & Interiors Toluca use for measuring and test activities at suppliers/sub-contractors shall be monitored with respect to latest product engineering change level for which each piece of equipment is used.
- 2.5.2 Magna Exteriors & Interiors Toluca shall monitor the recall, modification, update, verification, return and/or replacement of all such equipment. Document change control procedures and instructions for compliance will be addressed through Magna Exteriors & Interiors Toluca Engineering Change Request (ECR) or Engineering Change Notification (ECN / NCI)
- 2.5.3 All suppliers/sub-contractors should have a documented system in place for monitoring all changes to the Magna Exteriors & Interiors Toluca supplied measuring and test equipment.
- 2.5.4 All tooling, inspection and test fixtures supplied by and property of Magna Exteriors & Interiors Toluca are to be permanently marked with clear identification of the Magna Exteriors & Interiors Toluca ownership, gage identification number, gage revision level (math and change), last calibration date and calibration expiration date.

2.6 Inspection Measuring and Test Equipment

Records of the calibration/verification activity on all such equipment, including employee-owned gauges, shall include:

- Unique device identification and engineering change level (if appropriate).
- Date of calibration/verification and individual performing.
- Gauge conditions and actual readings as received for calibration/verification.
- Actions taken on measurement/test equipment, e.g., repair, replace, calibrate, and accept as is.
- Actions taken on product/material, e.g. to evaluate material previously approved, notify customer if discrepant material has been shipped.

A Process for measurement device control must conform as a minimum to the requirements set forth below.

The supplier shall:

- Control, calibrate and maintain equipment to the highest level consistent with its application.
- Use the equipment in a manner that ensures measurement uncertainty as known and is consistent with the required measurement capability.

- Identify calibrate and adjust all equipment and devices at prescribed intervals, or prior to us, against certified equipment, having a known valid relationship to nationally recognized standards - where no such standards exist, the means used for calibration shall be documented.
- Ensure that the equipment is capable of the necessary accuracy and precision.
- Ensure that the environmental conditions are suitable for use of the equipment.
- Ensure handling, preservation and storage of the equipment is such that accuracy and fitness for use is maintained.
- Ensure test hardware (e.g., jigs, fixtures, etc.) or test software used for calibration, measuring and testing is capable of verifying acceptability of the product.

NOTE: All measurement device control, acceptance criteria, and procedural requirements must meet or exceed the "AIAG MEASUREMENT SYSTEM ANALYSIS" requirements and expectations.

2.6.1 Measurement System Analysis

Evidence is required that appropriate statistical studies have been conducted to analyze the variation present in the results of each type of measuring and test equipment system. This requirement applies to all measurement systems referenced in the approved Control Plan. The analytical methods and acceptance criteria used shall conform, as a minimum, to those set out above. Other analytical methods and acceptance criteria may be used if approved by the customer.

3.0 PACKAGING/LABELING/TRANSPORTATION

3.1 Packaging Requirements

- 3.1.1 Packaging requirements shall be developed during the APQP process and detailed on the Packaging Specification Form. The Magna Exteriors & Interiors Toluca Packaging Specification Form must be completed and returned to Magna Exteriors & Interiors Toluca prior to first shipment. Please keep a copy of this form on file, as Magna Exteriors & Interiors Toluca reserves the right to request updated forms as needed. It is recommended a copy of the packaging approval be submitted with PPAP.
- 3.1.2 Magna Exteriors & Interiors Toluca must approve all packaging prior to first shipment. Approval is required for mutual decision on packaging type (i.e., returnable, expendable), carton size, carton quantity, and pallet quantity.
- 3.1.3 No changes or deviations are permitted to existing packaging without prior Magna Exteriors & Interiors Toluca Logistics or Materials Representative approval in writing.
- 3.1.4 All expendable packaging material should be recyclable.
- 3.1.5 Suppliers are encouraged to confirm any additional requirements such as container fill and identification for a "balance out" or "final release" situation and maximum weight for manually and mechanically handled goods.
- 3.1.6 Returnable containers are the primary packaging method considered on new programs. On an individual basis Magna Exteriors & Interiors Toluca will assess current production part packaging feasibility using returnable containers. Suppliers are encouraged to review conversion to reusable containers and contact the Magna Exteriors & Interiors Toluca Buyer.
- 3.1.7 All returnable packaging shall be designed and agreed to, in advance via team analysis.

