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| Revision | Release Date | Description of Changes |
|----------|------------------|---|
| 9.0 | 01-October-2024 | <ul style="list-style-type: none"> Subject Matter Expert, Process Champion updated. Purpose updated (1.0) Responsibility updated (3.0) General Expectations section updated (4.1) Environmental, Social and Governance Responsibility section updated (4.3) Conflict Minerals section updated (4.5) External laboratory requirements section updated (4.7) Web Applications section updated (4.8) Records Retention section updated (4.9) Data protection and Cybersecurity section updated (5.0) References updated (6.0) |
| 10.0 | 12-February-2026 | <ul style="list-style-type: none"> Subject Matter Expert updated Consolidated contents from Global Supplier Standard Manual (GSSM) - Quality, Supply Chain Management and Tooling, Machinery & Equipment Updated Contents List Sections re-ordered, re-numbered Updated verbiage and requirements Added Appendix for DMR and Labeling |

| Prepared | | Approved | Released |
|----------------|-----------------------|--|---|
| Process Leader | Subject Matter Expert | Process Champion | BOS Team |
| Jim Briggs | Larissa Shafarenko | Razzaaq McConner Wayne W. Winter Ricardo Amary |  |

Approval records maintained by BOS Team

1.0 Purpose

This standard communicates Adient's minimum set of requirements to the suppliers.

2.0 Scope

This standard applies to all Adient 3rd party suppliers.

3.0 Responsibility

All suppliers are expected to comply with the requirements and expectations documented in the Adient's Global Supplier Standards Manual (GSSM).

Suppliers are responsible for reviewing **regularly** new and revised Adient Requirements including Customer Requirements **at [Supplier Expectations | Adient](#)** and determining the impact on their Management System and promoting awareness of the **Adient's GSSM** at their locations. **Supplier bulletins will be subsequently published to communicate the updates.**

In case the above website cannot be accessed, it is supplier's responsibility to contact the respective Adient Buyer for a copy.



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4.0 PROCESS

4.1 GENERAL

4.1.1 General Expectations

Adient requires all suppliers to deliver zero-defect materials on time and to continuously improve across all performance areas, such as quality, delivery, service, technology and innovation, competitiveness, and sustainability.

Compliance with Adient's Global Terms and Conditions and Supplier Code of Conduct is mandatory for all suppliers.

Suppliers are expected to be fully aligned with all outlined policies. These can be reviewed by accessing following links:

[Adient Ethics Policy](#)

[Supplier Code of Conduct](#)

[Sustainability | Adient](#)

[Terms and Conditions | Adient](#)

Failure to comply with any Adient requirements **may** impact the supplier's ability to continue business with Adient.

4.1.2 Registration into Adient Supplier Portal

Suppliers are requested to register into Adient Supplier Portal to access Adient applications under:

[Adient OpenText](#)

The supplier's administrator is responsible for assigning access to further users (e.g. Quality, Logistics) to access the Adient supplier collaboration applications, e.g.

- IRIS

- eAPQP

- Global Supplier Scorecard.

4.1.3 Web Applications

4.1.3.1 Adient Data Exchange (AdientDX): **Web-based tool to secure exchange of data with suppliers and OEMS** (AdientDX supports OFTP2 protocol for direct connectivity with OEM systems).

Suppliers can access the AdientDX site **by the following link** <https://cadx.adient.com/#Login> and follow the instructions.

In case of any issues or concerns, **suppliers to contact** CAD-EDI-GLOBAL@adient.com or **the respective Adient** buyer.

4.1.3.2 Taulia: With Taulia, Adient suppliers have 24/7 online access to electronic communications, invoicing, Purchasing Orders (PO) and payment remittance details. Suppliers are able to maintain their company information, contact details and current certificates (i.e. QMS, EMS, HSMS, EnMS) via Taulia. Enrolling is free. **Supplier's information and payment through Taulia is always secure.**

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Further information about Taulia can be obtained on the Adient supplier portal [under Online Resources](#).

Suppliers are expected to review and update their current valid contacts, certifications and payment details at least once per year, to ensure any such changes are submitted to Adient on time.

Note: Invoicing, PO and payment remittance **are** applicable for NA & EU only.

4.1.3.3 Process Unity: Suppliers must submit financial statements or any other financial information through Process Unity when requested, in accordance with **Adient's** Terms & Conditions.

4.1.3.4 Issue Resolution Information System (IRIS)

Issue Resolution Information System (IRIS) is an Adient **tool** for supplier communication **which provides standardized method for managing of** Quality (Supplier Material Rejection Reports/ SMRR) and Supply Chain (Discrepant Material Reports/ DMR) related incidents as well as Supplier Chargebacks (SCBs).

Suppliers are required to register into IRIS through the Adient Supplier Portal to be able to respond to, manage and resolve all SMRRs (Quality claims), DMRs (Delivery claims) and SCBs (Supplier Chargebacks). (see [IRIS registration process](#))

Suppliers are expected to review and update their contact details in IRIS (i.e. Quality and Logistics representatives) at least once per year to ensure proper management of SMRRs, DMRs and SCBs.

4.1.4 Audit Expectations

Adient reserves the right to view and audit any documents, facility, entity, or process used to fulfill Supplier's obligations under a Purchase Order (PO) to determine compliance with requirements of the PO and customer (specific) requirements, including these related to production quality or capacity, by a qualified Adient representative at any time.

4.1.5 Supplier Chargebacks

In accordance with Adient's Terms and Conditions of Purchase, suppliers may be held financially liable for costs, expenses, and other liabilities arising from their supply of parts to Adient.

Suppliers are notified of the costs through chargeback notices (i.e. through the IRIS application) where costs appear in the Chargeback Category Detail and reference the associated Quality or Logistics claims (**Supplier Material Rejection Report/ SMRR or Discrepance Material Report/ DMR**) as applicable. Suppliers can expect Supplier Chargebacks to include supporting documentation such as third-party invoices, downtime records, freight invoices, etc.

Handling costs for SMRRs or DMRs are administrative costs that are applied per regional directive by the affected Adient plant covering data collection and documentation of the respective quality/ logistics incident.

Supplier Chargebacks (SCB) may include, but are not limited to:

- **internal or external containment (e.g. sorting, rework, repair),**
- **operator downtime,**
- **line stoppage at Adient and customer,**
- **assembly scrap,**
- **material handling labor,**
- **additional labor or overtime,**
- **premium freight,**

- customer cross charges,
- warranty returns,
- laboratory/testing,
- SMRR/ DMR handling costs,
- past due PPAP and/or PPAP requirements not fulfilled,
- missing valid Quality Management System certificates.

Suppliers are expected to respond to a SCB within three working days, i.e. in IRIS application. Failure to accept (or reject) a SCB within 30 days will result in automatic debiting of all charges.

In cases where a supplier disagrees with the Supplier Chargeback, a written response to the originator of the SCB is still required by the specified due date or SCB needs to be rejected in the IRIS application. Disputed Chargebacks may be escalated to the responsible Purchasing representative for assistance with final disposition. All Chargebacks should be targeted for closure within 30 days.

4.1.6 Supplier communication of changes

Suppliers must communicate the following changes to their Adient Buyer:

- Changes of legal status,
- Changes in Ownership or Executive Management,
- Suspension or Revocation of Quality Management System (QMS) and Environmental Management System (EMS) certifications,
- Notifications of Third-Party Containment,
- Any potential delivery and/or capacity issues,
- Any Product or Process Changes.

Adient requires advance notification and written approval prior to all product or process changes (incl. production, equipment, or tooling transfers). Failure to do so may result in the supplier being placed on MQR 2 escalation level, New Business Hold Status a formal notification to the IATF16949 or ISO 9001 certification body, and/or potential financial consequences.

Examples of product and process changes that require Adient approval include (but are not limited to):

- Any change that could affect form, fit or function,
- Any product/ product specification change,
- Material changes or substitutions,
- Supplier manufacturing process change (temporary or permanent),
- Change in manufacturing or shipping location,
- Change in sub-supplier (e.g. company, location),
- Modified equipment/ tooling (altering design intent of the equipment and/or tooling),
- New or refurbished equipment / tooling,
- Any changes in the Control Plan (i.e., changes of test/ inspection method, frequency),
- Revisions to the line layout or workstation etc.

For further details and examples regarding product and/or process changes requiring customer (i.e. Adient) approval refer to the latest editions of AIAG PPAP / VDA Volume 2 Trigger Matrix.

All suppliers are expected to follow the process for obtaining approval for the requested product and/or process changes as outlined:

1. Supplier to submit a completed Supplier Change Request (SCR) form to the Adient Buyer at least 180 days prior to planned changes and as soon as possible for emergency changes.

In case of any tool move and/or production relocation, a bank build plan must be included to ensure Adient's production and service requirements are not affected.
Any shared tools must be identified and highlighted in the tool move plan.

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2. Adient Representatives evaluate the SCR for completeness and acceptability; considerations for approval **may** include **but are not limited to** customer notification / approval, customer (specific) requirements, safety characteristics, validation, capability studies, timing, risk.
3. Supplier receives an official Adient response (**SCR approval/ rejection**) with further instructions **by Adient Buyer**.
4. **Supplier proceeds with the approved change acc. to the agreed plan and requirements.**
In case of rejection, supplier is expected to stop proceeding with change and cancel the request.
5. Supplier part submission package **acc. to AIAG PPAP/ VDA 2** is to be submitted by the supplier to the Adient Quality Manager / Quality Engineer **in the respective Adient plant.**
Any material changes or substitutions must have completed validation and IMDS submission.
6. Supplier part submission is approved by Adient **Plant** Quality Manager / Quality Engineer.
7. The SCR **implementation** is **confirmed** by the Adient Quality Manager/ **Lead after successfully completed SCR actions by Supplier.**
Supplier is authorized for serial shipment only after SCR completion is confirmed.
8. The first shipment after approval must be identified to reference the SCR (contact the Adient **Plant** Quality contact for the exact appropriate identification method). The new supplied components with a SCR are subject to incoming inspection at the Adient Quality Manager's/ Quality Engineer's discretion.

Any costs related to supplier-initiated changes will be at the expense of the supplier.

Note: If the supplier has to deliver changed parts before the Supplier part submission is approved, there is an extraordinary approval (Deviation Authorization) required. The affected delivery requires appropriate identification, and it is a subject to additional Quality inspections.

For requesting a change or a Deviation Authorization, suppliers are required to use the Supplier Change Request (**SCR**) form or Supplier Deviation Authorization (**DA**) Request form located on the Adient Supplier Portal website, under Supplier Expectations, in the Quality section of Adient-Specific Forms and Documents.

4.1.7 Supplier performance rating (Global Supplier Scorecard)

To meet the ISO 9001 and IATF 16949 requirements of measuring the supplier performance, Adient Global Supplier Scorecard (GSS 2.0) provides assessment on various aspects of supplier Quality, Delivery, Launch, ESG and as well Business performance. It provides records monthly and on a 6-months rolling basis, which convert data in a supplier status - Red/ Yellow/ Green.

The supplier performance rating provides

- Objective data for use in Supplier management and decision for supplier sourcing,
- Opportunity for continuous improvement.

The supplier performance rating is available after **7th** of the following month **in the Supplier Scorecard section of the Adient Supplier portal for download** or upon request to the Adient Buyer, or Supplier Development/ Supply Chain Manager, or Plant Quality/Logistics contact.

4.1.8 Identification and Traceability

All parts and components delivered to Adient must maintain at the minimum lot control and traceability across all stages of production. Suppliers are responsible for implementing any additional traceability requirements specified by Adient.

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Suppliers shall ensure that the actual configuration of materials or parts aligns with approved engineering documents, including any changes, to guarantee that the end product meets all contracted functional and physical requirements. Furthermore, suppliers must maintain a robust system capable of providing, upon request, lot or part traceability back to the raw material stock for all materials shipped to Adient. This requirement shall also apply to any sub-suppliers.

Traceability documentation must comply with the standards outlined in IATF 16949, Section 8.5.2.

4.1.9 Records Retention

All suppliers must implement a records retention policy for all records and documentation in relation to business conducted with Adient.

Suppliers are expected to maintain audit results, performance metrics, and all relevant records (incl. financial documentation), in full compliance with laws and regulations. These records must be made available to Adient upon request, as appropriate.

This ensures transparency, supports regulatory compliance, and enables effective supplier performance monitoring.

Production part approvals, tooling records (including maintenance and ownership), product and process design records, purchase orders (if applicable), or contracts and amendments shall be retained for the length of time that the product is active for production and service requirements, plus one calendar year, unless otherwise required by applicable law or regulatory agency, or as otherwise specified by Adient.

Note: Production part approval documented information may include approved product, applicable test equipment, or approved test data.

4.1.10. Data Protection and Cybersecurity

4.1.10.1 Personal Data: “Personal Data” refers to Adient data regulated by applicable laws or regulations as personal data/personally identifiable information. However, Personal Data does not include anonymized/ de-identified information of Adient used in aggregate for data analytics or other lawful business purposes.

4.1.10.2 Data Processing: If Suppliers hold, retain, store, transmit, use and/or otherwise process Personal Data in connection with providing services to Adient, they must:

- Comply with applicable laws and regulations relating to data privacy (including but not limited to the Personal Information Protection and Electronic Documents Act (“PIPEDA”), the California Consumer Protection Act of 2018, the General Data Protection Regulation (Regulation (EU) 2016/679) (“GDPR”) and any applicable national implementing laws)
- Adhere to data protection terms and conditions approved by Adient, which include restricting access to Personal Data, applying appropriate security measures to protect Personal Data, not disclosing Personal Data to third parties without Adient’s prior authorization.

4.1.10.3 Data Security: All Suppliers shall maintain appropriate logical, physical, technical and organizational security measures to prevent loss, destruction, or unauthorized access to any data. These measures must comply with all applicable laws, regulations, or industry requirements applicable to such data, including, without limitation, laws and regulations relating to data privacy and cybersecurity.

Suppliers shall utilize reasonable and appropriate practices and technologies common in their respective industries, including, but not limited to:

- Encryption,

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- Firewall protection,
- Intrusion detection and prevention tools,
- Network management applications.

Additionally, Suppliers shall maintain a written, comprehensive information security plan. This plan must specify adequate and appropriate technological, physical and organizational security measures and standards for

- Cybersecurity,
- Configuration and anti-virus protection.

