TIERCON

Supplier Quality Manual

1.INTRODUCTION 4

2.TIERCON'S QUALITY POLICY 4

*2.1 **Key Principles:** 4*

*2.2 **Objectives:** 5*

3. QUALITY SYSTEM REQUIREMENTS: 5

*3.1 **IATF / ISO Certification:** 5*

*3.2 **Supplemental Requirements:** 7*

*3.3 **Supplier Audits & Access to Supplier Facility:** 7*

4.SUPPLIER PERFORMANCE AND MONITORING 8

*4.1 **Supplier Quality Performance:** 8*

*4.2 **Supplier Operational Performance:** 9*

*4.3 Supplier **Program Support:** 10*

*4.4 **Corrective Action/Esclation:** 10*

5.SUPPLIER SELECTION AND EVALUATION 11

*5.1 **Consideration of a Supplier (Approved Supplier List):** 11*

*5.2 **Criteria for Selecting a Supplier:** 11*

*5.3 **Supplier Profile / Quality System Certification Status:** 12*

*5.4 **Continuous Improvement:** 13*

*5.5 **Procurement Requirements:** 14*

*5.6 **Supplier Competitiveness** 14*

*5.7 **Warranty Requirements:** 14*

*5.8 **Labour Disputes:** 15*

6. QUALITY REQUIREMENTS 15

6.1 ***Advanced Product Quality Planning (APQP):*** *15*

6.2 ***Production Part Approval Process (PPAP):*** *16*

6.3 ***Early Containment: (Safe launch)*** *17*

6.4 ***Process and product changes*** *117*

7. MATERIALS MANAGEMENT 18

7.1 ***Releases / Cums / Material Authorization:*** *18*

7.2 ***Delivery Forecasting:*** *20*

7.3 ***Packaging Requirement:*** *20*

7.4 ***Notification of Shipment:*** *21*

7.5 ***Identification Labels:*** *22*

8. LOGISTICS 23

8.1 ***Transportation & Freight:*** *23*

8.2 ***Customs:*** *24*

9. OTHER: 25

9.1 ***Tooling, Equipment and Gauges:*** *25*

9.2 ***Labeling of Tools:*** *26*

9.3 ***Distributions and Revision Control:*** *26*

Appendix *A* *27*

1. INTRODUCTION

In direct support of Tiercon Corp.'s (also referred to as "Tiercon" in this document) commitment to excellence and desire to "exceed our customer's expectations", it is expected that our Suppliers work toward exceeding the expectations and requirements of the Tiercon Supplier Development Manual. The purpose of this manual is to define policies, procedures and expectations of Tiercon and applies to all current and future Suppliers of production material and/or services.

2. TIERCON'S QUALITY POLICY

Tiercon is committed to exceeding quality expectations of our customers through our quality systems. The management team at Tiercon pledges to provide all necessary resources to ensure that the goal of total customer satisfaction is met.

2.1 Key Principles:

- Total Commitment to Quality.
- Establish and maintain an effective Quality Assurance Program meeting all ISO9001 and IATF16949 requirements.
- Promote quality through leadership and teamwork.
- Tiercon recognizes its employees as their most valuable resource.
- Tiercon's management will encourage two-way communications with all employees.
- Tiercon management's commitment and objectives to Quality are communicated to all employees.
- Develop partnership with our suppliers.
- Incorporate risk-based thinking in business processes.
- Committed to excellence in all phases of business, striving for Continuous Improvement in management, methodologies,

human resources, safety, quality systems, productivity, cost management and delivery.

- Provide suitable environment for the operation of all processes.

2.2 Objectives:

It is the intent of Tiercon to do business with suppliers who can provide goods or services consistently to specification, at a competitive price and in accordance with our delivery schedule.

3. QUALITY SYSTEM REQUIREMENTS:

3.1 IATF / ISO Certification:

Tiercon's direct material suppliers (Automotive products) are required to be at Minimum ISO9001 registered by an accredited third-party certified body.

As per IATF 8.4.2.3, supplier quality management system development, Tiercon has defined a QMS development target for each direct material suppliers (Automotive products) based on their performance and risks to Tiercon/customers (Tiercon risk assessment) in the table mentioned at section 3.3.

If a supplier is not ISO9001 certified by a third party, refer to section 3.3.

Suppliers who are making the transition to ISO9001 or IATF 16949 "must" have a transition plan with timing, letter of commitment from senior management, and contracted a third-party accredited registrar in order to "petition" Tiercon for a waiver to this requirement.

Suppliers are required to provide evidence of their quality/Environmental certification to Tiercon's corporate quality upon successful business award with Tiercon. Suppliers must maintain the valid certificate and submit recertifications/CQI audits as they get updated. If third party audits result in certification suspension, suppliers are responsible to notify Tiercon along with recertification plan immediately.

Expired/Suspended certifications/CQIs in Tiercon database will affect supplier scorecard if not provided after one Month of expiration.