3.2 Advance Shipping Notices (ASN'S)

- 3.2.1 The Advance Shipping Notice (ASN) must be sent within one half 1/2 hour (30 minutes) of shipment leaving the supplier's facility and cannot be sent early.

3.3 Packing Slips

- 3.3.1 Magna Exteriors & Interiors Toluca requires only one (1) copy of the packing slip. If a duplicate is requested or sent it must be clearly marked "DUPLICATE". The packing slip must be attached to the shipment in a visible spot.

The packing slip must be neat and legible and include the following information:

- Supplier Code (i.e., provided by Magna Exteriors & Interiors Toluca Toluca)
- Date Shipped
- Ship Via
- Magna Exteriors & Interiors Toluca Purchase Order Number
- Magna Exteriors & Interiors Toluca Part Number with Revision Level
- Number of Cartons Per Part and Number of Parts per Carton
- Total Quantity Shipped for Each Part Clearly Identified
- Indicate Whether Freight is Prepaid or Collect

3.4 Bill Of Lading

3.4.1 The Bill of Lading must include the following information:

- Total Number of Containers Shipped (example provided)
 - 20 ctns on 1 skid or 1 skid @ 20 ctns
 - 50 ctns on 3 skids or 2 skids @ 20 ctns ea + 1 skid @ 10 ctns
- Number of Cartons Per Skid and/or the Number of Loose Cartons
- Total Weight
- Proper NMFC Description, Item Number, and Class (example provided)
OEM PLASTIC AUTOMOTIVE COMPONENTS, NM18850, CL 85.
- Indicate whether freight is prepaid or collect

If you are unsure of the NMFC description, item number, or class, contact your designated carrier for the correct information. Because this information affects freight rates, it is critical to ensure that this information is correct. In addition this information must be included on the Packaging Specifications Form.

3.5 Container Labels

3.5.1 Each container must have two AIAG bar-coded labels (formatted per the Magna Exteriors & Interiors Toluca template); this also includes any items not in cartons such as rolls, bundles, drums, etc. The labels must be affixed to the upper RH corner of at least two adjacent sides. Each barcode must contain an identifier code in the first character position to identify the barcode data. The character is not to be included in the human readable line but should be included after or below the associated data title. If the container is returnable, the supplier shall ensure that old labels are removed from the returnable. Mixed skids require a master label affixed to the upper RH corner of at least two adjacent sides

The label will include, at a minimum, the following information:

- Toluca Part Number with Revision Level
- Description: must exactly match the description on the Purchase Order and Releases
- Quantity : must be as per Magna Exteriors & Interiors Toluca Toluca standard Unit of Measure
- Unit of Measure (UOM)
- Vendor ID
- Serial number – a unique non-repeating (in calendar year) vendor assigned alpha-numeric number.

The supplier shall provide a sample label for each part number to Toluca for verification and approval.

Pre-production and/or trial material must be clearly identified by Program, Purchase Order Number, as well as any other information defined by Magna Exteriors & Interiors Toluca.

Master Label must be:

- clearly identified at the top of the label as a MASTER LABEL.
- quantity must summarize all container quantities on the pallet/tray/skid.
- The same requirements for formatting and identifiers as previously specified for containers apply to the master label.
- No special identifier is to be used in the serial number barcode (use the S identifier)
- Multiple master labels will be required if there are mixed parts (i.e., multiple part numbers) on a pallet/tray/skid and the arrangement of the individual containers on the pallet/tray/skid prevents access to a container surface for scanning. In this situation a master label would have to be provided for each part number.

