

Section

4

Purchasing / Cost

Working Together with Suppliers

The Astemo Group procures raw materials, parts and services from companies around the world, an activity rooted in strong partnerships with suppliers.

We are committed to developing harmonious, mutually prosperous relationships with our suppliers.

Basic Policy on Procurement

Astemo Americas Inc values partnerships and openness with suppliers above all. We are committed to maintaining and improving the mutual understanding and trust of our suppliers over the long term. While providing equal business opportunities, we select suppliers from around the globe based on the principle of open competition.

Astemo Americas Inc has established the "Guidelines for Procurement Activities" to serve as the basis of all transactions. The basic policies include:

- Respecting the principle of fair competition and guarantee equal business opportunities for companies around the world.
- Choosing suppliers on the basis of appropriate procedures by evaluating the quality of the materials, prices, delivery time, the reliability of management and technical development capacities as well as whether the supplier is fulfilling its corporate social responsibilities.
- Promoting long-term, trust-based relations with suppliers by sharing CSR philosophy and creating positive partnerships.

Fundamental Credo

The basic credo of Astemo is to further elevate its founding concepts of harmony, sincerity and pioneering spirit, to instill a resolute pride in being a member of Astemo, and thereby to contribute to society through development superior original technology products.

Deeply aware that a business enterprise is itself a member society Astemo is also resolved strive as good citizen community towards realization truly prosperous society end conduct its corporate activities fair open manner promote harmony natural environment engage vigorously activities that contribute social progress.

(Adopted June 1983 revised September 1996)

Environmentally responsible sustainable or "green" procurement selection products services minimize environmental impacts.

Purchasing Guidelines for Present and Potential Suppliers

Welcome to Astemo

The purpose of this document is to introduce you to the policies, objectives and values that govern our Purchasing Procedures. Suppliers who share our values, respect our policies and help us meet our objectives will have a greater opportunity for a mutually beneficial relationship.

Appointments

Your first step should be to make an appointment with the correct Purchasing Representative. Purchasing should always be the first contact point for all suppliers of materials and services. Upon entering the facility and obtaining visitor badges from the guard shack, you must register your visit by signing in with the Purchasing Department.

Restricted Access

Due to the nature of our business and proprietary manufacturing techniques, we request you remain in our conference rooms for meetings. When it is necessary to walk to another location in the plant, you must remain on the visitor pathways. All other times, (plant tours, etc.), you must be accompanied by a representative of Astemo.

Purchasing Policy

We believe that an open, competitive atmosphere is most beneficial to both buyer and seller, and it is our policy to foster this environment. We buy on the basis of definitive specifications, quality of products and service, lowest total price and best delivery practices.

Expectations

- Act ethically and professionally at all times.
- Have a thorough, factual knowledge of the products/services which you sell/represent. Know their limitations as well as their applications.
- Work with and through the appropriate Purchasing Representative for all pricing and quotation issues.
- Maintain open, two-way communications to resolve problems. Keep us informed of changes in materials, processes or methods used for any supplied product/service prior to delivery.
- Report any damages or problems with delivery, invoicing, pricing, etc. to the department(s) in which they affect.
- Deliver only what is ordered, on-time and to the right specifications.
- Accept purchasing commitments only from Purchasing personnel and honor your commitments.

Gifts and Entertainment

Suppliers are prohibited from offering any gift, gratuity, payment or other incentives to an employee under any circumstances. The only exceptions to this are business lunches (on a limited, reciprocal basis) and promotional advertising with company logos (when the value of the item is nominal - under \$25). We prefer that you provide incentives in the form of pricing, quality and/or service in your quotations. Please assist us in this policy.

Confidentiality

Suppliers may be asked to sign a statement of confidentiality. We expect you to handle information of a confidential or proprietary nature with due care and proper consideration of ethical and legal ramifications and governmental regulations.

Safety/Environmental

Suppliers must abide by Astemo's safety/environmental regulations and conform to all applicable government safety standards. Because of the potential dangers involved, we do require MSDS sheets for all chemicals for which are brought into our facility. NO FREE SAMPLES OF ANY CHEMICALS will be accepted.

Insurance

Comprehensive General Liability Insurance in an amount of \$1,000,000 must be carried for all subcontractors. Evidence of Workman's Compensation and auto liability insurance is also required. The supplier must hold Astemo harmless for bodily injury or property damage as noted in the Insurance section of the terms and conditions typed on the backside of the Astemo Purchase Order.

Thank You

We hope you will find these guidelines helpful in establishing and maintaining your relationship with Astemo Americas, Inc.. Just as you value our business, we value the service and cooperation your organization can provide. If you have any questions or concerns regarding the content contained herein, please contact one of our Purchasing Representatives.