3.2 Supplemental Requirements:

The Automotive Industry Action Group (AIAG) has published a number of manuals that standardize procedures, reporting formats, and technical nomenclature, which are required by ISO/IATF and Tiercon. It is Tiercon's expectation that our Suppliers remain current with these standards in order to fully comply with the requirements of ISO9001 / IATF 16949.

Suppliers with special production process (Heat treating, plating, coating, molding/rubber molding, welding, soldering…) are also required to submit their related AIAG CQI audit report/CSR (The latest revision on AIAG website or CSR) along with corrective actions (if any NC reported) to Tiercon's corporate quality annually.

3.3 Supplier Audits & Access to Supplier Facility:

All suppliers/Tier-n suppliers of Tiercon shall be required to give full access to supplier development personnel as required to conduct audits including Supplier Quality System Audits/visits as necessary to meet Tiercon and customer requirements. Suppliers will be given, at a minimum a 24-hour advance notice of these scheduled audits/visits and the areas to be reviewed.

Tiercon has defined the criteria for determining the need, type, frequency, and scope of second-party audits as per below:

Supplier status	Criteria	Level	Action/Audit Scope	Frequency
Certification to ISO 9001: 2015 (Direct material suppliers)	No certification	1	Supplier assessment	Initial audit w/ 3 - year audit cycle
Certification to IATF 16949: 2016 (Direct material suppliers)	No certification (ISO 9001 certified)	1	Risk assessment, if high risk; Supplier self assessment	Initial review w/ 3 - year review cycle
	self assessment quality score <70	2	Supplier assessment	Initial Audit w/ 3 -year review cycle
QMS development target (Direct material suppliers)	Not certified to ISO9001	1	b or supplier assessment if authorized by customer	Initial audit w/ 3 - year audit cycle
	Quarterly corporate scorecard>=80;Risk assessment low	1	b (Certification to ISO9001 through third party audits)	Once a year review
	Quarterly corporate scorecard>=80;Risk assessment Medium/high risk	2	c (Certification to ISO9001 with compliance to MAQMSR through second party audits)	Once a year review
	Quarterly corporate scorecard<80;Risk assessment low	1	b (Certification to ISO9001 through third party audits)	Once a year review
	Quarterly corporate scorecard<80;Risk assessment Medium/high risk	2	c (Certification to ISO9001 with compliance to MAQMSR through second party audits)	Once a year review
Supplier Corporate Scorecard (Quarterly)	< 80	1	Communicate the scorecard and ask for improvement	Quarterly check
	The next quarter (repeat)<80	2	Supplier assessment	Initial Audit w/30 day follow up
Supplier Corporate Scorecard (Monthly)	<60	1	Communicate with the supplier and ask for improvements	Monthly
	The next month(repeat)<60	2	Risk assessment and if needed (high risk) Supplier assessment	Initial Audit w/30 day follow up
Corrective Action - Quality/Delivery	Repeat after 6 Months(after SCAR closure -specific failure mode same part #) or as needed	1	8D Audit	Initial Audit w/30 day follow up
	Repeat within 6 Months(after SCAR closure - specific failure mode same part #)	2	Manufacturing process/product audit	Initial Audit w/30 day follow up
Non-compliance – Product Safety / Regulatory Requirements	SCAR issued for Product Safety / Regulatory	1	Manufacturing process/product audit	Initial Audit w/30 day follow up
Corporate scoeracrd is the average of scores of all Tiercon plants that supplier has delivery.				
MAQMSR:Minimum Automotive Quality Management System Requirements.				

4. SUPPLIER PERFORMANCE AND MONITORING

4.1 Supplier Quality Performance:

Supplier Quality Performance requirements are "**Zero Defects**" on all product supplied to Tiercon Corp. Deviation from this requirement will result in the issuance of RMA and/or Supplier Corrective Action Report (SCAR) if applicable and subsequent applicable charges as follow:

SCAR Administration charge: $250.00 CAD

Sort/Rework hourly charge: $34.00 CAD (Activity in overtime will be 1.5 times the hourly rate)

Other charges may apply based on each case (Charges from Tiercon's customer/service provider, Line shut down or lost time, expedited freight, Tear down labour, cost of other materials due to tear down, repacking, scrapping/stripping costs …)

Supplier initial response to a SCAR (including clean point and certified shipment) shall be within 24 hours of initial receipt and final response shall be within 15 calendar days. SCAR should be closed within 30 calendar days by verifying effectiveness of the actions and if needed, updating the core documents; late response to SCARs will result in a negative impact on supplier scorecard.

Any extension of deadlines for response to a SCAR shall be received in writing from Tiercon.

Key product characteristics established on a product supplied to Tiercon may require the supplier to submit product capability reports on an ongoing or requested basis to show conformance to customer requirements. This requirement will be set up during the PPAP process and added to the supplier's control plan. A minimum of 1.33 Cpk is required of all key product characteristics on an ongoing basis. Deviation of this requirement must be received in writing from the Tiercon plant being supplied.