3.6 Pallets

3.6.1 All pallets must meet the following specifications:

- Must be banded and/or stretch wrapped

- ⇒ Boxes must fit on pallet, without any overhang. Also, pallet height limit is 48", unless otherwise authorized.
- "DO NOT STACK" sticker affixed to 2 adjacent sides, if applicable
- Pallets must be 4-way entry
- Pallets can be mixed with like parts, only if less than skid quantity is required. Otherwise, all cartons for the same part number must be on same skid(s).
- All mixed pallets must be clearly labeled as "MIXED SKID" on 2 adjacent sides and include a master label to identify the contents.
- Parts should be palletized by program and by part number
- Do not mix RH/LH, FRONT/ REAR or programs together, unless otherwise authorized.
 - ⇒ Each program and "hand" go to different departments and work cells. Where feasible we will order in full pallet quantities.

Pallet information must be included on the Packaging Specifications Form

3.7 Hazard / Non-Hazard Chemical Requirements and Material Certifications

- 3.7.1 All suppliers/ supplying goods to Magna Exteriors & Interiors Toluca must be familiar with and comply with all such regulations, for packaging and shipping. Material Safety Data Sheets (M.S.D.S.) must accompany all initial shipments from all suppliers and marked to the attention of the Magna Exteriors & Interiors Toluca Human Resource department.

Material Certifications should be placed in a separate envelope and addressed to the Magna Exteriors & Interiors Toluca Quality Department. At minimum, material certifications are required for each lot shipment of chemicals and rolled goods.

3.8 Delivery Performance Review (DPR)

- 3.8.1 Delivery Performance Review (DPR) may be issued, at the Materials Representative discretion, for any noncompliance. Refer to the disposition on the DPR for action to be taken and required response date. If you do not agree with the discrepancy, you must notify the Materials Representative in writing within 48 hours from receipt, otherwise the DPR will not be removed. DPR cost association will be per the Debit Fee Schedule posted on Supply web. A DPR may be issued for any of the following, but is not limited to:

- Under, over, late or early shipments
- No ASN or late ASN
- No documentation or inaccurate documentation
- Damaged freight
- No label or inaccurate label
- Incorrect packaging

3.9 Transportation

- 3.9.1 It is important that our suppliers are aware of transportation and delivery requirements, as it is one of the key performance metrics upon which they will be measured. Magna Exteriors & Interiors Toluca supports the industry initiative of inventory reduction, recognizing however the importance this places on accurate and timely delivery of quality product. It is our expectation that suppliers will deliver 100% on time to our locations, in compliance to releases.
- 3.9.2 In an effort to support JIT delivery, we expect our suppliers to constantly strive to reduce lead times with their suppliers, improve flexibility and minimize changeover times. If necessary to support JIT releases, the supplier may be asked to support local warehousing.
- 3.9.3 Specified truck lines along with customs and brokerage information, if required, is be detailed on the Magna Exteriors & Interiors Toluca Routing Instructions.

Any permanent changes to carrier or delivery frequency must be approved in writing, through the use of Routing Instruction Form, by Magna Exteriors & Interiors Toluca Materials Department, unless it is for an expedited shipment.

Any deviations in instructions must be approved by Magna Exteriors & Interiors Toluca Materials in writing. Failure to obtain written authorization will result in a DPR, along with a charge back of all associated costs incurred.

3.10 Date Required

3.10.1 Delivery/Quality Problems/Downtime Costs

The supplier's release can either be a ship schedule or receipt schedule. Contact your designated Materials Representative regarding any questions you may have with your schedule(s).

The quantity shipped must be as per the Magna Exteriors & Interiors Toluca unit of measure as indicated on the release.