Request for Quotation

Purpose

ASTEMO's formal bidding system by which current or potentially new suppliers are investigated for new business opportunities is via the "Request for Quotation" (RFQ) method.

Responsibilities

LP Suppliers

- 1) Reply to ASTEMO Request for Quotation via Electronic RFQ system.
- 2) Provide Cost Breakdown Analysis Worksheet with complete and accurate details.
- 3) Attends drawing review as needed.
- 4) Directs all questions and comments to ASTEMO buyer as official contact.

ASTEMO Purchasing

- 1) Submits Documents to bidding sources.
 - Via Electronic RFQ
 - Cost Breakdown Analysis Worksheet
 - Blueprint/Drawing
- 2) May schedule a drawing review with sources and ASTEMO Engineering for detail explanation.
- 3) Will make a favored supplier recommendation according to supplier's conformance to information request, audit results, supplier rating score, cost competitiveness, etc. via internal "Supplier Selection Form" which requires approval from Design Engineering and Supplier Quality Assurance Departments.

Documents

SASR(AM) M20-01 A FORM A Cost Breakdown Analysis Worksheet

Purchase Order

According to **ISO/IATF** guidelines, ASTEMO will only issue mass production purchase orders for direct materials to those whose names appear on the Approved Supplier List. Requirements Contracts will be issued. These Requirements Contracts will represent a contractual agreement for the purchase of identified product(s).

Requirements Contracts will contain part number, pricing and time period. The Requirements Contract will be hard copies faxed, emailed or mailed to the supplier. Delivery

Order numbers will reference the Requirements Contract Number.

Requirements Contracts for new components will be issued throughout the year, staggering and not in one bucket.

Each time a drawing number changes, a new Requirements Contract will be issued (ex: from B123456 to B123457).

When drawings are revised, the Requirements Contract Number will remain the same. For drawing revision level and delivery requirements please refer to your supplier release. Terms and Conditions that apply to all Requirements Contracts are outlined at the end of this section of the handbook.

Supplier Rating - Price/Cost

Responsibilities

ASTEMO Purchasing Buyer: *LP Suppliers Only*

- 1) Provide Fiscal Year (April-March) CAMPAS Score for Cost in compiling LP total score.

Documents

SASR(AM) M50-55A FORM A
PUR-FORM-010
SASR(AM) M20-01 A FORM A
SECTION 5

Supplier Rating Worksheet
Supplier VEC Proposal
Cost Breakdown Sheet
Supplier Rating (*Located in Supplier Handbook on Supplier Portal*)

Communication

Purpose

To assure the most current supplier contact list is available.

Definitions

- 1) Supplier Contact Sheet—list of contacts who represent the supplier
- 2) Production Control—supplier contacts responsible for forecasts, releases, production planning
- 3) Logistics -- supplier contacts responsible for logistics
- 4) Supplier Quality—supplier contact responsible for quality

- 5) Accounting—supplier contact responsible for Accounts Payable and/or Accounts Receivable
- 6) Executive Management Emergency Contact—Senior to Executive Management, including but not limited to Operations Manager, Production Manager, General Manager, CEO, Owner

Responsibilities

Suppliers

- 1) Complete Supplier Contact Sheet and submit to (ASTEMO)AM buyer
- 2) Update and submit Supplier Contact Sheet as supplier personnel changes occur
- 3) Update and submit Supplier Contact Sheet upon request
- 4) Suppliers to Astemo Americas, Inc. shall be third party registered to ISO/IATF 16949 or registered to ISO9001:2015 with evidence of conformance to IATF 16949 unless otherwise specified in writing by the customer. Suppliers shall provide copies of IATF 16949 or ISO 9001 certificates and update as requested or upon renewal of certification. If the Supplier has ISO 9001 or IATF revoked or the Supplier elects to discontinue certification status, Astemo Americas, Inc. shall be immediately notified.

(ASTEMO)AM Procurement

- 1) Submit Supplier Contact Sheet to newly approved supplier
- 2) Will manage Supplier Contact Sheet within (ASTEMO)AM systems
- 3) Will periodically request an updated Supplier Contact Sheet from supplier

Supplier Contact Sheet					
Supplier Name:					
Supplier Code:					
Mfg Location:					
Production Control					
	Contact Name	Title	Office Email Address	Office Phone Number	24 hr. Cell Phone Number
1					
2					
3					
Logistics					
	Contact Name	Title	Office Email Address	Office Phone Number	24 hr. Cell Phone Number
1					
2					
3					
Quality					
	Contact Name	Title	Office Email Address	Phone number	24 hr. Cell Phone Number
1					
2					
3					
Accounting					
	Contact Name	Title	Office Email Address	Phone number	Cell Phone Number
1					
2					
3					
Executive Management Emergency Contact					
	Contact Name	Title	Office Email Address	Phone number	24 hr. Cell Phone Number
1					
2					
3					

Drawing Control

Purpose

To assure that LP parts are manufactured to the most current drawing status that is controlled by revision level.