Quality performance will be monitored by tracking Tiercon's Non-Conformance Reports (SCARs) and timeliness response on SCARs, Local/On-site support to resolve issues without line down, Remote support on root cause analysis and corrective actions, Rejection rate based on RMAs or pre-inspections at incoming if required, repeat issues on SCARs, accreditation/Quality management system certification, which will be included in the Supplier's Scorecard calculation.

4.2 Supplier Operational Performance:

Supplier Operational performance will be monitored monthly. These reports will track compliance to on time delivery (shipping dates, quantities released), flexibility and responsiveness and ability to complete supplemental orders for emergency situations, communication and providing timely and accurate warnings prior to missed deliveries and provides accurate revised delivery date, EDI capability and expedited freight. The results of this performance will be included in the monthly Supplier Scorecard.

Suppliers are required to meet "**100% On-time**" Delivery Performance for all products supplied to Tiercon. Shipping quantities and delivery date required for each product shipment will be specified on the "Tiercon Scheduled Release".

Failure to meet this requirement may result in a SCAR being issued and/or negatively affect the supplier's delivery performance.

For subcontract suppliers (E-coat, paint, plating or any other services); Tiercon expects suppliers to report scrap to Materials/Finance on a Monthly basis to monitor performance and

inventory checks. Inventory losses, not captured in inventory/scrap reporting is not eligible for scrap allowance adjustments for year end.

Tiercon will charge inventory losses not accounted for, within regular scrap reporting via SCAR/Chargeback process.

4.3 Supplier Program Support:

Development support on launches within program timelines and support on engineering changes in serial life are also monitored monthly in supplier scorecard.

4.4 Supplier Financial Performance:

Cost reduction and Financial Stability are also monitored monthly in supplier scorecard.

Supplier scorecards are being monitored Monthly for each Tiercon plant; Corporate scorecard is the average of scores of all Tiercon plants that supplier supplies.

Scorecard will be prepared and issued based on Tiercon spend and performance criteria and will be available upon request.

For scorecard guidelines, please see the link below:

Tiercon Supplier Scorecard Guideline

4.5 Corrective Action/Escalation:

Unsatisfactory Supplier performance will be monitored by the designated Buyer and/or Materials Representative and/or by Supplier Quality Engineer with any of the following steps/escalations being taken:

- Corrective action plans submitted by Supplier as requested and monitored for compliance.

- Meeting with Supplier and Tiercon personnel to issue timelines of completion for required corrective actions.
- On-site supplier audit/visit by Tiercon personnel, as required.
- Notice of placement on Controlled Shipping - Level 1 (CS1), which requires 100% inspection of all parts prior to shipment to Tiercon.
- Notice of placement on Controlled Shipping – Level 2 (CS2), which requires 100% inspection by a 3rd party auditor approved by Tiercon prior to shipment. The cost associated with 3rd party inspection shall be at Supplier's expense.
- Notification to Supplier of New Business Hold status or de-sourcing due to continued non-compliance.

5 SUPPLIER SELECTION AND EVALUATION

5.1 Consideration of a Supplier (Approved Supplier List):

An Approved Supplier List exists for production suppliers and is utilized by Tiercon for strategic sourcing. A Supplier may qualify to be added to the Approved Supplier List through the following processes:

- **Potential New Suppliers**: Potential new Supplier will follow the competitive bidding process as the method for receiving business awards from Tiercon. Should it become evident that business will be awarded to a potential new Supplier; an optional onsite audit will be conducted to verify the Supplier's capability to perform the work as required based on supplier risk assessment. Following a satisfactory review, potential new Suppliers will be added to the Approved Supplier List for consideration of future business awards.
- **Current Suppliers**: Current suppliers on the Approved Supplier List must continue to meet Tiercon's performance objectives.

5.2 Criteria for Selecting a Supplier:

Tiercon's fundamentals for determining supplier selection include:

- **5.2.1 Technology**: Supplier continuously striving to achieve technological advancement in their respective fields.

- **5.2.2 Quality**: Compliance with Tiercon and its Customers' requirements. Tiercon expects high quality, reliable, defect-free materials, developed through superior design, process control, and continuous process improvements.

- **5.2.3 Responsiveness**: Adjusting and adapting to meet Tiercon's and its Customers' changing requirements. Tiercon expects Suppliers to be responsive to those needs, as well as maintain global requirements and flexible capabilities.

- **5.2.4 Delivery**: Meeting 100% on time delivery.

- **5.2.5 Cost**: Tiercon expects its Suppliers to identify and eliminate non-productive costs and expensive operations.

- **5.2.6 Commercial**: Supplier's acceptance to Tiercon's terms and conditions of purchase.

- **5.2.7 Social and Environmental sustainability**: Tiercon expects suppliers to integrate environmental, social, and governance (ESG) topics into their corporate strategy, operations, and supply chain and get related certificates if applicable (i.e. ISO 14000…)

  Tiercon also encourages all suppliers to provide environmental awareness training to all employees and provide additional training to employees to aid them in the preservation of the environment in their respective roles.

  In alignment with our OEM customers, Tiercon will conduct sustainability surveys with a select number of suppliers to evaluate their conformity level and support to promote sustainable business practices.