Magna Exteriors & Interiors Toluca is a Tier One, JIT supplier for the OEMs. If for any reason you are unable to ship as scheduled or you experience quality problems that affect the components, you must inform your Magna Exteriors & Interiors Toluca Materials Representative immediately. Failure to inform your Magna Exteriors & Interiors Toluca Materials Rep of your inability to ship complete to schedule will result in the supplier bearing all expenses incurred as a result of the situation. (Reference DPR Fee Schedule) Past due requirements or defective material could result in line shut downs at our facility and/or our customer's facility. It is your responsibility to inform us of any concerns related to your ability to supply quality parts as released.

If past due parts or defective material are deemed the fault of the supplier, the supplier shall bear the cost of all expedited freight required to meet the Magna Exteriors & Interiors Toluca requirements. It is the supplier's responsibility to automatically expedite should the supplier foresee or incur a past due situation. The supplier shall also be liable for all costs associated with downtime at Magna Exteriors & Interiors Toluca and/or downtime costs billed to Magna Exteriors & Interiors Toluca by our customer. Refer to DMN and DPR Fee Schedules located on Supply Web.

In addition to setting up expedites, the supplier shall be responsible to contact the Magna Exteriors & Interiors Toluca Material Representative to ensure availability of a receiving dock at the division location.

3.10.2 Authorized Carriers

Unless authorized in writing, the Supplier shall ship only by specified truck line. Please forward any questions, comments, or suggestions about your authorized carrier to your Magna Exteriors & Interiors Toluca Materials Representative.

3.10.3 Window Times

Each supplier will have a designated number of shipments allowed per day, window times, and dock number, unless otherwise authorized. It is imperative to ensure an uninterrupted material supply, that these requirements be met. Suppliers not meeting the above criteria will be required to supply a corrective action plan and will be held financially responsible for all applicable freight charges

3.10.4 Excess Transportation Charges

Excess transportation costs may be debited back in full to the supplier for reasons including, but not limited to the following:

- Unauthorized multiple shipments
- Expedited freight as a result of past due requirements
- Expedited freight utilized to avoid past due requirements
- Expedited freight as a result of defective material
- Using unauthorized truck lines
- Past due parts received on regularly scheduled truck(s)

3.10.5 Releases/ Cum /Material Authorization

3.10.6 Releases are completed by the Magna Exteriors & Interiors Toluca weekly and distributed to the supply base. If you do not receive a release by 9:00 AM on Wednesday, or you experience a problem with the transmission, you must call your designated Material Representative to have them resent immediately.

During times of recognized holidays, the releases will be generated on the next business day.

3.10.7 If the cums do not match, that is an indication that an error has been made either in our receipt history or your ship history. Cums must match to ensure the correct release of parts. It is suggested that each supplier review your cums daily, or at minimum weekly.

If the Magna Exteriors & Interiors Toluca cum received and the supplier cum shipped do not match, the supplier must notify the Magna Exteriors & Interiors Toluca Material Representative immediately to review and correct. A receipt history can be located on Supply Web for the supplier for review. If the supplier does not notify the Material Representative of a discrepancy, the supplier is still responsible for any changes (and related penalties) in the schedule. Until a cum discrepancy is resolved, the supplier must consider the Magna Exteriors & Interiors Toluca cum to be correct and ship per the current release. It is the supplier's responsibility to provide proof of delivery when a discrepancy is found.

⇒ Cums are rolled back to zero at the beginning of each new model year (date to be communicated at time of roll).

Supplier will have 30 calendar days after product shipment receipt to resolve any and all invoice cum discrepancies. Failure to resolve issue may result in non-payment of open invoices items. Cum discrepancies must be communicated in writing to the Materials Department.

3.10.8 The location on the release of the authorized FAB and RAW cums are below the "Last Rec Date", "Qty Rec" and "Shipper".

Magna Exteriors & Interiors Toluca standard FAB and RAW authorizations are as per material release and/or Purchase Order. Exceptions to these authorizations must be received in writing and approved by the appropriate Magna Exteriors & Interiors Toluca Material Representative.