This applies to the Supplier’s facilities, computer systems, employees, representatives and contractors, third parties under its control.

Suppliers shall regularly test or monitor the effectiveness of such security measures to ensure protection against cyber risks and threats.

4.1.10.4 Data Security Incidents

4.1.10.4.1 “Security Incident” refers to the unauthorized access or acquisition of Personal Data, compromising its security, confidentiality, or integrity as defined by applicable breach notification laws or regulations.

4.1.10.4.2 Supplier Responsibilities

If a Supplier becomes aware of a Security Incident involving Personal Data in its possession or control, it shall immediately:

- Notify Adient of the Security Incident unless expressly prohibited by law, court order, and/or law enforcement officials;
- Provide a description of the incident and identify the types of Personal Data involved in the Security Incident, to the best of its knowledge at the time;
- Take all necessary steps to remedy the circumstances that allowed Security Incident to occur;
- Take all measures required by applicable law, regulation, or customer to minimize or mitigate the risk of harmful effects resulting from the Security Incident.

4.2. QUALITY

All Adient suppliers are required to establish and maintain comprehensive documentation and implement effective production, quality, and management systems that meet, at a minimum, Adient specified requirements, applicable OEM customer requirements, and industry standards and regulations.

Adient expects all suppliers to implement the necessary measures to support a zero-defect quality approach in all deliveries.

4.2.1 Certification Requirements

Adient requires all Direct Material suppliers to become certified from an IATF-recognized certification body to the current version of IATF 16949.

Suppliers that have not achieved certification to IATF 16949 must have as a minimum an initial acceptable level of Quality Management System (QMS) development by being certified to ISO 9001. Adient expects its production suppliers to cascade that requirement throughout the supply chain.

Registration to ISO 9001 may be acceptable as an interim step to achieve IATF 16949 certification, the following sequence shall be applied:

- a) certification to ISO 9001 through third-party audits; unless otherwise specified by the customer, suppliers to the organization shall demonstrate conformity to ISO 9001 by maintaining a third-party

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certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021.

b) certification to IATF 16949 through third-party audits (valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body).

All Indirect suppliers, who affect customer requirements, such as (but not limited to) sorting, re-work, sub-assembling, containment activities, **calibration services, logistics services and** transport are required to be ISO 9001 certified at the minimum.

All external/ commercial/ independent (laboratory) facilities used for inspection, test or calibration must be accredited to ISO/IEC 17025 or its national equivalent (e.g. CNAS-CL01 in China) by an accreditation body (Signatory) of the ILAC MRA (International Laboratory Accreditation Forum Mutual Recognition Arrangement www.ilac.org) and include the relevant inspection, test, or calibration service in the scope of the accreditation (certificate). The test or calibration certificate must include the mark of a national accreditation body or there must be evidence that the laboratory is approved by the customer (e.g. customer assessment or customer approved second-party assessment). Services not accredited to ISO/IEC 17025 / where non-accredited laboratory is utilized (e.g., but not limited to: specialist or integrated equipment, parameters with no international traceable standard reference, or original equipment manufacturers), a special Adient approval is required to be ensured that there is evidence that the laboratory has been evaluated and meets the requirements of IATF 16949 section 7.1.5.3.1.

- For IMTE used in A2LA accredited facilities, the calibration facility must be accredited by a mutually recognized accrediting body (i.e. A2LA, NVLAP, IAS, or ACLASS).
- The facility must notify Adient, if being asked to calibrate an IMTE that they are not accredited to perform.
 - A facility cannot sub-contract or broker calibration without Adient permission.
 - Tolerance Uncertainty Ratios (TUR) shall meet or exceed 4:1 or be noted on the report.

Suppliers are **responsible** to maintain through the **Supplier Self-Service portal Taulia (Taulia portal)** latest valid copies of all their **management system** certifications (e.g. **ISO 9001, IATF 16949, ISO 14001, ISO 45001, ISO 50001, ISO/IEC 17025** as applicable) for each production and/or remote location related to parts produced and delivered to Adient.

Updates to certificates or any changes to the certification status must be communicated to Adient within 10 working days.

Any deviation to this must be approved in writing by Adient Purchasing and Supplier Development.

Failure to submit **valid QMS** certificate or a valid timeline for achieving a **QMS** certification will have a negative impact on the supplier's scorecard, may lead to additional administrative charges, and may potentially include Level 2 containment to secure the quality of ongoing deliveries, which may also jeopardize future business.

Supplier certification suspension may lead to MQR 3 **escalation level** and New Business Hold.

Adient reserves the right to verify the supplier's manufacturing location for site compliance to Adient expectations and requirements laid out in this document, and customer (specific) requirements, by performing an audit by a qualified Adient representative at any time.

If a specific manufacturing or supporting process is applied (e.g. heat treatment, welding, plating, coating, injection molding, etc.), the supplier has to meet the requirements of the corresponding AIAG CQI Standard with the latest published revision. The respective CQI assessment is to be provided to Adient upon request.

Significant nonconformance(s) relative to Adient expectations shall result in a supplier not being considered for Adient Business.

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4.2.2 Program Management and Launch Requirements

To ensure successful program execution, suppliers are expected to comply with the following requirements and processes:

- Compliance with Program-Specific Requirements: Suppliers must adhere to all program-specific requirements as outlined in the applicable Supplier Statement of Work (SSOW).
- Launch Support and SDT Engagement: Suppliers are required to actively participate in Simultaneous Development Team (SDT) activities both at Adient and at their own facilities. These activities include, but are not limited to:
 - Supplier Kick-off Meetings
 - Design Reviews
 - Advanced Quality Planning (AQP) activities
 - Build Events at Adient technical centers and production plants
 - Supplier Build Events
 - Supplier Readiness Reviews
 - Supplier Process Sign-Off Reviews.
- Design and Development Planning: Suppliers are required to implement a design and development planning process in accordance with IATF 16949 standards.
- Engineering Support: Depending on the program needs, suppliers may be required to provide engineering support for:
 - Product feasibility
 - Product design
 - Tooling design and approval.

Suppliers are expected to participate in design reviews and collaborate with Adient to develop cost-effective solutions for tooling and product development.

4.2.2.1 Advanced Product Quality Planning (APQP)

To ensure robust product launches and consistent quality, Adient has developed a common global Product Launch System (PLUS) which provides a consistent APQP process. Suppliers are expected to comply with the following:

- All parts require APQP tracking unless otherwise notified in writing by the assigned Adient Advanced Quality Engineer.
- Program kick-off meetings are conducted to communicate launch requirements.
- The Supplier Advanced Quality Engineer and Operations Program Buyer serve as the main APQP contacts throughout the launch.

Suppliers may also be required to meet unique customer specific requirements (CSR) and/or provide related documents. Specific Requirements must be agreed in the statement of work.

During pre-production build phases, suppliers are expected to align with Adient, promptly prior to implementation of any product and process changes and properly document these changes (e.g. part history) in accordance with the APQP process.

All pre-production parts must be clearly marked or labeled as pre-production or sample parts and must include the Adient part number and the revision level as indicated on the CAD model and/or drawing. Parts shipped without proper identification may be returned at the supplier's expense.

It is expected that suppliers are conducting the APQP process with their sub-tier supply base. Adient reserves the right to request verification of sub-tier APQP compliance at any time.

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Note: Adient expects that suppliers are applying the latest revision of FMEA handbook (harmonized version aligned by AIAG and VDA) and **Control Plan manual published by the AIAG**.

4.2.2.1.1 Supplier Process Sign-Off (SPSO)

The Supplier Process Sign-Off (SPSO) is an Adient specific audit prior to launch to verify

- If Advanced Quality Planning has been executed
- All facilities, tools, gauges, and workforce are installed and operational
- Production can run under serial conditions to meet quality and quantity expectations for products over lifetime.

An SPSO is required for:

- All new or modified parts,
- Parts or equipment that have been out of production for more than 12 months
- Parts with historically high warranty claims or quality issues.

Any product or process change during the lifecycle of a part or system is a subject to Adient review to determine whether a new SPSO is required.

Detailed SPSO timing and requirements will be provided in the Supplier Statement of Work (SSOW) and/or by the Adient Supplier Advanced Quality Engineer.

All SPSOs must be completed prior to supplying parts for saleable vehicles.

Customer specific formats may also be used to assess line speed / capacity verification, such as VDA 6.3, 2 Days Production, Run@Rate, etc.).

Suppliers shall ensure that their sub-suppliers are capable to meet all quality and quantity/delivery requirements at production rate. All sub-suppliers' control plans shall be audited to ensure compliance.

4.2.2.2 Proactive Containment (Safe Launch) Requirements

To ensure a robust start to serial production and prevent the delivery of non-conforming parts, suppliers are required to implement proactive containment measures, also referred to as Safe Launch, during the launch phase.

The Safe Launch Control Plan must include additional inspections, validations, and containment activities beyond standard production controls for all components and assemblies. These measures must be documented and traceable, with clear accountability for execution. The duration and scope of Safe Launch must be defined in alignment with Adient and may vary based on part complexity, criticality, or historical performance.

Each shipment during the Safe Launch period must be verified to ensure compliance with containment measures.

Exit criteria must be reviewed and approved by Adient before Safe Launch activities can be discontinued.

4.2.2.3 Supplier Part Submission (PPAP/VDA2)

4.2.2.3.1 Supplier Part Submission Process

Adient requires all suppliers to provide Supplier Part Submission by the guidelines of AIAG Production Part and Approval Process (PPAP) according to the latest revision



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level, unless otherwise specified by the program, customer (specific) requirements, or the receiving Adient plant.

Adient suppliers are required to provide part submission packages (PPAP) for new parts, corrections to previous submissions, engineering changes and/or other planned changes to design, material, process or facility. Submission and subsequent customer approval are mandatory prior to first saleable production shipment.

The submission may be required through the eAPQP web application, as determined by the Adient program team. This applies in general for the annual layout inspection (requalification), if required by the receiving Adient plant.

The supplier has to submit the part submission package according to the rules of AIAG PPAP to the designated Adient Supplier Advanced Quality Engineer prior to SOP and to the Quality Engineer in the receiving Adient plant after SOP.

Failure to submit PPAP on time, as agreed with Adient program team, may result in charges to supplier.

Unless otherwise directed by Adient, the AIAG Production Part Approval Process (PPAP) Level 3 submission is required for all parts. All parts used for the Process Sign-Off (PSO) build or for the production of saleable vehicles must be submitted for customer approval.

The Adient representative may choose to validate the submission package content at the supplier's facility. At Adient discretion, a submittal review may also be conducted at a supplier's sub-sources.

Any content of the PPAP must meet the applicable customer specific requirements of the affected OEM. In addition to the mentioned content, tool data sheets and pictures of the tools are required.

For parts with flammability test requirements: Part numbers defined on the drawings (or other official engineering document) must be tested as a composite for flammability, not as individual components. The specimens for flammability tests must be prepared according to Customer Specific Requirements and/or as defined by Adient Engineering.

4.2.2.3.2 Annual Requalification Requirements

Adient suppliers shall complete annual revalidation for all product approval requirements in order to demonstrate continued adherence to proper engineering levels and performance to design intent. Revalidation may or may not coincide with model year changes.

As a part of Annual Requalification Requirements, all suppliers are required proactively to submit annually a Level 4 PPAP with the minimum following elements at no cost to Adient unless otherwise requested:

- 1 – Design Records (i.e. ballooned latest released part drawing)
- 2 – Engineering Change Documents, if any
- 7 – Control Plan
- 9 – Dimensional Results (minimum 5 samples of each part number and cavity)
- 10 – Material, Performance Test Results
- 11 – Process studies P_{pk} and C_{pk}
- 17 – Records of Compliance with Customer-specific Requirements (incl. SSOW)
- 18 – Part submission Warrant (PSW completely filled including capacity and IMDS information as applicable).

If a different required revalidation frequency is specified and agreed in the Adient Supplier Statement of Work (SSOW) documents, all requalification requirements described in this section shall be carried out in accordance with agreed from SSOW.

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Full Requalification documentation (i.e. all PPAP elements according to the scope of initial PPAP) shall be available at the supplier's facility, ready to be submitted to Adient within 10 working days upon request at no cost. Only data less than one year old from request date are acceptable for annual revalidation purposes.

Note: If initial submission to Adient has followed VDA 2 requirements, then the annual validation shall be submitted in the VDA 2 format unless otherwise agreed, at no cost to Adient.

For parts with flammability test requirements: The supplier must include all requirements defined by the Adient Product Engineer and Customer Specific Requirements for annual requalification at no cost to Adient. Tests and reporting must be done exactly as conducted during the initial approval phase.

Failure to submit the annual Requalification documentation can result in incurring charges to the supplier, escalation, and potential impact on the supplier scorecard.

4.2.2.3.3 Quality Document Retention

Adient suppliers shall maintain quality records such that they remain retrievable and legible upon request by Adient and subsidiaries. Adient requires record retention duration for current year plus 30 years, if not otherwise specified by the customer. Records related to non-conforming products for trend analysis and problem identification shall also be maintained. This requirement also applies to any supplier's sub-supplier. Additional record retention requirements can be referenced per AIAG or ISO 9001 and/or IATF 16949 (latest editions).

4.2.2.3.4 OEM & AIAG Supplemental Requirements

In addition to Adient expectations laid out in this document and/or AIAG/VDA requirements, suppliers must also meet all applicable OEM Customer Specific Requirements (CSR) and must be able to show records of compliance. Further details can be found on the applicable OEM website(s) as well as on the IATF website.

4.2.3 Measurement System Analysis (MSA)

4.2.3.1 Measurement System Analysis Expectations: It is expected that all Adient suppliers adhere to the methodology described within the AIAG MSA manual and applicable Customer Specific Requirements. Data and gage performance evaluation are to be gathered and analyzed in accordance with the guidelines noted. Documentation as evidence of these evaluations shall be readily available for review and submitted to Adient with the PPAP package and upon request.

4.2.3.2 Gage Certification and Calibration: All specific gages or checking fixtures used for Adient product quality shall be dimensionally certified as part of initial PPAP, and evidence of compliance to drawing included within the PPAP package. Gages / checking fixtures shall have MSA / gage R&R completed.

All gages or measuring instruments used for controlling Adient products should be calibrated annually unless frequency differs based on manufacturer's recommendations or customer requirements.