5.3 Supplier Profile / Quality System Certification Status:

A Supplier Profile Form may be forwarded to a Supplier for completion when Tiercon is considering awarding business to a potential new Supplier, or when an existing Supplier is being considered for additional business. If questions are not applicable, then indicate N/A.

Suppliers are expected to complete a Tiercon Supplier Profile form when a major change takes place. The completed form shall be submitted to Tiercon's Corporate Procurement Department by e-mail to the appropriate buyer. A copy of the supplier's quality system certification should be forwarded along with this form.

5.4 Continuous Improvement:

As part of supplier continuous improvement process, Tiercon expects Suppliers to make available evidence of process capability improvement to the appropriate Tiercon facility upon request.

General Plan: Supplier shall develop an annual continuous improvement plan, approved by upper management, which establishes improvement goals, implementation dates and responsible personnel. As part of Supplier Continuous Improvement System, Tiercon expects Suppliers to implement several interrelated systems.

Lean Principles: It is Tiercon's expectation that Suppliers recognize "Lean" as an inherently more cost-effective method of managing a business. Therefore, Suppliers are expected to adopt and implement "Lean" principles. Each Supplier is expected to develop company wide, as well as plant specific, Lean programs. All programs, at each level of the organization, shall include training of all employees, ongoing communication of plans and results to all employees, establishment of measurables with which to measure improvement progress, workshop (improvement events) schedules, the cascading of Lean to Tier-n suppliers etc.

Mistake-Proofing: Automotive Customers require "Zero Defects." The most effective way to accomplish this task is to use error-proofing in product designs and mistake-proofing in manufacturing processes. Tiercon expects its Suppliers to adopt the same tools and operating philosophies as a fundamental responsibility of doing business. Tiercon's initial focus will be with new suppliers, existing "High Impact" suppliers and problem suppliers.

Business Operating System: It is Tiercon's expectation that Suppliers adopt and implement a visual business operating system (BOS) to involve all employees in driving continuous improvement activity throughout the work areas. It is expected that BOS, a measurement based continuous improvement methodology, be utilized to help prioritize and focus company resources on improving the most important aspects of the business in key areas such as safety, quality, cost, delivery and people.

5.5 Procurement Requirements:

The corporate procurement department will be the point of contact for formal notification to supplier of all drawing changes via a purchase order amendment.

Current Tiercon engineering drawings and specifications shall be available and maintained at the supplier's manufacturing location.

The supplier is required to maintain confidentiality of drawings, specifications, documents, or information supplied by Tiercon.

5.6 Supplier Competitiveness

Supplier agrees to support Tiercon in any joint effort with respect to any cost reductions required by Tiercon's customer. Should Supplier be unable to support Tiercon's requirements, Tiercon reserves the right to competitively bid the products and/or services required to confirm market price and to award an agreement for those goods and/or services to the successful bidder.

5.7 Warranty Requirements:

The supplier shall document all warranty concerns, conduct analysis, perform required testing, and provide this information along with the corrective action to Tiercon upon request.

The supplier is responsible for all documented warranty claims and expenses that are supplier process related.

Supplier representative to attend warranty reviews at the final customer upon request by Tiercon.

5.8 Labour Disputes:

Supplier will notify Tiercon immediately of any actual or potential labour disputes delaying or threatening to delay timely performance of this order, and will include all relevant information to Tiercon. Supplier will notify Tiercon in writing at least six (6) months in advance of the expiration of any current labor contract(s). If requested by Tiercon, Supplier will deliver a supply of finished goods at least 30 days prior to the expiration of any such labour contract, in quantities and for storage at any place or places designated by Tiercon at Supplier's expense.

6 QUALITY REQUIREMENTS

6.1 Advanced Product Quality Planning (APQP):

All Suppliers for production and/or service programs shall use the latest revision of the AIAG Advanced Product Quality Planning (APQP) and Control Plan reference manual.

All PPAP submissions to Tiercon shall contain Product Control Plans that meet the AIAG format. Suppliers may be required to attend prototype or pre-production meetings at Tiercon or the final customer's facility.

Representatives from both manufacturing and quality departments should attend the APQP program meetings.

6.2 Production Part Approval Process (PPAP):

Suppliers shall fully comply with all requirements specified in the Automotive Industry Action Group (AIAG) PPAP manual as well as any customer specific requirements referenced on the purchase order.

Where not specified it is Tiercon's expectation to receive a level 3 PPAP.

Suppliers are required to "control" their sub-contractor's material and PPAP approvals.

PPAP submissions to Tiercon shall include all appropriate sub-contractor warrants, performance testing, dimensional results, material certifications, and APQP required documents.

Any proposed change to part or process after PPAP submission, must be communicated to the Tiercon's Corporate Procurement and the SQE at the impacted Tiercon facility prior to implementing change, written notification is preferred. The supplier is obligated to obtain PPAP approval from Tiercon prior to implementation.

Supplier shall retain PPAP documents for the program life (including service) + one year or based on customer specific requirements.

Supplier PPAP Checklist

IMDS documentation is required in all PPAP submissions to Tiercon.