Definitions

Drawings -- Blueprints

Revision Level – identified in the Revision legend on each drawing and shall reflect the latest dimensional/feature change and the date on which it occurred.

Drawing designations:

Released - shall be used for part manufacture

Quotation - shall be used in association with RFQ from ASTEMO and Quote from LP.

Responsibilities

LP Suppliers

- 1) Maintain orderly and properly identified blueprint/drawing file system.
- 2) Mass production parts manufacture utilizing “Released” blueprint only: do not mix or utilize “Quotation” drawing.
- 3) Establish and maintain internal personnel responsibilities for drawing control.
- 4) Acknowledge receipt of drawing by opening drawing provided in the e-mail link sent by ASTEMO Purchasing.

ASTEMO Purchasing

- 1) Purchasing specialist is main LP contact and administrator for drawing distribution and inquiries/issues to ASTEMO for non-technical matters.
- 2) Purchasing specialist will submit Released drawings via E-mail/Internet to LP drawing contact for each revision to blueprint.
- 3) Purchasing specialist will receive confirmation via the E-mail/Internet and update LP Drawing Control database with response date to signify receipt of new drawing.
- 4) Purchasing management will periodically audit via questionnaire or on-site to verify drawing records accuracy to correlating between ASTEMO and LP.
- 5) (ASTEMO)AM-BK Purchasing specialist will submit release drawings via “Drawing Release Notification”, the drawings should be forward to the appropriate persons within your organization and confirm that the drawings are incorporated into your system as necessary. In addition, please either return, destroy, or clearly markup obsolete drawings (previous revision levels) in your system. The drawing release form must be signed and dated and returned within 3 working days of receipt. The returned form will serve as acknowledgement of drawing receipt from your company.

Controlled internally at Astemo through Supplier Drawing Database.

Example One (Japan Made Drawing)

Revision Level Symbol:

This indicates the number of times the drawing has been revised.
The Largest number is the latest revision level.

Revisions:

Explanation of the revisions made to the drawings.

[illegible]

REVISION LEVEL SYMBOL:

**THIS INDICATES THE NUMBER OF TIMES THE DRAWING
HAS BEEN REVISED.
THE LARGEST NUMBER IS THE LATEST REVISION LEVEL.**

REVISIONS:

EXPLANATION OF THE REVISIONS MADE TO THE DRAW

			3		4						
			PT.NO.	CODE NO.	SYL	HAP REVISIONS	DATE	REV.	CHKD.	APPD.	RE.DWG.
					△						
					△						
					△						
					△						
		SHOP CODE			△						
B	A	GROUP	PT.NO.	SHOP	DRAWING NO.	PART NAME	CODE NO.	MATERIAL	WT. & G MATERIAL FIN.		REMARKS
			1								
			2								
			3								

NOTE:

1. In the case of an Astemo drawing, MOST revisions shall have an “H” in front of the revision number.
2. If the revision box is completely filled, look around on the drawing’s border for additional revision symbols.

Tool & Die Control

Purpose

Tools, dies and equipment that are ASTEMO property (asset) and located at LP location must have proper identification, accountability and condition documentation that shall be periodically verified.

Responsibilities

LP Suppliers

- 1) Must identify each tool, die and equipment with ASTEMO Production Die Asset (PDA) number supplied by ASTEMO.
- 2) Maintain current record/log with accurate details such as condition (number of shots, etc.), status (active, service parts, storage) and submit to ASTEMO Purchasing upon demand.

ASTEMO Purchasing

- 1) Will issue a [purchase order](#) to supplier, which includes PDA Number for each additional new tool, die or equipment.
- 2) Will contract with each supplier via Tooling Agreement on a one-time basis. The original will be kept by ASTEMO Purchasing.
- 3) Will contract with appropriate supplier via Equipment Agreement for each new or additional equipment/machine.
- 4) Will periodically perform on-site audits as well as survey by written document to verify:
 - Actual condition (active, obsolete, storage, service parts, modification, repair, etc.)
 - Proper identification
 - State of maintenance

Documents

Tooling Agreement

Equipment Agreement

Cost Detail Analysis

Purpose

Purchasing requires from suppliers and keeps on file cost detail analysis for any active production part. The method for documenting all cost details is via Supplier Cost Engineering Piece Cost Breakdown Worksheet, SASR(AM) M20-01 A FORM A. This enables ASTEMO Purchasing to scrutinize areas of cost inconsistencies.