4.2.4 Statistical Process Control (SPC)

Special characteristics are design features or manufacturing process parameters which can affect safety or compliance with regulations, fit, function, performance or subsequent processing of product. Special characteristics drive increased attention to product or process attributes, which are then subject to controls to address the root cause of potential failure using the AIAG/ VDA FMEA.

Critical Characteristics (CC / ▽)

Critical Characteristics shall be clearly defined on the design record, associated with specification which has been determined according to FMEA for Severity 9 or 10 and could impact, contribute, or cause any of the following:

- Potential non-compliance to regulatory requirements.
- Potential non-compliance to customer requirements specified as regulatory or safety related.
- Potential non-compliance to due care product safety requirements; or
- Potential injury caused by product or design during or post assembly process.

Significant Characteristics (SC / ◊)

Significant Characteristics shall be clearly defined on the design record, associated with a specification which has been determined according to FMEA for Severity 8 and could significantly affect functions and requirements of a product such as its fit, function, mounting, or the ability to process or build the product.

Inspection Characteristics (IC / □)

Inspection Characteristics shall be clearly defined on the design record. These are optional characteristics determined for Severity ≤ 7 according to FMEA.

All characteristic symbols can be also designated with letters A (attribute), V (variable), or C (conform). Following table provides meaning of different Adient Special Characteristic symbols:

| Special Characteristics Symbols and Acronyms | |
|--|--|
| ▽ CC | Designates critical characteristic(Safety/Regulatory) requiring process performing studies and ongoing monitoring per the control plan |
| ▽ A CC | Designates critical characteristic(Safety/Regulatory) requiring process performing studies and ongoing monitoring per the control plan using attribute-gauging methods |
| ▽ V CC | Designates critical characteristic(Safety/Regulatory) requiring process performing studies and ongoing monitoring per the control plan using variable measurements or gauging method |
| ▽ C CC | Designates an critical characteristic(Safety/Regulatory) requiring ongoing monitoring per the Control Plan |
| ◊ SC | Designates significant characteristic requiring process performing studies and ongoing monitoring per the control plan |
| ◊ A SC | Designates significant characteristic requiring process performing studies and ongoing monitoring per the control plan using attribute-gauging methods |
| ◊ V SC | Designates significant characteristic requiring process performing studies and ongoing monitoring per the control plan using variable measurements or gauging method |
| ◊ C SC | Designates an significant characteristic requiring ongoing monitoring per the Control Plan |
| □ IC | Designates an inspection characteristic requiring ongoing monitoring per the Control Plan |
| □ A IC | Designates an inspection characteristic requiring ongoing monitoring per the Control Plan using attribute-gauging methods |
| □ V IC | Designates an inspection characteristic requiring ongoing monitoring per the Control Plan using variable measurements or gauging method |
| □ C IC | Designates an inspection characteristic requiring ongoing monitoring per the Control Plan |

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Supplier shall ensure compliance with customer-specified definitions and symbols of special characteristics as defined in a symbol conversion table. The symbol conversion table shall be submitted to Adient upon request.

4.2.4.1 Statistical Process Control Expectations: Adient suppliers are expected to establish the appropriate Statistical Process Controls for the Critical and Significant Characteristics noted on the design record and/or selected during the Suppliers' APQP process (refer to AIAG's Statistical Process Control manual).

SPC studies are performed on CCs and SCs for the following events, but not limited to:

- Before a part goes into production (process potential study – as part of the PPAP and SPSO)
- When an engineering change is made that affects a CC/SC
- When a major tool maintenance / repair occurs that potentially affects a CC/SC
- When a major supplier process change occurs that potentially affects a CC/SC.

The supplier's Control Plan, which has been agreed with Adient, shall be used to define the method and means of control of SCs or CCs during production. Where possible, SCs/CCs should be poke yoked. All poke yokes shall be verified prior to start of production.

If process Poka Yoke or 100% automated error detection per agreed Control Plan requirements **are** implemented for special characteristic, no initial (short-term) and no ongoing (long-term) process monitoring (capability studies) is required. Otherwise, initial and ongoing process performance must meet following minimum acceptance criteria unless alternate customer requirements are applicable and accepted by Adient.

CC / SC Initial Process Control with Variable Data

Unless otherwise specified by the customer, acceptance criteria for the initial (short-term) process capability study of CC and SC characteristics are $Ppk \geq 1,67$. Summarized production process performance data shall be maintained by the supplier and made available to Adient upon request.

CC / SC Ongoing Process Control with Variable Data

CC and SC characteristics require continual SPC during the lifetime of the production. Unless otherwise specified by the customer, ongoing (long-term) capability must achieve $Cpk \geq 1,33$. When the process has demonstrated acceptable capability with these targets, the frequency and quantity of sampling should be reflected **in** the Control Plan (with review and approval from the appropriate Adient quality representative).

CC / SC Initial and Ongoing Process Control with Go / No Go Attribute Data

Examples: GD&T feature controls (true position/ profile, etc.), foam template checks, filler gauges, max/min limits check etc.

Attribute data is acceptable for part submission. Customer approval, as required, should be obtained at Quote Phase.

Required Sample Sizes and Reliability/ Confidence (R/C) Levels (Attribute data):

- Attribute acceptance criteria for any option from R/C table is zero defects:

| | | Min. Reliability | | |
|------------|-----|------------------|-----|-----|
| | | 99% | 95% | 90% |
| Confidence | 99% | 460 | NA | NA |
| | 95% | 300 | 60 | NA |
| | 90% | 230 | 45 | 25 |

If no customer requirement the Adient minimum requirement for all CC and SC is:
Zero defects out of 300 samples (= 99% Reliability / 95% Confidence)

CC / SC Initial and Ongoing Process Control with Conform

VOC Examples: flammability, testing performance criteria, governmental requirements (IMDS,), material type, etc. Possibly for manufacturing process: wiring harness routing, snap attachments, etc.

Compliance confirmation to regulatory or customer requirements without R/C, PpK or CpK.

IC Initial and Ongoing Process Controls with Variable / Attribute Data

IC characteristics must have representative, regular measurement controls for attributive (Go/No Go) or variable data (e.g. adjustment efforts) that prove a manufactured product is within tolerance.

Attribute acceptance criteria shall be aligned with customer or SDT according to R/C table.

IC does not require initial performance studies, unless otherwise requested by the customer. If requested, Go/No Go Attribute data capability, consistent with methods in CC / SC Initial Submission with Go/No Go Attribute Data section is recommended.

4.2.5 Product Safety

It is the responsibility of each supplier to implement a process to mitigate risk. The risk-mitigation process **shall** include identification and control of critical product and process characteristics.

4.2.5.1 Potential Product Safety Concern (PPSC): Any Issue which may affect the safety of the product or fail to meet it's expected performance regarding to Critical and Significant characteristics or further product and process characteristics which are not recorded as Critical or Significant but may impact the product's ability to meet safety or regulatory requirements defined by the OEM customer, government, or Adient can be classified as a PPSC.

One PPSC is too many. A PPSC is considered the highest-level issue within the Adient organization because of the safety and liability implications that could occur as a result of the nonconformance(s). Supplier containment and immediate involvement in the PPSC process is expected upon notification of the non-conformance issue with target completion timing of less than 30 days. If determined to be a supplier issue, all costs associated with containment and closure of the PPSC are the responsibility of the supplier.

4.2.5.2 Safety Critical Product / Process Requirements: As part of the Adient Best Business Practice philosophy, suppliers are expected to meet certain minimum criteria for manufacturing safety critical components. This is achieved by meeting all AIAG industry standard audit requirements and by working with Adient to achieve a target of 100% compliance to **the** Best Business Practice (BBP) audits/ **Technical assessments (TA)**.

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4.2.5.3 Product Safety and Conformity Representative (PSCR)

When required each supplier production location must identify a Product Safety and Conformity Representative (PSCR). Suppliers providing products for Volkswagen Group or BMW Group related sites must have a PSCR identified. The name and contact information for the PSCR is to be provided to the appropriate Adient Buyer and/or Supplier Quality contact.

If a PSCR is required, they must have training acc. to the VDA guidelines and that shall be provided for Adient verification upon request.

If a PSCR is required, it is the responsibility of the supplier to maintain the PSCR contacts for all their sub-suppliers.

4.2.6 Supplier Read Across

When a Supplier Read Across is initiated, suppliers must take immediate action to assess the provided request and respond, especially if the issue may result in:

- PPSC (Potential Product Safety Concern)
- Customer line disruption
- Yard hold
- Field action
- Operational improvement
- Product improvement.

Upon receiving Read Across notification, suppliers are required to:

- Determine applicability of the issue to their site(s)
- Provide all required details, including interim and/or permanent corrective actions and implementation timing for each affected location.

Adient reserves the right to verify the effectiveness of implemented actions at any time, based on the evidence provided by the supplier.

4.2.7 Quality Deliverables

4.2.7.1 One of the measurements of supplier quality performance is defective Parts Per Million (PPM).

The expectation for supplier performance is zero defects.

The following are PPM assignable:

- Production parts which do not meet drawing specifications or dimensional, functional, or appearance standards as called-out in the specifications or from an approved boundary sample (boundary sample must be approved by authorized Engineering and Quality representatives from both organizations and/or OEM-Customer).
- Out-of-spec parts that require rework / repair for use in production.
- Production parts damaged from inadequate packaging or transportation for which the supplier is responsible.
- Any defects outside of the boundaries defined by a Deviation Authorization (DA) (in cases where the supplier may be shipping prior to PPAP with an approved Customer DA).
- Out-of-spec parts shipped prior to PPAP approval without an approved customer DA.
- Shipments that are received with mixed parts or parts that are the wrong revision Level after the clean point has been established; PPM is assigned for the quantity of incorrect parts only.

The following are NOT PPM assignable:

- Parts that meet all drawing specifications and/or boundary sample requirements but are not useable.
- Parts that meet all specifications and/or standards but have been rejected by an Adient customer.

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- Parts that are pre-SOP and have not been released and approved for production (e.g. launch parts, sample / trial parts, DOE parts, etc.).
- Parts initially rejected as part of a batch reject which after 100% control are deemed OK – PPM number is adjusted to reflect the true quantity of NOK parts after sorting (can be done at Adient location, supplier or third party approved company).
- Parts outside of the production system which are addressed through prototype quality measures.
- Production parts which do not meet specifications and/or standards but have approved deviations by Adient and/or final customer.
- The portion of line accumulations / collective scrap which is determined to be damaged outside supplier's control.

In any of the above situations where a PPM is assignable, any or all of the following may occur:

- Supplier cost recovery chargeback (SCB)
- Issuing an SMRR with sufficient corrective actions requested
- MQR 1 or 2 **escalation**
- Level 1 or 2 Containment initiated.

4.2.8 Claims, Issues, Incidents

In the event of a quality issue that prevents the supplier from meeting product specifications, the supplier must:

- **Proactively notify** the respective Adient receiving plant, and
- **Obtain written approval** (Deviation Authorization) prior to making any delivery of nonconforming or suspect material.

This requirement ensures product integrity, protects downstream operations, and reinforces Adient's commitment to customer satisfaction and continuous improvement.

4.2.8.1 Supplier Material Rejection Report (SMRR)

Suppliers are notified of non-conforming material through a documented rejection notice, called a Supplier Material Rejection Report (SMRR), **generated from Adient electronic system IRIS**. Non-conforming material is defined as suspect or rejected product that is deemed defective according to the drawing or established quality standards (i.e. customer specifications, inspection requirements, test results, etc.)

Non-conforming material may be identified **e.g.** during incoming inspection, assembly, processing, final product audit, reliability testing, or through OEM notification. Once identified, the responsible Adient Quality contact shall communicate the nature of the issue to the supplier, request root cause investigation and corrective action(s) and monitor until all actions have fully addressed the concern and the issue can be closed.

The SMRR Notification serves the following functions, i.e.:

- Accounting Debit Memo for Supplier's Material
- Packing Slip for Returning Material
- Quality Record for PPM Application and Scorecard
- Supplier Response Request (3D/5D/8D)
- Containment needs
- Issue Communication to Adient Purchasing / Supplier Quality teams
- Materials Management Record for Adjustment of Supplier's Cumulative Shipment History

4.2.8.2 Supplier Material Rejection Report (SMRR) Expectations: As requested by the Adient Quality contact, suppliers must respond with a written interim containment implementation plan within 24

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hours (1 day) of the SMRR origination. Unless otherwise directed by the Adient Quality contact, the supplier is expected to respond using Adient standard 8D Problem Analysis Report in IRIS application. The link to the required 8D form is automatically provided as part of IRIS **electronic** claim notification(s).

The supplier is expected to communicate written problem-solving results utilizing the 8D approach as following:

- 3D – within 24 hours (1 day) after receiving the SMRR (identification of the team, problem definition, implementation of robust containment activities)
- 5D – within 7 days after receiving the SMRR (analysis of causes and the lack of capability to detect the defect, identification of root cause, determination of corrective actions)
- 8D – within 30 days after receiving the SMRR (implementation of planned actions and validation of their effectiveness incl. preventive measures to avoid a return of the problem).

Customer OEM specific target dates for 8D steps completion will overrule in case they are stricter, and the supplier is expected to meet them as applicable.

If unable to resolve the quality issue within the required period, the supplier is expected to provide a weekly updated 8D to Adient until problem resolution is achieved.

4.2.8.3 Supplier Chargeback: Supplier Chargebacks (SCB) are used to capture costs that are incurred because of non-conforming material and non-compliance to relevant standards. Suppliers are notified of the costs through chargeback notices (**i.e. through the IRIS application**) where costs appear in the Chargeback Category Detail and reference the associated SMRR as applicable.

Further details as per 4.1.5 Supplier Chargebacks (SCB).

4.2.8.4 Sorting Expectations: Parts may be sorted at the appropriate location (supplier(s) or Adient or customer site). Parts received at an Adient location or other Adient ship-to-point that are rejected by the sorting activity, stay on the supplier’s PPM record. PPM shall be adjusted after the sort is complete, unless sampling has predicted a percent nonconforming within the isolated lot and the authorized Quality representative at the receiving Adient facility agrees to use this method for capturing PPM.

If suspect parts are removed from an Adient location and sorted off-site (at the supplier’s or a third-party facility), the supplier must report actual reject totals daily (identified during the sort) to the affected Adient facility. If reject data is not provided daily, the entire quantity of parts transferred off-site may be subject to PPM assignment.