Unless waived in writing by Tiercon, the supplier shall inspect and test annually a sample of each active product supplied to assure conformance to all Tiercon specified requirements (e.g., dimensional layout for minimum 5 parts or as per CSR (all characteristics on the current print), performance testing, and material). These inspection requirements shall be included in the supplier's production control plan. Annual validation documentation shall be on file at the supplier and available to Tiercon within 24 hours upon request. If a nonconformance is found during the annual validation, the supplier shall notify the Tiercon quality department immediately so that appropriate action can be determined and implemented.

Any cost involved in testing for annual re-validation and re-certification is the responsibility of the Supplier and cannot be charged to Tiercon.

6.3 Early Containment: (Safe launch)

Tiercon requires all Suppliers of production parts to utilize a containment program for all pre-production, ramp-up and for any product manufactures after a shutdown of 5 or more consecutive days and must follow Safe launch guidelines (or equivalent customer standard as applicable) and include it in their control plans.

Containment will be kept in place until Tiercon or the customer's exit criteria is met. This means that the Suppliers process is capable of sustained production meeting all contractual requirements.

suppliers are required to communicate their safe launch plan data regularly to the Tiercon APQP/ quality team. Reports intervals will be set at the start of each program by Tiercon quality team.

Safe launch data/findings need to be collected in the template shown in below link or a form that Tiercon approves to use.

Supplier Safe Launch Plan

Suppliers shipping parts under Safe Launch Plan shall create a separate label, placed on each container, the tag can be also found in the link above.

Note: Exit criteria for the Safe Launch Plan is shipment of zero-defect parts that meet either the defined period or number of pieces. Any defect discovered during the SLP period restarts the event to "0" pieces shipped.

6.4 Process and/or Product Changes:

Unapproved changes are not acceptable including removal of capacity; they put at risk our processes and those of our customers. Any requested changes shall be initiated with a formal change request to Tiercon Quality.

Approval to a request for change must be obtained before implementing the change. A deviation may be obtained from Tiercon engineering in the form of a signed Design or Process Concession.

Required written approvals and PPAP resubmissions are required for:

- Changes to previously approved materials or sub-Supplier's material changes
- Changes or modification of product specifications.
- Changes to process or method of manufacture
- Changes to the inspection process, methods or equipment.
- Change of sub-suppliers.
- Changes to any inputs supplied by your tiers.
- New start-up after a 12-month decommissioning period
- Transfer of manufacturing location
- Rework processes whether in process or offline.

Suppliers must attach a label (to be printed on an 8x11 sheet of paper) and placed on 2 sides of every container/box, to refer to deviation number and deviation expiry date when there is a shipment under approved deviation. This must be done for the period of approved deviation request.

7 MATERIALS MANAGEMENT

7.1Releases / Cums / Material Authorization:

Products may be ordered by issuance of an individual Purchase Order for a specific quantity or through a "Supplier Schedule" Blanket Purchase Order supported by schedule releases.

Suppliers who have been issued a Tiercon supplier schedule purchase order, which is to be supported by releases, will be issued releases on a weekly basis or as needed Releases will be communicated through a variety of options including e-mail or Electronic Data Interchange (EDI). If the release is not received, it is the Supplier's responsibility to notify their designated Tiercon Material Representative.

Deliveries are to be made both in the quantities and at the times specified in Tiercon releases or as authorized in writing by the designated Tiercon Material Representative. All dates specified on the release are arrival dates at our dock. Please refer to *Appendix A* for sample and explanation of Tiercon's supplier release.

Timing is of the essence. Suppliers who are unable to meet all requirements from Tiercon for delivery date, quantity, and quality as requested must notify Tiercon's Materials Representative immediately (no later than 24 hours prior to the designated shipping date). Note that this communication does not alleviate the Supplier of any of the related costs and penalties associated with being past due or shipping defective material.

Excess transportation charges resulting from unauthorized multiple shipments, past due requirements and/or unauthorized truck lines will be debited in full from Supplier's account.

Tiercon's maximum liability or exposure is limited to 6 weeks cumulative of raw material, work-in-process and 2 weeks for finished goods unless otherwise stated on the purchase order. Quantities on the release schedule beyond the cumulative dates above are for planning purposes only. If additional lead time is required, the supplier must obtain written approval from Tiercon Corporate Procurement.

Products shall not be considered received until Tiercon receives all required documentation. Tiercon reserves the right to reject and return such products, as Supplier's sole expense if documentation is not properly executed.

7.2 Delivery Forecasting:

Forecast information is provided as an indication of the requirements of Tiercon but is not considered binding except as provided in paragraph above.

To support changes in production rate, replace failed or damaged product and emergency requirements, Supplier shall establish procedures and maintain adequate product to support Tiercon's production requirements for 100% on-time delivery. As a minimum, such procedures shall be capable of supporting a 15% volume increase in production.

7.3 Packaging Requirement:

Packaging responsibility for quantity and quality to be agreed to at time of sourcing between suppliers and Tiercon.