Responsibilities

ASTEMO
Purchasing

- 1) Buyer will require worksheet with each RFQ.
- 2) Suppliers not submitting completed worksheets with quotes may be ineligible for job awards.
- 3) May require explanation or more detail based on supplier's worksheet submission.
- 4) May schedule a meeting between supplier and function ASTEMO departments (DE, PE, PC, SQA, etc.) if worksheet reply has extraordinary items.

LP Supplier

- 1) Shall have a completed worksheet on file for any currently active production part.
- 2) Shall fill-out and submit a worksheet along with any quote to be considered as viable candidate for new work.
- 3) May be requested to resubmit worksheet details or clarification if submission is vague, incomplete, or otherwise missing pertinent data.

Documents

SASR(AM) M20-01 A FORM A Supplier Cost Breakdown Worksheet

LP Supplier Value Analysis Ideas

Purpose

ASTEMO encourages LP suppliers to aggressively challenge current part design and specifications and offer ideas for improvement according to their knowledge and experience as specialists. ASTEMO will investigate and render a final judgment via the Supplier Quality Assurance Section after consultation with Design Engineering, Quality Assurance, Production Engineering and/or others. Just as ASTEMO customers require cost improvement on an annual regressive basis, ASTEMO must have the cooperation and ideas of suppliers in order to achieve the results expected and remain market competitive to attract new business.

Responsibilities

ASTEMO Purchasing

- 1) Buyer is administrator of VA system.
- 2) Buyer submits requests and receives replies from suppliers.
- 3) Buyer forwards VA ideas to ASTEMO Supplier Quality Assurance Section via Purchasing clerk after cataloguing.
- 4) Results of each final decision will be communicated to supplier from ASTEMO Purchasing.
- 5) Will score "Supplier Rating" points according to LP VA Activity.

ASTEMO Supplier Quality Assurance (SQA)

- 1) Will make final decision about acceptance, rejection or need for further investigation.
- 2) Will make a judgment within two (2) weeks of submission by LP to Purchasing buyer.
- 3) Shall consult with functional technical persons in Production Engineering, Design Engineering, Quality Assurance or any other (case-by-case) during the decision making process.

LP Supplier

- 1) Shall submit credible VA ideas to Purchasing buyer.
- 2) Will see evidence of VA activity reflected in the Purchasing (Cost) portion of the Supplier Rating score.

Advance Product Quality Planning (APQP)

Purpose

To provide a standardized method of reviewing and reporting status of any new production part or significant change to an existing part.

Responsibilities

ASTEMO Purchasing

- 1) Buyer will require APQP worksheet for all new custom production parts or modifications to existing custom parts where PPAP submittal is required.
- 2) Will require recovery plans when APQP Element status is classified as yellow or red.
- 3) May schedule a supplier meeting at ASTEMO to present details of recovery plan when program status is in jeopardy.

LP Supplier

- 1) Shall support ASTEMO efforts in implementing APQP process.
- 2) Shall submit accurate and detailed APQP reports for all applicable situations.

Documents

PUR-FORM-061 APQP Report

MBE

June 10,2016

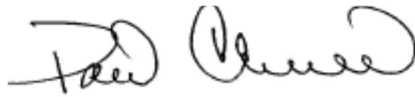
Minority Business Enterprises (MBE's) are recognized and appreciated as highly capable and reliable sources of goods and services to Astemos Americas, Inc.

We realize the value and Innovation that they can bring as members of our supply base. As we prepare ourselves to compete effectively in this new millennium, we will focus on tapping into the many talents offered by MBE's.

Astemos Americas has established a corporate culture in which procurement personnel view MBE buying programs as an ingrained way of doing business. We will continue to participate in Diversity Supplier Development Councils to find appropriately qualified MBE's through their databases, meetings, conferences, and trade fairs.

Astemo Corporate philosophies of QCDDS (Quality, Cost Delivery Development & Speed) are applied to all activities including selection of suppliers and development of new business partners.

Astemos Americas Inc. is eager to see our minority sourcing activities grow. We wish to create a climate at Astemo that supports the building and strengthening of new partnerships within the automotive community. It is by the above methods that we plan on reaching these objectives and help MBE's bring value to our overall supply chain.



Paul Carroll
President & CEO

© Astemos Americas, Inc.
955 Warwick Road. Harrodsburg. KY 40330 Tel: 859-734-9451 Fax: 859-734-5309