If the supplier identifies, communicates, and takes appropriate action to contain and correct a potential problem before the problem is identified or before the parts are used at an Adient plant, then the parts shall not be counted against PPM. If the problem is identified or used at Adient prior to contact from the supplier, the PPM count shall be incurred.

Parts, which are out-of-specification, may be used “as-is” with an approved DA from Adient Engineering, if it required to maintain production and as long as it does not disrupt the end customer. In these cases, PPM may be assigned based on risk, non-conformance history and severity as determined by the receiving Adient facility.

If determined to be a supplier issue, all costs incurred from sorting activities are the responsibility of the supplier. These costs could include, but are not limited to:

- Administrative costs
- Additional labor / Overtime
- Material handling

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- Floor space utilization
- Additional packaging
- Tooling and equipment
- Scrapped / rejected material.

4.2.8.5 Problem Solving

4.2.8.5.1 Problem Solving Expectations: The 8D Problem Analysis Report is the Adient preferred problem-solving format for use by all Adient facilities and suppliers. The 8D Problem Analysis Report provides a means for the definition and resolution of issues through problem solving.

Each supplier is responsible for appropriate and timely application of the 8D and for ensuring their organization possesses the knowledge and skill level to solve problems.

The completed 8D report should be returned to the Adient Quality contact for evaluation in the same format/ tool/ system as it is received (i.e. IRIS application) in response to the associated SMRR. The appropriate 8D format is either provided automatically via electronic notification or can be downloaded from Adient Supplier Portal (in the Quality section under Supplier Expectations – Adient-Specific Forms and Documents).

If the Adient facility is required to supplement the problem-solving documentation with customer-specific problem-solving documents, procedures, tools, or systems, the Adient Quality representative must be contacted to obtain the appropriate problem-solving documentation and format

The evaluation of the submitted 8D will be done according to 8D scoring form, which is automatically provided as a part of IRIS electronic notification(s) or can be downloaded from Adient Supplier Portal. It is recommended for suppliers to conduct a self-evaluation with the expectations listed in the scoring form for each individual step of the 8D before submission to be able to reach targeted scoring for closure.

8D scoring minimum acceptance level is defined with the scoring form and for further needs must be aligned with the direct Quality contact during the 8D reviews.

8D evaluated under the target needs to be improved by the supplier in accordance with the highlighted points out of the 8D evaluation. Weekly updates should be submitted until problem resolution is achieved.

4.2.8.5.2 Quality Roadmap: Suppliers are expected to maintain a Quality Roadmap documenting current quality performance and action plans to continuously improve performance to Adient.

The Quality Roadmap and applicable training **are** available upon request from **the Adient** Supplier Quality / Development Manager.

4.2.9 Management Quality Review (MQR)

A Management Quality Review (MQR) is the Adient escalation process to resolve supplier issues. The MQR is issued at level 1 or 2, depending on the severity of the issue.

The designated levels are defined as follows:

| MQR level | MQR level of responsibility | Required MQR representatives <u>Supplier</u> |
|------------------|------------------------------------|---|
| MQR 1 | Plant level | Quality Manager Supply Chain Manager |
| MQR 2 | Group level | Plant Manager Operations Director |
| MQR 3 | Corporate level | Supplier CEO/ Managing Director |

The MQR 3 level is linked with a decision to place a supplier on New Business Hold.

Supplier Management Quality Review (MQR) & New Business Hold Criteria

| | MQR1 | MQR2 | MQR3 | New Business Hold |
|--|------|------|------|-------------------|
| Chronic documented problems in the area of quality, delivery or logistics, including prototype, pre-production, production or warranty issues. | X | | | |
| Production suspended at Adient plant due to a supplier's product quality, parts shortage, or logistical issue. | X | | | |
| Supplier has an unresolved SMRR, DMR, containment issue, or unacceptable response regarding an issue. | X | | | |
| Adient PPAP timing and/or requirements not fulfilled during launch | X | X | | |
| Chronic documented unresolved MQR1 problems or unacceptable response from the supplier indicating that no progress has been made to resolve similar MQR1 issues at other locations. | | X | | |
| Discovery that a supplier has not notified Adient personnel and/or submitted a PPAP for a product / process change (i.e. tool move to different location / sub-supplier, material / part change, process controls changed from the last approved PPAP/ 8D, etc.) | | X | | |
| Supplier is issued a PPSC that is verified to be the responsibility of the supplier. MQR2 is called only when the PPSC has been confirmed to be their responsibility, the performance in PPSC closure is not sufficient, and with decision from PPSC owner. | | X | | |
| Adient RPPM or OEM customer disruption due to a supplier's product quality, parts shortage, or logistical issue; and with agreement from the PG/CG Quality Director. | | X | | |
| Chronic documented unresolved MQR2 problems or unacceptable response from the supplier indicating that no progress has been made to resolve similar MQR2 issues at other locations. | | | X | (X) |
| Continued customer dissatisfaction on a supplier's product quality, delivery or logistical issue including a customer mandate to change suppliers to a known capable supplier after previous MQR acceleration. | | | X | (X) |
| Supplier inability or unwillingness to work with Adient to make fundamental quality, delivery or logistical improvements after previous MQR acceleration. | | | X | (X) |
| Excessive / unresolved PPSCs at the supplier after previous MQR acceleration. | | | X | (X) |
| No notification about suspended QMS certification. | | | X | X |

MQR related costs will be charged to suppliers accordingly.

Adient reserves the right to send an official complaint to the supplier's third-party certification body and if necessary to initiate an IATF16949/ ISO 9001 decertification process if a serious concern about the Quality Management System of the supplier is detected (i.e. noncompliance that is likely to cause the quality management system to fail or significantly reduce its ability to ensure controlled processes and products).

4.2.10 Containment

4.2.10.1 Pre-Production / Launch Containment Expectations: Pre-production containment applies to any parts produced for prototype, pilot or saleable vehicle builds at Adient prior to full production. Pre-production containment activities are a requirement of the supplier’s AQP process and must be documented on a prototype and/or pre-launch Control Plan.

The pre-launch Control Plan includes increased frequencies and additional tests over and above the production Control Plan to ensure heightened product and process quality until the supplier’s production process is validated. During pre-production, the sample size and/or frequency of product inspection is typically 100% and does not replace the final part audit.

The Adient Advanced Quality Engineer reviews and approves the pre-launch Control Plan, which is typically done during the Supplier Process Sign-off (SPSO). Open issues from the SPSO shall drive deployment of additional controls and documentation in the pre-launch Control Plan.

The Adient Quality representative continues to monitor pre-launch containment results until the exit criteria are met. Issues that remain unresolved at SOP are subject to Level 1 containment. Additionally, a Level 1 failure will require instituting 3rd party inspection (Level 2 containment) to shield Adient from non-conformance(s) during this phase. Criteria for exiting pre-production containment are determined by Adient. To exit containment, the supplier must achieve a pre-determined quality level after a minimum of thirty days post Adient SOP. Any issues found during the launch may extend this requirement beyond the initial 30-day criteria.

Adient expects that supplier is following the latest revision of AIAG Control Plan.

4.2.10.2 Containment Level 1 and 2 Expectations:

| | Action 1 Pipe cleaning (Supply chain containment) | | Action 2 Firewall | | Report |
|-----------------------------------|--|----------------------------------|----------------------------|--|--|
| | Location | Resources (internal/external) | Location | Resources (internal/external) | |
| Containment Level 1 (CL 1) | all supply chain | internal/external | supplier | internal/external | to be shared with Adient by supplier (upon request) |
| Containment Level 2 (CL 2) | all supply chain | internal/external | supplier (optional Adient) | external/ 3rd party company approved by Adient | Action1 reports to be shared daily with Adient by supplier Action2 reports to be shared daily with Adient directly by 3rd party company |

4.2.10.2.1 Containment Level 1 (CL 1) Expectations: Level 1 Containment is defined as additional controls implemented at the Supplier’s location upon Adient request following the identification of a supplier quality issue. The goal of this containment is to cleanse the entire system of any non-conforming material and to shield Adient from receiving any additional defective product. The supplier is required to quarantine and sort all suspect product(s) within their facility, at their sub-contractors, in-transit, at Adient facilities, and at any customer location which may have parts or finished goods in inventory. The supplier is responsible for any costs associated with this activity incurred by Adient.

Upon identification of an issue, the Adient Quality contact initiates containment activities by sending a Level 1 Containment Notification to the supplier’s Quality



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Manager. The letter details the specific non-conformance and requires supplier actions, including inspection and exit criteria.

The supplier is responsible for acknowledging the Level 1 Notification by returning a copy of the letter with an authorizing signature to the Adient Quality contact.

The supplier is responsible to reply with their implemented containment plan via an initial 8D within 24 hours of Level 1 notification. The containment plan must be reviewed and agreed upon by the Adient Quality contact. The supplier is responsible for keeping the customer location advised daily of ongoing containment results until released from Level 1.

Supplier containment guidelines include the following:

- Containment area must be highly visible and properly lit, equipped, etc.
- Containment area must have well-defined material flow including clearly identified areas for incoming and outgoing parts
- No rework or repair must be done in the containment area
- Product acceptance standards and measurement / testing process to be agreed upon by Adient Quality contact
- Number of non-conformances, corrective actions and results, ensuring complete traceability of activity and parts must be reported daily.
- Charts must be updated and reviewed on a daily basis
- Problem solving must be formal, data driven and documented
- Containment personnel must be properly trained and have work instructions, quality standards, boundary samples, etc.
- Data from the supplier's containment activities must be kept on file and available upon request.

Criteria for exiting Level 1 Containment shall be determined by the Adient Quality contact. Exit Criteria shall be based on reaching a predetermined quality level and not a number of parts or days sorted. To exit containment, the supplier must achieve a predetermined quality level after a minimum of thirty days, or another timeframe as specified by Adient.

4.2.10.2.2 Containment Level 2 (CL 2) Expectations: Level 2 Containment is defined as the implementation of additional controls by an impartial third party selected by Adient at the expense of the supplier. Level 2 Containment is implemented when a supplier's Level 1 Containment activity fails to shield Adient or its customer(s) from receipt of non-conforming material.

The Adient Quality contact analyzes the non-conforming issue(s) and determines if Level 2 Containment is required. Adient Purchasing Buyer and/or Supplier Development Manager may be involved in the decision to implement Level 2 Containment. A Level 2 Containment Notification is sent to the supplier's Plant Manager and Quality Manager to notify them of the Level 2 Containment. The Level 2 letter details the specific non-conformance and required supplier actions including inspection and exit criteria.

The supplier is responsible for confirming receipt of the Level 2 Notification with an authorized signature by returning a copy of the letter to the Adient Quality contact.

The Adient Quality contact assigns a sorting company to perform the Level 2 Containment. The third-party containment provider must be on Adient approved supplier list for sort companies.

The third party must provide daily documentation to both the supplier and Adient Quality contact on the progress of containment activity.

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The supplier is responsible for issuing the purchase order to the third-party source and is responsible for all costs for the sort company performing the containment activities. Initiation of Level 2 Containment does not relieve the supplier of any relevant Level 1 activities following the aforementioned containment guidelines and responsibilities.

Level 2 shall not be removed until the containment results meet the exit criteria previously established. Approval to remove Level 2 Containment comes from the Adient Quality contact.

4.2.11 Warranty

Suppliers are required to implement warranty management process supporting the analysis on all part returns from Adient customers as requested by the Adient Quality contact. All issues are to be addressed with the appropriate containment, root cause and corrective action(s) in the timeframe specified as per customer specific requirements (CSR).

When required by the OEM customer, suppliers must have an approved Field Failures Management process in place. Suppliers are responsible for maintaining documentation and demonstrating the effectiveness of their field failure management system upon request.

4.3. SUPPLY CHAIN MANAGEMENT

The supply chain organization at Adient contributes to manufacturing excellence in quality, cost and delivery to the customer. In particular, the supply chain function assures the on-time delivery of component material and shipment of finished goods at the lowest cost taking into consideration environmental impact.

4.3.1 Electronic Commerce

4.3.1.1 Electronic Data Interchange (EDI) is mandatory for all scheduling transactions within the supply chain. This includes the ability to receive releases (830 - weekly, 862 – daily) and send Advanced Shipping Notice/ ASNs (856).

For the EDI connection setup Adient requires a completed EDI questionnaire from supplier (available on the Adient Supplier Portal website, under Supplier Expectations, in the EDI Questionnaire section of Adient-Specific Forms and Documents).

Suppliers who do not meet the EDI requirements may be subject to receiving DMR's (Discrepant Material Report) from the respective Adient Plant until EDI communication is established.

For details Supplier can contact Adient Plant Materials Management Team or asg.edi@adient.com.

4.3.1.2 Advanced Shipping Notice (ASN): An ASN is the electronic transfer of shipment data from a supplier to a customer. The customer plant utilizes the information contained within the ASN in three ways:

4.3.1.2.1 Determine and confirm goods in transit.

4.3.1.2.2 Verification against the shipment as product is received.

4.3.1.2.3 If the supplier is ERS (evaluated receipt settlement) approved, the ASN serves as an electronic invoice that will generate payment to the supplier. (Not applicable in South America).

ASN's must be timely, accurate and contain all the specified information listed below.

The ASN must be created upon finalization of the shipment and be received by Adient within one hour from the time the shipment leaves the supplier's shipping location, or prior to its

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arrival at the Adient plant, whichever is earliest. ASN's not meeting the requirements may not be received, and a Discrepant Material Report (DMR) will be issued.

The ASN must include the following:

1. BOL (Bill of Lading) Number
2. Shipment date/time
3. Gross weight of shipment
4. Net weight of shipment
5. Total Bill of Lading quantity (e.g. # of cartons)
6. Standard Carrier Alpha Code (SCAC)
7. Mode code (e.g. "E" for expedite, "A" for air, etc.)
8. Pool point location (if applicable)
9. Trailer number (or air bill if it's an air shipment)
10. Packing slip number(s)
11. Ship from location (Adient supplier code or supplier DUNS Code)
12. Ship to location(s) (Adient plant code(s) including dock code(s)) or DUNS Code
13. Part number
14. Engineering change level (Part)
15. Quantity shipped
16. Unit of measure
17. Purchase order number
18. Number of cartons shipped of each part
19. Quantity per carton EDI SPECIFICATIONS

Note: Additional requirements may be communicated to the supply base, depending on the OEM customer's specific requirements.

Confirmation of ASN receipt is available to suppliers (contact the Adient plant for availability).