Packaging will be designed to ensure that the integrity of the product is maintained throughout the supply chain.

If quantities justify it, returnable containers are the preferred packaging method. The containers are to be controlled and returned to the Supplier for reuse. "Returnable" pertains to Supplier owned or Tiercon owned containers such as plastic or metal bins, racks, pallets, trays, separators and/or loose components. All returnable containers and internal dunnage must be pre-approved by Tiercon (Packaging approval form).

Packaging designs shall adhere to the Tiercon applicable packaging standards that are located under the Supplier Information section on our website at www.tiercon.com.

Packaging proposals by Supplier's must be submitted to Tiercon Corporate Procurement for approval and be sign-off by a Tiercon Packaging Engineer prior to implementation.

Packaging Validation and Approval Form

It is the supplier's responsibility to ensure returnable containers are free of debris that would impact the quality of the material being packed and removal of old labels prior to loading with Tiercon parts.

It is the supplier's responsibility to inspect all racks, containers and dunnages and their components prior to loading to ensure that damaged/missing dunnage, cardboard… which could cause damage to parts or injury to handlers/operators is segregated and tagged and removed from the system for subsequent repair or scrap disposition, please notify the appropriate Tiercon Material representative if you find any damaged racks/bins.

7.4 Notification of Shipment:

An Advance Shipping Notification (ASN) via e-mail or electronic, which is preferred, must be sent to the Tiercon materials representative within 29 minutes of shipment leaving the supplier's facility.

In the event of a known shortage or late shipment, the supplier shall immediately contact the Tiercon materials representative to advise of the situation. The supplier shall also indicate the anticipated time of delivery of the expedited material.

Supplier shall immediately notify Tiercon, of any circumstances that it anticipates may cause a delay in delivery, quality or could impact Supplier's performance of its contractual obligations, stating the estimated period of delay, the reasons therefore and what is being done to rectify the situation. If requested by Tiercon, Supplier shall, at Supplier's risk and expense, use additional effort, including premium effort, and ship via air or other expedited routing to avoid or minimize delay to the maximum extent possible.

7.5 Identification Labels:

It is Tiercon's requirement that all inbound shipments shall be labeled in accordance with Tiercon shipment label standard in below link:

Tiercon Shipping label standard

For reference only:

Suppliers must obtain approval to introduce label formats other than Tiercon shipment label standard, prior to implementation.

All containers shall have a Production / Service Bar Code Label, affixed to the upper right-hand corner of at least two sides. If the container is returnable, Supplier shall ensure that old labels are removed and replaced with new ones. Note: Label must be legible, scannable, and unobstructed from banding or other packaging materials.

All products received by Tiercon must contain a manufacturing lot number and/or date that are clearly identified on each label and every container.

"Mixed Load" labels shall be on all mixed pallet loads and clearly identified. In the event of a mixed pallet every effort should be made to ensure that the smaller quantity part is loaded as the top layer of the pallet.

All Suppliers supplying materials to Tiercon, which are considered to be "controlled" under Workplace Hazardous Material Information Systems (W.H.I.M.S.)/ Globally Harmonized System (GHS), must be familiar with and comply with all such regulations, for packaging and shipping.

Safety Data Sheets (S.D.S.) must accompany all initial shipments from Suppliers and marked to the attention of Tiercon Environmental, Health and Safety Representative.

8 LOGISTICS

8.1 Transportation & Freight:

Suppliers must use specified transportation methods as indicated on Tiercon's purchase order. Tiercon's Corporate Procurement must approve any permanent changes to carrier or delivery frequency in writing.

Shipping trucks need to have a standard dock height bed. Unless otherwise agreed with Tiercon Materials representative.

All regular freight payable by Tiercon must be shipped in accordance with Tiercon's purchase order. Non-compliance to these routing instructions will result in a debiting of Supplier back for all applicable shipping charges.

Suppliers are expected to contact their approved carrier, or expedited carrier, to set up all pick-ups, unless otherwise advised.

All expedited ground freight payable by Tiercon must be authorized in writing from Tiercon. All invoices for expedited freight must be accompanied with the written authorization to ensure payment. All excess transportation charges, which have been determined to be Supplier's responsibility, will result in a charge-back.

All pick-ups for dedicated milk runs must adhere to shipping schedules without exception. Any delay in shipping to schedule must be communicated to Tiercon immediately to avoid downtime issues. Excess freight incurred because of a missed or later pick-ups, for which Supplier is responsible, will result in a SCAR and charge-back.

It is critical to Tiercon's operation that shipments leave the Supplier's facility and arrive at Tiercon on time. Failure to deliver shipments as scheduled may result in charges for Tiercon production downtime.

Suppliers are responsible for ensuring all shipments are packaged, palletized, and secured in a manner that prevents movement, collapse, damage, or safety hazards during transportation and unloading. Any product damage or safety risk resulting from improper packaging or loading will be the supplier's responsibility.