Magna Exteriors & Interiors Toluca will not be responsible for material beyond the cums as authorized above. Quantities on release beyond the RAW cum are for planning purposes only.

Telephone calls noting schedule deviations, while appreciated for planning purposes, do not result in allowances for deviation for the requirement schedule. If a shipment is missed or is incomplete an expedited carrier must be set up at the supplier's expense. Please realize that our customer's requirements fluctuate on a daily basis and Magna Exteriors & Interiors Toluca will

always continue to meet these requirements without exception or assistance from our customer. Excess freight or labor costs Magna Exteriors & Interiors Toluca may incur in order to meet our deliveries are not passed on to our customer, no matter the circumstance. Because of this, we require our supply base to provide the same level of flexibility and support. This is why we authorize FAB and RAW authorization as stated above.

Part Barcode Labels

As required by Magna Exteriors & Interiors Toluca, each component will have a barcode label affixed to each part. The labels must be affixed in an area as not interfere with the part function. Exceptions shall be made to components that are restricted in size (i.e., fasteners). Contact your Magna Exteriors & Interiors Toluca Material Manager for Requirement / Exception Details.

Typical Part Barcode Labels will include, at a minimum the following information:

- A) Part Number
- B) Part Revision Level
- C) Part Description

The supplier shall provide a sample label for each component to be barcode labeled to Magna Exteriors & Interiors Toluca for approval.

4.0 PURCHASING

4.1 Conditions of Business and Purchase Orders

- 4.1.1 As a condition of business, all suppliers must be prepared, on request, to provide any information required by Magna Exteriors & Interiors Toluca to substantiate the capacity to provide the necessary products, commodities and services. This shall include, but is not limited to, technical capability to evaluate key product characteristics, price structure, and financial information. In addition, the supplier must be prepared to provide proactive initiatives such as cost reduction proposals and recycling programs to Magna Exteriors & Interiors Toluca.
- 4.1.2 Magna Exteriors & Interiors Toluca will issue purchase orders to suppliers for awarded programs. In advance of receipt of purchase orders, suppliers to Magna Exteriors & Interiors Toluca may receive a letter of intent from the Purchasing Department providing information pertaining to Supplier conditions, requirements, and program responsibilities.
- 4.1.3 The extent of the purchase contract and order of precedence shall be:
 - I. Magna Purchase Order with its terms and conditions (located at www.magna.com)
 - II. Supplier Guidelines
 - III. Letter of Intent (LOI)
 - IV. Local, state and federal government legislation specified in writing

Where Magna Exteriors & Interiors Toluca or OEM dictated program changes necessitate adjustments to the purchase order or LOI, the Supplier will be required to quote and substantiate such adjustments.

All suppliers must provide Country of Origin Certification and other documentation required under the US/Canada Free Trade Agreement and the North American Free Trade Agreement annually. All customs requirement must be met in a timely manner to ensure efficient transportation of goods.

All suppliers shall have documented process for assessing, selecting, monitoring and developing their suppliers/sub-contractors with adherence to a continual improvement philosophy geared to complete customer satisfaction and cost reductions.

Suppliers are required to comply with TS-16949 and/or ISO-9000. If not certified, exceptions may be made at the discretion of the Magna Exteriors & Interiors Toluca Purchasing Manager and Quality Manager on a case-by-case basis. The supplier is responsible to provide updated certifications to Magna Exteriors & Interiors Toluca, and notify their registrar in the event they are placed in special status (new business hold or containment).

Suppliers are expected to sign up to a Long Term Agreement (LTA) Productivity Program or other type of cost savings agreement. This LTA is to provide cost savings through, but not limited to, raw material price decreases, value analysis, or productivity improvements.

Suppliers are required to be either EDI capable; or have established connections to Magna Exteriors & Interiors Toluca Supply-Web; unless otherwise approved by the Magna Exteriors & Interiors Toluca Materials Representative.