4.3.2 International Shipping

4.3.2.1 Suppliers are required to comply with all applicable Adient procedures and relevant Customs Regulations in following areas:

- Export Shipments going to Adient
- Warehouse and inventory requirements for international shipments
- Documentation requirements.

Each supplier is responsible for full compliance with all customs laws, export control regulations, sanctions and embargo requirements applicable to their business activities with Adient. This includes, but is not limited to, the items outlined in this manual.

4.3.2.2 Incoterms: Adient uses INCOTERMS 2020 which is negotiated at the time of the contract and will be stated on the Purchase Order issued to the supplier.

4.3.2.3 Warehouse and Inventory Requirements: To minimize the risk of an inventory stockout and to support lean manufacturing, Adient's strategy is to utilize a regional warehouse/ domestic pick-up point to manage and retain buffer stock inventory for certain international supply chains.

A supplier may manufacture in another country, but they are expected to import to their own domestic warehouse or distribution center. Adient will then pick up the freight at the named domestic facility. If a supplier does not have a domestic presence, Adient will be the importer and will recommend a third-party warehouse provider with whom the supplier should contract to manage the buffer stock. Adient will determine on a case-by-case basis when this requirement is necessary and will notify the supplier to implement these requirements.



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4.3.2.4 Customs Brokers: Suppliers must use Adient designated Customs Brokers to clear shipments on Adient's behalf per the routing instructions.

International Shipment Documentation: Suppliers are responsible for providing complete and accurate documentation for all international shipments:

- Completed Bill of Lading (**BOL**) with the name and address of the shipper, the consignee, and the broker. This must be the same BOL # as on the ASN.
- Completed Packing List
- Completed Commercial Invoice per guidelines listed below.
- Completed Certificate of Origin or Free Trade Agreement (FTA) certificate as needed.

4.3.2.5 Valuation of Merchandise: Suppliers are responsible for stating the proper value of the product being shipped per the current PO price. Failure to do so may result in a DMR and subsequent **Supplier Chargeback (SCB)**.

4.3.2.6 Commercial Invoice Required Data Elements:

1. Port of entry to which the merchandise is destined
2. Consignee (Ship to) complete name and plant ID #
3. Sold to party name, address and tax ID#
4. Shipper address (which must include a valid postal code), Tax ID#, contact name, email and phone number
5. Ship date
6. Harmonized Tariff classification numbers (HS)
7. Adient Part Number with accurate description to ensure proper HS Classification and FTA eligibility. **The Adient part number must not be altered in any way** (e.g., by adding a suffix or prefix). If shipment involves equipment, the invoice must also include the serial, make # & model # and manufacture date.
8. Quantities, weights (net and gross) and unit of measures of the merchandise shipped (e.g., liters, gallons, kilograms, lbs, **etc.**)
9. Purchase price in the currency of purchase. Value of each item in the currency in which the transactions are usually made.
10. Currency (USD, EUR, MXN, etc.)
11. All charges upon the merchandise itemized by name/category and amount. (Rebates, drawbacks, bounties, separately itemized, allowed upon the exportation of the merchandise).
12. Country of origin for each part listed (Country of Origin is the country of manufacture for customs purposes).
13. Assists, dies, molds, tools, engineering work and cost associated.
14. Incoterms and named place
15. Invoice #
16. Signature/Endorsement of shipper
17. Other specific country or regional requirements will be communicated by the **respective** Adient Global Customs and Trade Compliance **regional** team.

Special Notes:

- Equipment must be invoiced separately from Raw Material and separated on different skids.
- All **documentation** including the commercial invoice must be in the language appropriate for the import country.
- All **documentation** including the commercial invoices must be sent at the time of dispatch of the shipment from origin with an ETA (Estimated Time of Arrival), specifying the following:
 - Trailer Number
 - Quantity of bundles or skid

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- Time of estimated arrival

4.3.2.7 Country of Origin Marking: Every article of foreign origin (or its container) shall be marked in accordance with the regulations of the importing country.

4.3.3 Replenishment/Order Methodology Requirements

It is the supplier's responsibility to understand and respond to Adient's demand requirements, including proactively communicating with Adient supply chain management team whenever potential issues may impact the ability to meet these requirements. This responsibility extends to responding to the Adient specified replenishment methods and established processes to ensure on time delivery throughout the extended supply chain.

4.3.3.1 Replenishment/Order Methodology Requirements Introduction: To standardize supply chains, optimize inventory levels and minimize freight expense, Adient orders material from our supply chain partners utilizing standard EDI signals (i.e., 830 and 862) to communicate order shipment quantities.

4.3.3.2 In some markets, a supplier could receive replenishment signals via other methods, such as PUS, Manifests, and Seq. It is possible that a supplier could receive different replenishment signals by plant. A supplier should not have multiple signals from the same plant.

4.3.3.3 In limited cases, Adient will communicate orders via email using the manual replenishment release form as noted below.

Exceptional Conditions Only

The Manual Replenishment Release form would be acceptable in conditions where it is not possible to use the EDI signal and is approved by the Adient plant. Some examples include systems failures, power outages, critical inventory situations, etc.

4.3.4 Cumulative Maintenance Requirements

It is supplier's responsibility to understand and react to the demand signals from Adient. This includes understanding the concepts of cumulative releases, reconciliation of releases (CUM and net), and demand analysis across EDI and other signals (830, 862, 866, etc.).

4.3.4.1 Cumulative Maintenance Introduction: Adient communicates release quantities (orders and forecasted orders) as cumulative numbers (CUM). The CUM represents the total amount of product that is required to be shipped over a defined period usually starting at the issuance of the purchase order. Suppliers are required to reconcile CUMs upon receipt of each EDI release. Identifying and initiating the resolution process of CUM discrepancies is the responsibility of the supplier.

4.3.4.2 Cumulative Maintenance Communication

Adient will provide the supplier with the following:

1. A starting CUM of 0 upon issuance of a new purchase order.
2. Last CUM received quantity will be noted on each EDI release. Each shipment received will be accumulated to provide the last receipt CUM received. This will include the last quantity received, date received into Adient inventory, and the supplier packing slip number received by the Adient manufacturing facility. The last receipt CUM received could potentially change under the following conditions:
 - a. Subsequent receipt of shipment into Adient inventory

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- b. Issuance of Supplier Material Rejection Report Return (SMRR) or a Discrepant Material Report (DMR). Issuance of an SMRR or DMR may result in either an increase or decrease of Adient CUM received.
- c. CUM reset (may be done annually). Suppliers will be notified prior to this occurring.
3. An electronic or manual release indicating net quantity due and total CUM required per due date.
4. Prior CUM required quantity - this field will represent the previous quantity due.
5. Physical copy of SMRR or DMR to support CUM resolution.

Suppliers are required to:

1. Track and accumulate all production part shipments. This will become the supplier's CUM shipped quantity.
2. Update suppliers CUM shipped quantity when the supplier is issued a SMRR or DMR.
3. Identify past due quantities - using the most current release the formula is the Adient last CUM received quantity minus the prior CUM required quantity.
4. Identify Adient CUM required - using the most current release formula is the Adient last CUM received plus the net quantity due (If an alternate replenishment method is designated by Adient, the CUM required will serve as forecast data rather than replenishment requirements).
5. Net quantity required is calculated using the most current release's CUM required minus the suppliers CUM shipped quantity.
6. Resolve any CUM discrepancies with the appropriate Adient materials personnel immediately.

Any questions regarding cumulative maintenance are to be directed to the designated Adient plant materials contact.

4.3.5 Forecasting, Shipping and Replenishment Performance

4.3.5.1 The standard for Adient suppliers is 100% on time arrival of all parts required by the Adient manufacturing site. This means shipping the correct quantity of the correct product to the correct location according to the designated replenishment method. It is mandatory that the supplier contacts the Adient plant immediately upon recognition of an issue if the release schedule cannot be met. The supplier shall have a process in place to ensure that any potential problems that could impact Adient operations are communicated as soon as they are identified. Differences shall be resolved with appropriate customer contact prior to shipment time.

It is expected that the supplier procures/produces to the high point of the forecast for authorized raw/fab, respectively. The supplier must notify the Adient materials manager if two (2) or more subsequent releases received show a decreasing authorization.

Suppliers are expected to receive forecasts and releases electronically, and to process them without manual entry.

In the event a supplier does not receive a weekly release from Adient, they must verify with the plant materials scheduler or manager that no release was sent, escalating the call, if necessary, for verification. If after multiple attempts (must include BOTH e-mail AND phone call) the supplier is not able to contact Adient to verify release status, the supplier is authorized to use the most recent release to ship to Adient, following established guidelines for shipping to CUM required by given dates.

4.3.5.2 Forecast Expectations: The forecast (anticipated future orders communicated by EDI signal) will grant fab & raw authorizations per the commercial terms between Adient Purchasing and the supplier. Adient will grant the supplier a raw and fab authorization in accordance with the authorization being provided by the customer. For example, Adient may grant 4 weeks raw and 2 weeks fab, for a total of 4 weeks (i.e., supplier is authorized to convert 2 weeks of the raw, not

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carry additional 4 weeks raw). This will be provided to the suppliers via EDI in their releases. Certain commodities may be granted different standards per their release. When EDI is not available alternate forms of communication will be utilized as determined by the Adient plant. Deviations from the standard must be authorized by Adient and will be communicated in the purchase order as well as the release.

The authorization on a release is Adient's financial commitment for released material.

Authorization for a CUM amount and the lead-time required for a shipment are not synonymous. Lead-time is defined as the amount of time between recognition of an order and receipt of the order (can include manufacturing time as well as transportation time). This doesn't translate directly into the number of weeks Adient will provide financial commitment in a CUM authorization.

4.3.5.3 Shipping & Delivery: Authorization to ship specific product will be communicated to the supplier through Adient plant designated replenishment method, typically the EDI Signal. Within 90 days from Start of Production (SOP) Adient will notify the supplier of the designated replenishment method. During launch or pre-production, Adient will use EDI Signal or spot-buys.

A "Delivery signal" will show either a ship date or a delivery date. A delivery date defines when the goods are to be ultimately received by Adient. A ship date indicates the date which the supplier should ship the goods. In this context the delivery date does NOT mean delivery to carrier.

The supplier is expected to understand transit time and have product ready for shipment in order to meet the delivery date on the schedule, inclusive of transit time. The Adient plant is to be contacted if there are any questions regarding which date is being transmitted.

The supplier is required to:

1. Take ownership for all parts manufactured for Adient.
2. Control its processes to assure that the physical shipments correspond with the Adient demand.
3. Ensure movement of containers is managed within Adient's Container Management System.
4. Have the ability to meet either a 15% week to week net schedule increase or a 15% CUM increase over the period authorized under the raw and fab authorization. This does not apply once the supplier has been notified of a balance out.
5. Contact Adient plant Materials Representative(s) if supplier is unable to meet the replenishment schedule and supply the following information:
 - a. Date the parts will be available.
 - b. Supplier's plan to get back on schedule. Assign the necessary resources to resolve any delivery issues.
 - c. If an established window time is missed or release schedule cannot be met, to agree on necessity of expedites.
 - d. Obtain approval from Adient for the mode & carrier chosen. Every effort must be expended to reach agreement on the expedited freight responsibility at the time of shipment. If the supplier is responsible, the freight must be shipped "PREPAID" and the supplier may choose their logistics company; however, in North America it is strongly recommended that Active PTM (888-786-4321) is contacted. The supplier is also responsible for tracking the in-bound freight to Adient and advising the Adient plant Material Representatives as to shipment status.

A supplier will be held responsible for downtime and other associated costs (i.e., Premium freight or charter costs) due to their inability to meet delivery requirements, in accordance with the purchasing terms and conditions. If a supplier is behind in their ability to meet the required CUM, the plant expects the supplier to have the CUM caught up by the Monday following the lead time authorized. For example, if the authorization is for 6 weeks, then the supplier should have the CUM required produced and delivered no later than the following Monday by 8 a.m. EST.

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4.3.6 Labeling Requirements

4.3.6.1 Adient requires suppliers to ensure that all materials shipped to Adient are correctly labeled and that the labels are properly attached.

Non-compliance to these instructions will result in the issuance of a DMR (Discrepant Material Report) by Adient receiving plant and possible rejection of shipment.

Labeling requirements:

- Two labels per container on adjacent corners. The label must be placed in the upper left-hand corner of the main side.
- Label printing must be a bold black type with at least 25mm high letters. No more than one-part number is to be packaged in a container or shipped on a pallet (unless noted as a mixed pallet).
 - Label Size: 4.0 inches (102mm) high by 6.0 inches (152mm) wide.
 - Label Color: White label with black printing (there may be some plant specific color requirements).
- Supplier owned packaging with "Return to" labels must be located in a clearly visible area that does not interfere with the production identification labels.
- Previous labeling on containers or packages must be removed prior to shipment
- All labels affixed to a container must contain the following information:
 1. Adient Part Number
 2. Quantity
 3. Adient Supplier ID Number
 4. Label Serial Number
 5. Part Description
 6. MFG Date (manufacturing date)
 7. Part Revision Level
 8. Lot Number/Batch Number/Heat Code/Etc.
 9. International Build Statement (i.e., Made in Mexico) (Mandatory for Parts Crossing Borders)
 10. Manufacturing Address (Actual address of supplier's final assembly plant - name should Mirror Adient scorecard plant location description to the fullest extent possible).
- All containers must have the final Adient destination information affixed either as a master label on the skid or within their standard label format affixed to each container. Data required includes Adient site name, Adient site number (when known), Address, city, state and postal code. An example of an acceptable label is at the end of this section.
- Data Identifiers: All barcodes must have a data identifier. For example, the part number should have a leading "P" or "Q" for quantity.

The above definition is the minimum requirements. There may be other regional or plant requirements that can be requested. Some examples include:

- 2D Barcode (See 6.6.7)
- Colored label stock
- Delivery Note/Packing Slip Number
- Storage location in the plant
- Ship-to Address of the Adient plant the material is shipping to

Note: Adhesive types can be pressure sensitive or dry gummed as long as adherence to the package substrate is assured and application is wrinkle-free. If labels are applied to returnable packaging, the adhesive must not leave a residue after the label is removed, and the label must be easily removed without tearing. Paper is not preferred on returnable packaging. Label protection against moisture, weathering, abrasion, etc., may be required in harsh environments and is encouraged wherever practical. Care must be taken to

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assure that labels meet reflectivity and contrast requirements and can be scanned with contact & non-contact devices.