If past due or defective material is deemed the fault of the Supplier, the Supplier shall bear the cost of all excess freight charges required to meet Tiercon's requirements. It is Supplier's responsibility to automatically expedite should the Supplier foresee or incur a past due situation or contact the Tiercon Materials Department to develop an acceptable recovery plan. The Supplier shall also be liable for all costs associated with downtime of Tiercon and/or downtime costs billed to Tiercon by its customer.

8.2 Customs:

All material shipping cross border must have "Country of Origin" and "HS Tariff Classification" clearly marked on the commercial invoice.

The Supplier is responsible for accurate completion of customs documents and for filing with Tiercon' s broker when shipment leaves their facility prior to truck arriving at the appropriate international border.

All charges resulting from the export/return of defective products shall be the responsibility of the supplier.

All Suppliers are obligated to annually provide Tiercon with all the appropriate Certificates of Origin to satisfy USMCA and origin requirements along with a Manufacturer's Affidavit. Supplier will be responsible for any costs or penalties relating to Supplier's failing to provide certification or providing fraudulent certification.

It is Tiercon's expectation that all suppliers work towards achieving C-TPAT (Customs Trade Partnership Against Terrorism) and/or PIP (Partners in Protection) certification.

9 OTHER:

9.1 Tooling, Equipment and Gauges:

Suppliers contracted to design and manufacture tooling, equipment and gauges that are funded by Tiercon are required to provide a detailed drawing of proposed tooling, equipment and gauge designs to Tiercon for approval and sign-off prior to commencing work.

Tooling and equipment designs shall adhere to the Tiercon applicable build standards that are located under the Supplier Information section on our website at www.tiercon.com.

Final tooling, equipment and gauge detailed drawings must be supplied to Tiercon in an electronic format such as IGES, Unigraphics, AutoCAD or other agreed upon format.

Suppliers are responsible to calibrate and maintain check fixtures and gauges unless otherwise in writing from Tiercon.

9.2 Labeling of Tools:

All Tooling that has been identified as Tiercon property shall be identified with appropriate tags or labels containing such information as Tiercon may require. Refer to the Tiercon applicable build standards that are located under the Supplier Information section on our website at www.tiercon.com. Suppliers are required to attach these tags or labels to the tools and forward a signed Bailment Bond clearly establishing ownership to Tiercon's Corporate Procurement Department.

Supplier shall identify, verify, protect, and safeguard Tiercon or Tiercon's customers' property provided for use. When the property of Tiercon or Tiercon' s customer is lost, damaged or otherwise found to be unsuitable for use, the supplier shall report this to Tiercon ASAP with a proper report.

9.3 Distributions and Revision Control:

A controlled copy of this manual is maintained on Tiercon's website. This manual will be periodically reviewed.

Revision Date	Revision Level	Prepared By:	Revision/Description
22-Feb-2021	000	Alireza Hezarkhani	Original Issue.
09-Aug-2022	001	Alireza Hezarkhani	Updated to capture scorecard and quality policy
02-Dec-2024	002	Alireza Hezarkhani	Changes highlighted in blue
11-Mar-2025	003	Alireza Hezarkhani	Added numbering and Updated 5.2.7 in blue
26-Nov-25	004	Alireza Hezarkhani	Updated 7.4 (ASN) and3.1 , 3.3 supplier audit criteria and rework rate

03-Mar-26	005	Alireza Hezarkhani	Updated 8.1

Appendix A

Tiercon Corp. Sample Release

SUPPLIER SCHEDULE / MATERIAL RELEASE

1
Supplier: SUPSUP
SUPER SUPPLIER
1234 YONGE STREET

2
Ship-To: 52
TIERCON CORP.
352 ARVIN AVENUE

TORONTO, ON M4W 2X5
CANADA

Attention: ROSE MCGOVERN
Telephone: (416) 555-1234
Fax/Telex: (416) 555-5678

STONEY CREEK, ON L83 2M4
CANADA

Attention:
Telephone: (905) 662-1097
Fax/Telex: (905) 662-1042

Release ID: 20070304-001
Purchase Order: 22222
Item Number: AH1234-000 UM: PC
MASTER CARTON FOR XY
NICE THICK BOX
Supplier Item:
Contact: Rose McGovern

Release Date: 03/05/07
Buyer: JP
In Transit Qty.: 0.0
Receipt Date: 02/27/07 12:29
Receipt Qty: 650.0
Revision:
Cum Received: 27,544.0

Packing Slip/Shipper: 009999

Ship/Divy Pattern: 21

By shipping product against this material release and/or purchase order the supplier ensures that all product is shipped in accordance with our requirements.