Supplier will be required to conform to Magna Exteriors & Interiors Toluca and/or OEM tooling documentation and audit requirements. Magna Exteriors & Interiors Toluca reserves the right to audit tool costs incurred by the Supplier in support of awarded programs. Such an audit may include, but not be limited to, a review of quotes, purchase orders, invoices, and other documentation.

Business award is conditional upon the Supplier's concurrence with the requirements of the Magna Exteriors & Interiors Toluca Bailee Bond, and the applicable Statement of Requirements.

The Supplier must remain fully cost competitive with qualified alternate suppliers throughout the life of the program.

Suppliers are expected to share with Magna Exteriors & Interiors Toluca detailed cost data. Suppliers are also expected to use a fair and consistent method of applying the profit factor and



SUPPLIER MANUAL

Toluca Plant

distribution of overhead expenses in support of Magna Exteriors & Interiors Toluca requirements, consistent with goals of long-term financial viability.

Suppliers must be willing to extend the benefits of cost reduction efforts with Magna Exteriors & Interiors Toluca.

Products/processes that are jointly developed between Magna Exteriors & Interiors Toluca and its suppliers will be considered to have co-ownership and be royalties free unless otherwise negotiated.

5.0 REQUIREMENTS SCHEDULING

5.1 Scheduling

- 5.1.1 Raw material may be ordered by issuance of individual purchase orders of releases under a "blanket" Purchase Order.
- 5.1.2 Suppliers/sub-contractors who have been issued the Magna Exteriors & Interiors Toluca "blanket" Purchase Order will receive a weekly release (at a minimum). Some suppliers may be expected to receive releases on a daily basis, depending on product type and volume.
- 5.1.3 Ship only quantities released unless your Magna Exteriors & Interiors Toluca Material Representative has authorized other arrangements. If deviations are made, a revised release must be issued as documentation of scheduling deviation approval. Over shipments may be subject to return at supplier's expense and without receipt of a return material authorization. Excess Transportation Charges resulting from unauthorized multiple shipments; past due requirements and/or unauthorized truck lines will be debited in full to the supplier.
- 5.1.4 Suppliers/sub-contractors who are unable to meet all requirements from Magna Exteriors & Interiors Toluca for delivery date, time, quantity and quality as requested must notify the Magna Exteriors & Interiors Toluca Materials Representative immediately. Note that this communication, although appreciated, does not alleviate the supplier of any of the related costs and penalties associated with being past due or shipping defective material (see section 5.10.1, Delivery/Quality Problems/Downtime Costs).
- 5.1.5 Suppliers have 30 calendar days from the engineering change implementation date to submit obsolescence claims. Suppliers must use the Obsolescence Claim form posted on Supply Web, and submit via email to the Magna Exteriors & Interiors Toluca Material Planner. Claims received outside of the 30 days will not be processed. (See 10.0 Engineering Changes)

5.2 Forecasting

- 5.2.1 Forecast information will be supplied to suppliers/sub-contractors for a minimum of twelve weeks on the supplier weekly release. Forecast information is provided as an indication of the requirements of Magna Exteriors & Interiors Toluca, but is not considered binding (see section 5.11, Releases/Cums/Materials Authorization).
- 5.2.2 It is expected that suppliers/sub-contractors to Magna Exteriors & Interiors Toluca will provide scheduling and release information, in turn; to any of their own suppliers/sub-contractors to ensure the Magna Exteriors & Interiors Toluca delivery dates are achieved. It is the sole responsibility of the suppliers/sub-contractors to manage the supply of product(s) from its suppliers/sub-contractors.

A supplier/sub-contractor is expected to be capable of supporting a 15% volume increase on a weekly basis without expenditures on plant, personnel, or equipment.

It is required that the suppliers have a contingency plan in place (utility interruption, labor shortages, key equipment failure, etc.) to reasonably protect Magna Exteriors & Interiors Toluca supply of product in the event of an emergency. A copy of the Supplier's Contingency Plan shall be submitted to their designated Materials Representative and Supplier Development.