4.3.6.2 Master Pallet/Mixed Pallet Labeling: When multiple containers of the same part number are placed on a single pallet, each container is required to be labeled as well as a master label for the pallet. The master label should contain the words “Master Label” and be placed on the outside of the shrink wrap. The individual container labels should be scanned to create the Master Label. The quantity on the master label should reflect the sum of the quantities of all of the individual container labels (**samples shown below**).

When release quantities require cartons of mixed material on one pallet, a special "Mixed Load" label and a “Master Label” for each part number and affixed on the outside of the shrink wrap must be used in addition to being labeled per Adient Labeling Specifications (**samples shown below**).

All containers must be loaded to cubic capacity to maintain load density, package integrity, and obtain optimum transport utilization. The following criteria must be observed when shipping mixed loads to an Adient plant:

1. Cartons must be uniform in size to maintain load stability.
2. Each pallet must have material / product for only one Adient plant.
3. Avoid shipping less than a full layer whenever possible.

Adient Supplier Scheduler should be contacted to establish load quantities into their releases.

For unit load packaging that is shrink wrapped, the master label and mix load labels must be applied to the outside. When individual containers are palletized and made into a unit load for mechanical handling, the master label shall be attached to two adjacent sides of the unit load.

4.3.6.3 International Shipment Labeling: Shipments to or from countries (e.g., Mexico, US, Canada, EU) may require special labeling, other than the Odette standard. Adient Trade Compliance team should be contacted to assist in obtaining the proper labels required if needed.

4.3.6.4 Sample Shipment Labeling: When shipping sample parts for Adient part submission or new revision level, the "Sample Part" label must be utilized and must contain the name of the site Packaging Engineer and / or the person expecting to receive the container.

Packaging Test shipments must have a "Sample Parts" identification label placed in a highly visible area and must contain the name of the site Packaging Engineer and / or the person expecting to receive the container.

Adient requirements for shipping labels are based on the Odette / AIAG bar-coded format. Reference the AIAG Parts Identification and Tracking Application (B-4) document and the AIAG Trading Partner Labels manual (B-10) for labeling specifications.

4.3.6.5 Odette, Euro-Supplier Labeling Option: Adient recognizes the European automotive industry approved Odette transport label for the identification of packaging and container contents for suppliers located in Europe. The label is 'A5' size and has standard printing with the addition of bar coding. It may be self-adhesive for expendable packaging or can be printed on paper and placed in a pouch or affixed to the container.

4.3.6.6 Adient SAP Implementation GTL Label Requirement: Adient began rolling out SAP to its plants in 2011. With that implementation, a new requirement for using the Global Transport Label began. This replaces any of the label requirements above. If **the supplier is delivering to** any of the plants live on Saturn SAP, this requirement applies to **them**. The label specification can be found **on the Adient supplier portal under Adient-Specific Forms and Documents/ Supply Chain Management**.

4.3.6.7 2D Barcode Requirements

Adient requires a 2D barcode to be utilized on the label. **The following outlines the key requirements for the 2D barcode:**



1. PDF417 is the required 2D barcode.
The 2D barcode must support a minimum scanning distance of 1 meter or 39 inches.
To ensure correct character usage, the labeling appendix shall be consulted.
2. Minimum 2D barcode data content requirement:
 - a. Part Number (P)
 - b. Quantity (Q)
 - c. Serial Number (S)
 - d. Vendor Number (V)
3. Optional or as required 2D barcode data content:
 - a. Delivery Number (packing slip) (2S)
 - b. Manufacturing Date (12D)
 - c. Batch or Lot (1T or H)
 - d. Container Type (B)
 - e. Eng. Change Level (2P)

4.3.6.8 Label Example: The attached is a specification that can be used as a guideline in building the label format. For visual examples of labels, the Labeling appendix **shall be consulted.**

Table 1. Suggested LPB Character Parameters

| Lines Per Block | Maximum Characters Per Line | Approximate Point Height | Approximate Height in Inches | Approximate Height in Millimeters |
|-----------------|-----------------------------|--------------------------|------------------------------|-----------------------------------|
| 1 LPB | 8 | 64 | 0.90 | 22.0 |
| 2 LPB | 18 | 32 | 0.40 | 11.0 |
| 3 LPB | 28 | 20 | 0.25 | 7.0 |
| 4 LPB | 34 | 16 | 0.20 | 5.0 |
| 5 LPB | 42 | 12 | 0.15 | 4.0 |
| 6 LPB | 48 | 10 | 0.12 | 3.0 |
| 7 LPB | 59 | 8 | 0.10 | 2.0 |
| 8 LPB | 68 | 6 | 0.08 | 1.5 |

4.3.6.9 Labeling Non-Conformance Process: For suppliers that do not meet the minimum standards the Discrepant Material Report (DMR) process will be followed. **Repetative issues may lead to issuing of Management Quality Review (MQR) escalation.**

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4.3.7 Discrepant Material Reports (DMR)

4.3.7.1 Discrepant Material Report: Suppliers are notified of discrepant material event through a documented rejection notice called Discrepant Material Report (DMR).

A Discrepant Material Report (DMR) is issued when a shipment is received with one or more issues in the following categories: issues could occur at the header level, line-item level, or both. There are 2 DMR metrics which Adient measures:

1. DMRd: Delivery performance (referenced in the DMR appendix)
2. DMRi: Information accuracy performance (referenced in the DMR appendix).

Adient Receiving or Material Analysts identify information quality / shipment errors as close to the time of the receipt as possible and create a DMR issue within Adient IRIS application.

The Material Scheduler/Analyst reviews the shipment documentation and evidence of the error and determines whether the DMR is valid. When the Material Scheduler/ Analyst approves the issue, an e-mail notification generated by IRIS application is sent to the affected supplier.

Upon receipt of a DMR, the supplier is required to complete a 3D within 24 hours (1 day), and if required an 8D (See below for 8D instructions).

If the supplier believes that the DMR is inaccurate or unsubstantiated, the supplier may dispute the issue (through the IRIS application), which then prompts the Supplier Scheduler to either agree with the dispute, reject the dispute and return the DMR to the supplier, or override the dispute to allow the 3D to progress through the system.

The supplier is expected to assign an internal champion to address all DMR related issues and to provide timely and accurate responses to the issues that have been identified via the DMR.

The supplier's DMR champion must track the suppliers DMR performance, drive corrective action for all DMRs and communicate improvement plans to the appropriate supplier personnel (e.g., Account Manager, Customer Service Manager, Materials Manager, etc.).

DMR 8D Supplier Response Expectations

1. Provide the requesting Material Analyst an initial 8-D complete through the first 3 steps within one day in the IRIS application. This should include implementation of robust immediate containment actions.
2. Provide the completed 5-D to Adient within 7 days of the DMR issuance in the IRIS application. This should include identification of all potential causes of the problem and the lack of capability to detect the problem, identification of root cause, and determination of corrective actions.
3. Provide the completed 8-D to Adient within 30 days* of the DMR issuance in the IRIS application. Repetitive errors or chronic problems with information accuracy may result in an MQR meeting, and if not resolved could escalate to a **New Business Hold** for the supplier.

* If unable to resolve the issue within the required period, the supplier is expected to provide a weekly updated 8D to Adient until problem resolution is achieved.

Customer OEM specific target dates for 8D steps completion will overrule in case they are stricter, and the supplier is expected to meet them as applicable.

If the Material Analyst approves the dispute, the DMR will be removed from the supplier's record and considered as closed. The related DMR quantity does not count in the DMR score calculation.

If supplier's response (either dispute or 3D) is not obtained within one day of DMR issuance, Adient will consider the DMR acknowledged and close the DMR as accepted. The quantity will

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count against the supplier's rating for that month, and it will be noted that the supplier did not respond or dispute.

Corrective Actions

1. It is the supplier's responsibility to perform corrective actions. The Adient Material Analyst reviews and tracks the corrective actions submitted by the supplier for each DMR issued. The Material Analyst determines if the corrective actions are effective and will close the DMR. Once a DMR is closed, it cannot be disputed, cancelled, or reversed.
2. If the corrective actions are not effective, the Material Analyst issues MQR in accordance with the Management Quality Review (MQR) procedure.

4.3.7.2 Supplier Chargeback (SCB): For every closed DMR, suppliers will be issued a chargeback (SCB) with incurred costs, applied per regional directive. A DMR Debit Memo is issued to process the charges. The original is sent to Accounts Receivable, and copies are forwarded to the site Controller and Buyer. The Debit Memo will be processed within five days of its receipt.

Further details as per **4.1.5 Supplier Chargeback (SCB)**.

4.3.8 Logistics Requirements

4.3.8.1 Logistics Requirements Introduction: Purchasing, Logistics, or the Transport Desk (depending on the region) will determine carrier selection and routing instructions to effectively manage inbound freight through the careful consideration of these factors:

- Supplier location
- Product volume
- Packaging
- Transportation costs
- Lead time.

4.3.8.2 Logistics Requirements Communication: All shipments must be accompanied by appropriate documentation. Documentation may include, but is not limited to, packing slip, bill of lading, FTA certificates, commercial invoices, CMR (EU and Asia) and hazardous materials information. It is the supplier's responsibility to ship according to the transportation routing instructions.

Carrier information must be included in the Advance Ship Notice (ASN) transmission to allow traceability and to ensure supplier compliance to Adient routing instructions. When electronic generation of the ASN does not exist, the supplier is required to provide a faxed copy of the shipping documents.

(Excluding EU) The supplier is responsible for contacting the appropriate carrier, freight forwarder and Adient materials personnel to ensure timely pick-up and delivery. It is the supplier's responsibility to set shipping window times in conjunction with Adient plant materials personnel and the carrier to ensure delivery at the Adient facility by the delivery date shown on the release.

(EU) The Adient plants will send release to supplier. Dates in the material releases are understood to be ready for collection in the morning of the pick-up date to ensure lead times.

Any failure to meet the agreed upon shipping windows that result in carrier detention charges may result in a debit to the supplier in the form DMR to compensate for excess carrier detention charges. Information to be provided should include, but may not be limited to, product availability, expected delivery time, special instructions, container dimensions, and weights. If shipping less-than-truckload quantities to one ship-to location, each skid must include a label indicating the plant name and address. (Where track and trace are being used on Adient transport evidence will be provided to support DMRs for supplier delayed collections).

4.3.8.3 Packing Slip Requirement: Adient requires all suppliers to prepare their packing slip(s) in a standard format. The standard format can be found below.

Mandatory: Packing slip must be attached (glue or tape) to the packaging (pallet shipment). The packing slip must be in a pouch/sleeve that protects it but also allows it to be removed by receiving plant.

Failure to comply with this requirement will result in a DMR for the shipment. Items required in a specific location include:

- Packing Slip #
- Sold To info
- Supplier Production Plant
- Ship to
- BOL #
- Customer part #
- Description
- Supplier part #
- Quantity shipped
- PO #
- Footer which includes page number and repeats the pkg slip # Packing Slip Bill of Lading Information Requirements

4.3.8.4 Bill of Lading (BOL) Requirements: The following information instructs Adient Suppliers how to properly complete a bill of lading (BOL) form for shipments that are sent collect into Adient.

Non-compliance to these requirements that result in excess freight charges to Adient will be debited back to the Supplier. A separate bill of lading must be created for each ship-to location, even when shipping on the same carrier. Each BOL must contain a unique BOL #.

Shipper/Vendor Information

Must include: Vendor Name, Supplier ID, Street address, city, state, and zip.

Example 1

Akko Fasteners
 Supplier ID 302412
 6855 Cornell Rd
 Cincinnati, OH 45242

Example 2

Akko Fasteners - 302412
 6855 Cornell Rd
 Cincinnati, OH 45242

Consignee and Destination

The Ultimate Consignee should be shown as: Adient, Plant name, and Plant #.

The Destination must include Street address, city, state, and zip, and c/o where applicable.

| Direct Shipment | Consolidation | Shipping through a Broker to Mexico |
|---|---|--|
| Adient Lakewood 205 Douglas Ave Holland, MI 49423 | Adient – Riverside1339 c/o CMAC 20450 Sibley Road Brownstown Twp, MI 48193 | Adient Ramos Metals #2403 c/o Dicex 12110 Sara Road Laredo, TX 78045 |

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The three examples above are not intended to replace current shipping instructions.

In addition to the above information, **the** BOL must include:

1. Number of Packages and/or Handling Units - If packages are consolidated on a skid, both package count and skid count on the bill of lading **must be provided**.
2. Description of shipment - the description of each line item **is to be entered**. The type of package (carton, tote, barrel, etc.) and the quantity per package **is to be noted**. Each line item must include the correct National Motor Freight Classification (NMFC) Item # and Class. This information is critical to ensure correct rating to avoid excessive charges.
3. Weight - the total gross weight, in pounds, for each line item **is to be entered**. Include the weights of pallets, skids, or any secondary container.
4. Freight Terms – (for domestic shipments only) Indicate 'FOB Origin, Freight Collect' terms if Adient is responsible to pay for the shipment. All freight shipped to Adient facilities should be shipped per the incoterm on the Purchase Order unless the shipment is a Supplier paid expedite or routing deviation.

4.3.8.5 Routing Instructions: Where Adient is responsible for paying freight charges, a routing instruction will be provided to the supplier. The routing instruction will include at least one primary carrier and an expedited carrier and is issued by each Adient receiving location.

It is the supplier's responsibility to ensure compliance and availability. **If a Supplier Specific Routing Instruction has not been received, the supplier must contact the appropriate Adient plant material personnel**. A copy of the routing instruction must be signed and returned to the Adient plant materials contact.

(EU Exception) In EU, the Adient Transport desk manages a portion of the transportation, and in these instances, no routing instruction will be issued.

Plant approval must be obtained from the receiving plant materials personnel for any routing instruction deviation. Any deviation from these routing instructions without plant approval may result in a supplier debit to compensate for excess freight charges and/or administrative fees.

4.3.8.6 Premium Freight/ Expedites: Any premium freight which results from a supplier event will be managed and paid for by the supplier. For international shipment this also include export/import broker costs. Adient will not take responsibility for the set-up, management, tracking or payment of a supplier-caused premium freight event. The supplier will communicate to the plant all expedite information and provide milestone updates to keep the plant informed on the arrival of the expedited components. Adient reserves the right to take over the management of the premium freight event if the supplier fails to communicate and effectively manage the event themselves. In these cases, the supplier may be charged for Adient's time.