Interval	Deliver Date	Deliver Time	Reference	Q	Req Qty	Cum Req Qty	Net Req Qty
	Prior					28,624.0	1,080.0
Daily	03/05/07			F	0.0	28,624.0	0.0
	03/06/07			F	270.0	28,894.0	270.0
	03/07/07			F	0.0	28,894.0	0.0

	03/08/07	F	270.0	29,164.0	270.0
	03/09/07	F	0.0	29,164.0	0.0
Weekly	03/12/07	P	540.0	29,704.0	540.0
	03/19/07	P	585.0	30,289.0	585.0
	03/26/07	P	540.0	30,829.0	540.0
	04/02/07	P	585.0	31,414.0	585.0
	04/09/07	P	585.0	31,999.0	585.0
	04/16/07	P	540.0	32,539.0	540.0
	04/23/07	P	585.0	33,124.0	585.0
	04/30/07	P	540.0	33,664.0	540.0
	05/07/07	P	0.0	33,664.0	0.0
	05/14/07	P	630.0	34,294.0	630.0
	05/21/07	P	540.0	34,834.0	540.0

12

13

Fab Authorization Cum Qty: 31,414.0 Thru: 04/02/07

14

Raw Authorization Cum Qty: 33,664.0 Thru: 05/02/07

Approved By:_____

Explanation of Supplier Releases

On the preceding page is a sample of Tiercon's supplier release.

The below legend will assist you in understanding how to use the releases to better plan for Tiercon's requirement. Not understanding how to read or understand these releases is not considered an acceptable reason for delivery misses or production overruns.

1. **Supplier Name and Number**: This is the name and address of the supplier.

2. **Name and Address of the Ship to Location:** Suppliers ship to different Tiercon locations, this address indicates the destination of the shipment. Packing slips must reflect this information.
3. **Part Information:** The release ID is a system generated number. The Purchase Order indicates the PO that should be referenced on the invoice and packing slip. Also, the supplier is provided a copy of this PO when the component is initially set-up. The Item Number indicates the part number the release refers to. The description is the detailed explanation of the part
4. **Last system receipt made.** This information is used to determine whether the last shipment made has been accounted for in the current release. Often freight will be delivered several days after pick-up. If the receipt is not noted in this section, then the supplier should net off the shipment in transit. If a negative number appears in the qty received, it indicates that a receiving error was made, and the receipt was backed out. The Packing Slip/Shipper refers to the supplier's packing slip.
5. **Ship/Delivery Pattern:** Is a numerical reference to a pick-up pattern (i.e., Tuesdays and Thursdays). The release will automatically adjust deliveries to equal the delivery times. If Tiercon picks up from you on Tuesdays and Thursdays and part is needed on Monday, the demand will be pulled ahead to the prior Thursday. For further information on your Ship Delivery Pattern, please contact Tiercon.
6. **Notes Section:** The comments in this section are both generic and specific. Please ensure that you read your notes, as there may be important comments regarding launch, part status, PPAP approval etc.
7. **Prior:** The prior section indicates the product that is past due or late. Material that is in transit has not yet been received into our system and therefore will be still considered outstanding.
8. **Required Qty:** Tiercon's internal requirements. This is information only for suppliers and does not consider on hand material. Do not use it to plan production and shipments.
9. **Cumulative Required Qty:** The total amount of parts that Tiercon has ordered and will order for 12 weeks on this particular PO. In this example, Tiercon has purchased a total of 27,544 pieces (as seen in section 4) and plans to purchase a total of 34,834 from now until the end of the release on PO 22222 (additional purchases of 7290). This information allows the supplier to understand the requirements and is also used to calculate Tiercon's liability (see number 14). Please note, the cumulative qty is specific to the PO. If the PO is changed, the cumulative count restarts.
10. **Net Required Qty**: This is the column the supplier will read to understand the discrete shipments. In this example, the supplier is 1080 past due, plus has two shipments of 270 pieces each for the current week. The Net Required Qty adds to make up the Cumulative Required Qty as above.
11. **Period**: The frequency of the releases. Suppliers that ship more than once a week will see a Daily section. This helps the supplier to understand the priority of the requirements and to ensure the material is ready on-time.
12. **Period Details**: This section indicates the day, week or month that the material is due. Material must be shipped prior to the end of that period. I.e., 270 pieces must be shipped by the end of 03/08/07 or it will be considered late.
13. **Firm or Planned**: This section does NOT imply Tiercon's liability. Firm (F) requirements mean that the release will not change without manual intervention regardless of the demand fluctuations. Most suppliers have some Firm on the schedule. Planned (P) requirements mean that the release will fluctuate as driven by demand change in the ERP system. Firm Requirements – although easier for both Tiercon and the supplier to monitor fluctuations – do NOT imply Tiercon's liability.
14. **Fab and Raw Cumulative Authorization:** Tiercon recognizes that suppliers require lead-time to order their material. This section indicates exactly the liability that Tiercon will cover. In this particular example, Tiercon's liability is limited to 31,414 cumulative total fabricated parts and 33,124 cumulative total raw material. Therefore, in the event of a program stoppage, the supplier could claim 3870 (31,414 less 27,544) fabricated parts plus 2270 sets of raw components (33,664 less 27544 less 3870). In this example release, fabricated boxes would be considered fabricated parts whereas the raw would likely be specific cardboard ordered for this part number. Tiercon's liability is limited to Tiercon specific material unless previously discussed with Purchasing and/or Materials. It is expected that the supplier does due diligence to utilize stranded material through production or return to sub-suppliers. For further information regarding liability, please contact Tiercon.