When expediting freight at Adient expense, authorization must be obtained from the appropriate Adient receiving plant materials personnel. Unauthorized expedited freight may result in debit to the supplier to compensate for excess freight charges and/or administrative fees.

(NA) Adient utilizes Ascent Global Logistics (888-786-4321) to manage all premium freight shipments into our facilities.

(EU) Adient utilizes Flash, Intime, or any other selected & nominated premium freight carrier.

Upon authorization of an expedite shipment, the supplier should be prepared with the following information to share with the arranging party:

1. Protect time (the time by which the shipment must arrive)
2. Ready time (the time by which the shipment will be ready for pickup)

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3. Shipment terms (collect if at Adient's expense)
4. Origin
 - a. address
 - b. contact
 - c. operating hours of shipping facility
5. Shipment details
 - a. weight
 - b. dimensions
 - c. stack ability
6. Destination details
 - a. address
 - b. contact
 - c. plant number

4.3.9 Balance Out and Claims Process

Balance out is defined as end of model year as well as current model engineering changes. Adient's goal at balance out is to have zero obsolescence.

4.3.9.1 Balance Out and Claims Process Communication: One of the tasks in the balance out process requires the Adient materials plant representative to notify, in writing, the source supplying the components to be balanced out. Adient notification of balance out as well as defined balance out filing parameters will take place outside of the established authorization window. Claims received after the established deadline may not be honored.

After receiving balance out notification, any supplier planning to produce a contractual minimum run order which exceeds raw/fab authorization must first receive written approval from the Adient supplier scheduler or balance out coordinator.

In the event that obsolescence occurs due to the discontinuation of a part, the following procedure must be followed to file a claim:

1. Determine the highest RAW and (FAB) fabricated material authorizations issued by Adient. To determine the highest RAW/FAB authorizations, a cumulative release history must be reviewed from the release identified by the Adient plant as the 1st balance out schedule. The 15% rule is no longer a requirement once a Final balance out notification has been issued. In addition, suppliers should refer to the "High Release" and/or their Purchase Order for RAW/FAB authorizations.
2. Fill out the "Obsolescence Claim Form" and attach the supplier management or schedule/release documents, purchase order, and any minimum run authorizations to support the claim.
3. All obsolete material must be segregated and stored, pending audit and final disposition by Adient and/or the OEM.
4. External supplier claims totaling less than \$500.00 aggregate will not be submitted to the OEM, nor paid to the supplier.
5. Supplier must obtain Adient plant authorization to sell claimable material at a price lower than unit cost.

The final order/ delivery prior end of production must not match the standard packaging size/ quantity. According to the ordered quantity supplier is obliged to adjust to an appropriate packaging in alignment with Adient's Global Supplier Packaging Standards & Requirements.

4.3.10 Security

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Adient requires the suppliers to ensure the security of its supply chain. Security measures must be set in place with the primary goal of preserving the safety of employees, protecting the physical property from loss or damage, safeguarding the integrity of our intellectual property, and preventing interruptions in the manufacturing process.

4.3.10.1 Security Procedure Requirements: Suppliers should develop and implement a comprehensive security plan throughout their operations and supply chain, following the recommendations outlined by the specific country’s security program where the supplier is located. For example, if a supplier is located in Canada, they should follow the security guidelines for PIP (Partners in Protection). Other country security programs are as follows: EU (AEO), US (CTPAT), MX (AEO).

All suppliers that ship across an international border to an Adient plant located in North America will receive an annual Security Assessment. This must be completed for Adient to complete a security risk assessment on the entire supply chain and maintain its CTPAT certification for locations in US, Mexico and Canada.

Requirements can be found at <https://www.cbp.gov/sites/default/files/assets/documents/2019-Dec/CTPAT%20U.S.%20Importers%20MSC%202019.pdf>

Failure to complete the assessment may result in a site visit to assess the security risk to Adient.

4.3.11 Free Trade Agreements and Special Trade Programs

4.3.11.1 Certification Requirements: As put forth in our global terms and conditions, Adient suppliers are responsible for providing timely and accurate responses to solicitations relative to Free Trade Agreements and Special Trade Programs. This is true whether or not a supplier ships product across an international border.

Trade agreement certifications may be solicited by Adient or by a designated service provider. It is expected that suppliers will respond to the solicitations by the deadline provided.

Suppliers should note that signing the various documents carries the legal obligation to advise Adient of any changes that would affect the accuracy or validity of the information. This notification must be in the form of an amended document that must be provided no later than 15 days of the supplier’s awareness of said change unless earlier notification is required under any specific trade agreement. If the supplier does not provide updated information or the supplier provides inaccurate information, the supplier may be subject to any associated costs or penalties incurred by Adient.

Suppliers that fail to comply, risk losing their eligibility for a supplier award via a supplier scorecard rating deduction and/or the ability to quote on new business.

4.3.11.2 Training: Training is strongly recommended for all suppliers for the specific Trade agreements and programs pertaining to **the respective** region.

4.4 PACKAGING

For packaging requirements refer to Adient’s [“Global Packaging Standards and Requirements”](#).

4.5. TOOLING, MACHINERY & EQUIPMENT

4.5.1 RFQ process for Tooling, Machinery and Equipment (TME)

Approved suppliers will receive a Request for Quote (RFQ) package **for the respective tooling, machinery or equipment**.

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After receiving the RFQ, suppliers will be expected to submit their quote to Adient within **maximum** of two weeks. Suppliers who fail to meet quote submission timing or send **improper** documentation may be excluded from the bid process.

Supplier quote must include the following information:

- Requestor name
- Program name
- Commodity / TME Description
- Production location
- Specific payment terms for capital and tooling
- Incoterms
- Completion/ Delivery / PPAP timing (when applicable)

When requested, suppliers must also include cost breakdown, tool/ equipment capacity, and tool life based on planned program volumes.

Suppliers will be notified of new business awards once Adient has reviewed all quotes, completed negotiations, and finalized the supplier selection. The purchase order typically represents the official award of new business for tooling, machinery, and equipment.

4.5.2 Kick-off and Design Reviews

Kick-off:

Tool, machinery and equipment suppliers must receive a Purchase Order from Adient before starting any work on the tool, machinery, or equipment. Adient will not be commercially responsible for tools, machinery or equipment started before receipt of a PO.

Design Review:

All designs for tooling, equipment, and machinery must be approved by Adient prior to construction. **Suppliers are responsible for scheduling design reviews in a timely manner to ensure program milestones are met. Adequate lead time must be provided to allow for thorough review and approval.**

Note: Design review criteria may vary by region. Suppliers should consult their local Adient contact - typically an Advanced Manufacturing Engineer (AME) or Tooling Engineer - for clarification.

Progress Reports and Timelines:

Suppliers must submit progress reports or timelines for tooling or equipment completion, **including a summary page** (template may vary by region). Adient reserves the right to request progress **updates** at any time.

4.5.3 Run-off / Buy-off Requirements and Approval

Tooling and equipment buy-off requirements will be communicated to the supplier in writing.

Tooling and equipment must be run-off with material supplied by Adient unless the supplier is directed to do so with alternate materials/ parts by the Adient AME, Tooling Engineer, and/or plant designee.

Each item required for buy-off must be “accepted” by the appropriate Adient AME, Tooling Engineering, and/or plant designee. If the requirement is not met, acceptance must be signed off by the Adient AME, Tooling Engineer, or plant designee.

Suppliers **will** be required to complete all tooling data for the assigned tool (**tool data sheet and 3D data** as applicable) to achieve final approval.

4.5.4 Invoicing

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Once the **designated** Adient personnel **have signed-off** and the final buy-off and/or PPAP requirements (**as applicable**) are **fulfilled**, the supplier will receive **formal** approval and may begin invoicing **in accordance with the payment terms specified in the purchase order (PO)**.

Note: The format and criteria for invoice approval may vary by region. **Suppliers should consult their local Adient contact for specific requirements.**

For North American suppliers, invoices must be submitted through SSSP Taulia as described in the **Required Invoice Information (RII)** Instruction.

For EMEA suppliers, invoices **to be submitted** per the local requirements as shown on the PO.

For APAC suppliers, invoices **to be submitted** per the local requirements by country.

Failure to follow these instructions may result in delayed payments.

4.5.5 Tooling Identification, Warranties, and Ownership

Suppliers must comply with the tooling identification requirements as outlined in the SSOW (where applicable). At a minimum, Adient owned tooling, must meet minimum requirements for identification.

Each tool must be permanently marked using stamping, CNC engraving, or an affixed metal tag.

Note: Stickers or paint markings are not acceptable.

Required identification includes:

- Property of [OEM Name / ADIENT] (as appropriate)
- OEM part number / Adient part number
- Supplier's company name, address, and phone number
- Supplier's job number (to **assist with** ordering replacement sections)
- Adient / Supplier Tool Asset Number (**to be obtained from Adient or the receiving supplier**).

In addition, **suppliers must adhere to any OEM-specific tooling identification requirements.**

For stamping dies **refer to** Adient Global Stamping Die Tooling Standard.

For gage labeling **refer to** Adient Technical Specification for Gage Standard.

All tools and equipment must be warrantied for craftsmanship and production capability, **covering the maximum volume requirements specified in the SSOW or applicable technical specifications.** The warranty **period begins upon approval of PPAP** or equipment run-off (as applicable).

Additional requirements for Adient-owned tooling and equipment are specified in the Adient Terms and Conditions of Purchase (see link below).

Note: Adient reserves the right to audit Adient- or customer-owned tooling in accordance with these terms.

4.5.6 Final Payment

Final payments will be issued in accordance with the agreed payment terms, upon receipt and approval of proper invoicing and all required supporting documentation, as per regional requirements.

4.6. SUSTAINABILITY & COMPLIANCE

At Adient, Environmental, Social and Governance (ESG) responsibility is a core value reflected in long-term investments in businesses, people, and communities, as well as the commitment to health, safety, and environmental stewardship.

Suppliers play a vital role in our business and are expected to operate in a sustainable and responsible manner that reflects Adient's values. We aim to collaborate closely with our supply base to achieve the following:

- Compliance with all applicable laws and regulations, Adient's Ethics Policy, or the supplier's own equivalent code of conduct, and Adient's Environmental commitment.
- Participation in Adient's sustainability and responsible sourcing initiatives, including the completion of required surveys and due diligence requests (e.g. EcoVadis) and supply chain mapping.
- Integration of environmental, occupational health and safety, and human rights and labor policies into business decision-making, supported by a robust management system.
- Maintaining certification of relevant management systems, including:
 - ISO 14001* or EMAS (Eco-Management and Audit Scheme), or RCMS (Responsible Care Management System) for environmental management system,
 - ISO 45001* or RCMS for health and safety management system,
 - ISO 50001* certification for energy management system.
- Clear, accurate and appropriate reporting to Adient upon request.
- Conformance with any customer specific requirements or documentation (supplier should consult their Adient Purchasing representative to confirm applicable requirements).

These expectations are designed to promote ethical practices, minimize environmental impact, and ensure safe and fair working conditions throughout the supply chain.

* Certificates to be issued by a recognized certification body

Adient expects suppliers to maintain supply chain mapping to support achieving a full transparent, resilient and sustainable value chain by

- sharing supply chain traceability data;
- meeting regulatory and compliance requirements, such as but not limited to: Corporate Sustainability Reporting Directive (CSRD), Impact, Risk and Opportunity (IRO) Assessments, The EU Corporate Sustainability Due Diligence Directive (EU CSDDD), EU Deforestation Regulation (EUDR), Germany's Supply Chain Due Diligence Act (LkSG), The U.S. Tariff Act of 1930;
- anticipating and mitigating risks in terms of geopolitical conflicts, economic instability, climate-related disasters, labor right violations
- tracking carbon emissions.

4.6.1 Labor and Human Rights Requirements

Suppliers shall treat workers with dignity and respect and:

- Comply with internationally recognized human rights and ensure fair labor conditions and ethical recruiting.
- Prohibit the use of forced, bonded, indentured labor, involuntary, or prison labor. Prohibit modern slavery and human trafficking.
- Allow workers to leave employment upon reasonable notice and not require workers to hand over government-issued identification; passports or work permits as a condition of employment. Prohibit recruiters from charging recruitment fees to potential employees. Where employees have employment contracts, provide access to those contracts.
- It is mandatory that all suppliers directly or indirectly shipping to Adient in the United States
 - comply with all United States laws, including, but not limited to its extraterritorial forced labor prevention acts, and



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- thoroughly screen and continuously monitor their supply base down to the original raw material harvest or mining operation against the list published by the U.S. Department of Homeland Security (DHS) which includes entities that are considered to be in violation of United States law, and
 - hold their suppliers to the same requirements down to the original raw material harvest or mining operation, and
 - certify at Adient's request that the supplier, its subsidiaries and all (sub)suppliers are compliant with the applicable laws, and they will under no circumstances supply products manufactured (a) by using of any form of forced labor, and/or (b) fully or partially manufactured from materials, components, or parts that were extracted, harvested or manufactured with forced labor, and
 - send at Adient's request and with no delay any and all documents required to prove that the goods/ parts shipped to Adient are free of forced labor through the supply chain as required by all applicable laws of the importing country or as requested by Adient (such as supply chain mapping), and
 - acknowledge that the supplier, its subsidiaries and all (sub)suppliers will be responsible for any and costs Adient will incur directly or indirectly associated with non-compliance with the applicable laws and/or this section 9.1.
- Comply with all principles enunciated in the UN Global Compact.
 - Comply with all applicable international, national and local laws regarding child labor.
 - Set work hours to comply with local law. Limit a workweek to 60 hours or less, including overtime, except in emergency or unusual situations.
 - Comply with applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Employees receive at least the minimum wage required by law or the prevailing industry wages whichever is higher. Workers receive full details regarding deductions for taxes, benefits, etc. Wages are not deducted for disciplinary purposes and are paid in cash, check form or by direct deposit.
 - Maintain workplaces free of physical or mental harassment, abuse, or any other behavior that diminishes a person's integrity and self-esteem. This includes harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers.
 - Maintain workplaces free of unlawful discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity, and religious beliefs. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.
 - Prohibit the use of private or public security forces from engaging in activities that may lead to violations of human rights.
 - Respect voluntary freedom of association, including the right to organize and bargain collectively in a manner that is legally compliant. Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions. Where worker representation and collective bargaining are restricted by law, efforts should be made to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers' rights, needs and views are considered and acted upon appropriately and in good faith.

4.6.2 Health and Safety

Suppliers shall practice the following:

- Control worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, heat, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/ tag-out). Where hazards cannot be adequately controlled by these means, provide workers at no cost as appropriate the

proper personal protective equipment and ensure proper maintenance of the equipment. Workers are not disciplined for raising safety concerns.

- Maintain appropriate emergency plans and response procedures, including emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- Provide organizational and technical fire protection (e.g. fire drill; regular check of fire protection equipment).
- Manage, track and report occupational injuries and illnesses, including provisions to:
 - a) encourage worker reporting;
 - b) classify and record injury and illness cases;
 - c) provide necessary medical treatment;
 - d) investigate and implement corrective actions to eliminate their causes) facilitate return of workers to work.
- Assess the existing working conditions and health and safety risks on a regular base to define measures to reduce the identified risks.
- Identify, evaluate and control worker exposure to chemical, biological, radiological and physical agents as well as physically demanding tasks. Provide appropriate personal protective equipment when hazards cannot be otherwise controlled.
- Provide and properly maintain machine safeguards, interlocks and barriers.
- Provide clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the vendor, or a labor agent are to be clean, safe, and provide emergency egress, adequate ventilation and reasonable personal space.
- Allow Mandatory Health Setup Check (e.g. eye test; working at height; working with harmful substances).
- Ensure that the company Health & Safety policy covers also activities carried out by the subcontractors.

4.6.3 Environmental Responsibility

Suppliers should implement environmental management system that involves following:

- **Carbon Neutrality:** As suppliers make up Adient's Scope 3 emissions, suppliers are expected to work towards net zero greenhouse gas (GHG) emissions and to follow Adient emission reduction/ decarbonization goals and renewable energy objectives.
- **CO2 Reduction:** Adient will reduce 75% of Scope 1&2 greenhouse gas emissions and 35% of Scope 3 greenhouse gas emissions by 2030. Adient expects its suppliers to take measures to reduce their greenhouse gas (GHG) emissions from their own operations and in their supply chain overall (carbon emissions in tons (scope 1, 2 and 3)). Adient requests its suppliers to implement initiatives to reduce Product Carbon Footprint from its product life cycle "cradle to gate" of their delivered products. The supplier must monitor and report on its progress to Adient during regular reviews. Adient encourages its suppliers to gain, at a minimum, limited assurance for the data that they report.
- **Energy:** Adient expects its suppliers to implement a system that monitors energy consumption with the focus to reduce it, and to improve energy efficiency. Adient strongly recommends its suppliers to convert to renewable electricity if it is an option within their region. Upon request it may be required from the supplier to support Adient in meeting renewable energy objectives mainly for renewable electricity (excluding fossil sources such as coal, natural gas or oil and switching to renewable sources either at site or through purchased certificates or similar).
- **Water Quality, Consumption & Management:** Adient expects its suppliers to introduce measures to reduce, reuse and recycle water. In addition, suppliers are expected to responsibly treat wastewater discharges to protect the environment as required and to continuously improve water management where possible. Suppliers are committed to identify and comply with all local legal

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requirements related to water and wastewater management. Supplier’s water management should include regularly performed water risk assessments and to have a mitigation plan.

- **Air Quality:** Adient expects its suppliers to monitor, treat, control and minimize their air emissions such as volatile organic compounds (VOCs), corrosives, particulate matter (PM), ozone-depleting substances, air toxics and combustion by-products generated from business and manufacturing operations. Suppliers should do this as required by and in accordance with applicable law.
- **Responsible Chemical Management:** Adient expects its suppliers to manage chemical substances in a way to keep their employees and environment safe and not to use any prohibited substances in products and production processes. Suppliers must adhere to applicable laws and contract requirements regarding prohibition or restriction of specific substances, materials and waste, including compliance with the Minamata Convention on Mercury, the POPs Convention on Persistent Organic Pollutants, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.
- **International Materials Data System (IMDS) - <https://www.mdssystem.com/>**
IMDS is a global standard used by all automobile manufactures and we expect our suppliers to submit IMDS to meet customer and legal obligations (government and industry regulations, including environment, safety, corporate governance and product performance) for prohibited substances.

IMDS submissions shall include all materials present in the finished product and full disclosure of intentionally added substances. All materials and substances reports must follow customer reporting requirements in IMDS and the IMDS terms of use and recommendations.
- **Chinese Automotive Material Data System (CAMDS) - www.camds.org**
CAMDS is the Chinese version of the IMDS. It is a web-based application. Upon agreement and when Adient has to comply with the Chinese material data reporting via CAMDS, suppliers shall report their material and substance content in compliance with the customer reporting requirements for CAMDS and to the CAMDS rules.
- **Circularity:** Adient encourages its suppliers to promote closed loop systems by supporting the use of sustainable, renewable natural resources over all operations while reducing waste and increasing reuse and recycling at disposal stage of end-of-life products. Adient requires its suppliers to report data on recycled or renewable content available to Adient via the IMDS system (according to the requirement of IMDS Recommendation 025) and any other agreed communication system.
- **Animal Welfare:** Adient recommends its suppliers to protect the welfare of animals and provide humane treatment in line with the five animal freedoms formalized by the World Organization for Animal Health (OIE). Suppliers will not supply any raw materials, components, parts, or assemblies to Adient involved testing on animals.
- **Biodiversity, Land Use and Deforestation:** Adient requires its suppliers to perform a due diligence on the following:
 - For cattle products such as the leather used in seat covers. Adient recommends its suppliers to obtain leather certifications like from the Leather Working Group (LWG), and Sustainable Leather Foundation (SLF).
 - For timber-based packaging such as wood pallets, cardboard, and paper packaging. Adient recommends its suppliers to obtain packaging certifications like Forestry Stewardship Council (FSC), Sustainable Forests Initiative (SFI), and Program for the Endorsement of Forest Certification (PEFC).
 - For soy and palm oil products, which are used as plant-based substitutes for polyols in less amounts in a limited number of foam products. Adient recommends its suppliers to obtain soy product and palm oil certifications like from Roundtable on Responsible Soy (RTRS) and Roundtable on Sustainable Palm Oil (RSPO).

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See [Adient's Deforestation Commitment](#)

- Soil Quality: Adient encourages its suppliers to monitor and control their impact on soil quality to prevent soil erosion, nutrient degradation, subsidence, and contamination.
- Noise Emissions: Adient encourages its suppliers to monitor and control the levels of industrial noise to avoid noise pollution.
- Oceans: Adient encourages its suppliers to take action to prevent and mitigate environmental risk to oceans.

4.6.4 Supplier Diversity

Adient values diversity and inclusion as key drivers of strong business performance. We are committed to fostering these principles within our workforce and throughout our supply base. By partnering with a wide range of qualified suppliers, we aim to create opportunities for growth and development across all communities.

Join our Tier 2 initiative to adopt best practices for diversity and inclusion, engage with diverse and small-sized businesses, and strengthen our supply chain, fostering a resilient and dynamic business environment. For more information contact SupplierDiversity@Adient.com.

4.6.5 Ethics and compliance with laws

Suppliers are expected to uphold the highest ethical standards to include:

- Abide by Adient's Ethics Policy (available at <http://www.adient.com/ethics>) or the supplier's own equivalent code of conduct. The supplier shall communicate the expectations in this Manual to its own suppliers and hold them accountable to comply with the same standards, laws and regulations.
- Comply with all anti-corruption and anti-bribery laws (the US Foreign Corrupt Practices Act, local anti-corruption laws and all other laws prohibiting any form of commercial or private bribery, extortion, embezzlement, -money laundering or other undue or improper advantages) and prohibit anything of value paid to a government official on behalf of Adient for an improper purpose. Follow all applicable laws that prohibit the giving of anything of value to any person or entity to obtain an improper business advantage.
- Prohibit any gift or entertainment to an Adient employee to induce or unduly influence a business decision (e.g. awarding business or favorable terms to the supplier).
- Ensure fair business and comply with all applicable antitrust and competition laws and don't engage in any act that improperly restrains competition.
- Comply with all applicable customs, import, supply chain security, export controls and anti-boycott laws and requirements, as well as laws that prohibit or restrict business relationships with embargoed countries and regions and sanctioned entities, persons and industry sectors.
- Comply with and apply all requirements from international applicable privacy laws of countries from which personal data is being collected and processed, including necessary due diligence for own processes and towards subcontractors. Furthermore, implement requirements from applicable privacy laws with regards to international data transfers.
- Properly disclose and protect business data, customer information, conflicts of interest and intellectual property rights in accordance with applicable privacy and information- and cyber-security laws and regulatory requirements and prevailing industry practices.
- Inform Adient promptly in the event of a violation of the law, Adient's Ethics Policy or the supplier's own equivalent code of conduct while working for Adient. To report suspected violations to Adient's Integrity Helpline visit <https://www.adient.com/suppliers/corporate-responsibility>.
- Prohibit retaliation against any employee who raises a compliance concern in good faith.
- Participate and timely respond to all Adient requests in connection with supplier due diligence, certification and statement requests, questionnaires and supporting documentation.

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4.6.6 Counterfeit parts

The supplier ensures that there is no risk of counterfeit product being shipped to Adient. Counterfeit product is defined as items that are, or contain, unlawful or unauthorized reproductions, substitutions or alterations that have been knowingly mismarked, misidentified or otherwise misrepresented to be an original manufacturer's part. The supplier must have strict procurement policies in place to ensure traceability for all items incorporated in the product.

4.6.7 Conflict Minerals

Adient is required to comply with existing and future reporting requirements regarding the use of conflict minerals in its products under

- o Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act and the U.S. Securities and Exchange Commission ("SEC") rules and regulations.
- o reporting requirements of our customers under the EU non-financial reporting directive 2014/95/EU as laid down in the guideline published in the official journal of the EU (2017/C215/01) and the EU Conflict Minerals Regulation 2017/821 as laid down in the guideline published in the official journal of the EU (32017R0821).

Adient must perform due diligence on and make disclosures concerning its use of conflict minerals originating in the Democratic Republic of the Congo and adjoining countries or any other high-risk country as defined by the legal authorities.

All Adient suppliers are required to respond to information requests from Adient regarding the uses and sources of conflict minerals in their products including information about minerals that are recycled or scrap.

In order to respond to Adient's information requests, suppliers will need to make similar inquiries of their suppliers as a means to investigate the source of materials in their products, and to provide Adient the requested information based upon the results of such inquiries.

Adient may be required, and may require its suppliers, to perform due diligence on the source and chain of custody of its conflict minerals in accordance with the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas". In addition, suppliers may be required to make certain representations/ certifications with respect to the use of conflict minerals/ responsible sourcing **by using the Conflict Minerals Reporting templates (CMRT) provided by the Responsible Minerals Initiative.**

Additional information on conflict minerals may be obtained through links on the SEC website (<http://www.sec.gov>) or the European Commission Trade website (<http://www.ec.europa.eu/trade/>) or the AIAG (What are Conflict Minerals & Responsible Materials - (3TG) | AIAG).

Adient might require information on additional minerals which will be collected using the EMRT and AMRT templates provided by the Responsible Minerals Initiative.

5.0 Records/Logs

Not applicable.

6.0 References

Adient Supplier Portal: <https://www.adient.com/suppliers>

Adient Sustainability: <https://www.adient.com/about-us/sustainability/>

Adient Supplier Code of Conduct [Supplier Expectations | Adient](#)
[US Forced Labor Entity List](#)

Automotive Industry Action Group (AIAG): <https://www.aiag.org/>

ISO – International Organization for Standardization: <https://www.iso.org/home.html>

Taulia – Adient Supplier Self-Service portal powered by Taulia: [Taulia portal](#)

Responsible Minerals Initiative: <https://www.responsiblemineralsinitiative.org/>



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APPENDIX

Supply Chain Management

DMR Appendix

| HEADER ISSUES | |
|---|---|
| Category | Definition |
| Incomplete/Inaccurate Commercial Invoice | International shipment where the commercial invoice is missing info. |
| Late Shipment against Defined Delivery Window | Entire shipment arrives after scheduled window time and was not the fault of carrier delay |
| Missing Commercial Invoice | International shipment that was missing a commercial invoice |
| No ASN | Supplier doesn't send an ASN for the entire shipment, or it arrives later than the shipment. Should be used for suppliers that are ASN capable or been told to be capable and have not complied. |
| Incorrect ASN | |
| Purchase Order Discrepancy | Wrong PO# shown on the packing slip or ASN. |
| Wrong Ship-to Address | Shipment that was sent to another Adient facility first or paperwork lists incorrect address. DMR is issued by Adient facility which ultimately receives it (NOT by the facility who received it by mistake). |
| No Packing Slip/ BOL | Missing packing slip when shipment arrives |
| Missing Container Management Confirmation | Supplier not adhering to Adient regional returnable container management system |
| Shipping in the wrong container | Supplier shipping without approval in non-approved packaging |
| Incorrect Freight / Routing Instruction | Shipment was delivered by the wrong carrier or through incorrect consolidation point |
| Early Shipment Against Defined Delivery/ Shipping Window | Supplier not adhering to defined window delivery and shipping window |
| None | |
| Incomplete Packaging Definition Approval | Supplier has not submitted packaging (pdf) for approval |
| Label Non-Conformance | Supplier not shipping to Adient labels standard |
| LINE ISSUES | |
| ASN Qty Different than Packing Slip | Quantity on the ASN doesn't equal the printed quantity on the packing slip. <i>Not used for over or under shipments where a new item is shipped that didn't have an ASN.</i> |
| Box Qty Different than Label | Quantity in the box doesn't equal the printed quantity on the label. <i>Not used for over or under shipments where a new item is shipped that didn't have an ASN.</i> |
| Incomplete/Inaccurate Packing Slip/ ASN | Parts were shipped but not listed on the packing slip/ASN, or there was missing/inaccurate data on the Pkg slip/ASN |
| Incorrect Part Number on Label | Part number on the label doesn't match part number in the box |
| Label Nonconformance | Label is not printed to Adient standards, e.g. missing barcode, missing part #, Qty info, or CoO (Country of Origin). |
| Late Shipment/Loading Against Defined Delivery/Pick-up Window | Item arrives after scheduled window time and was not the fault of carrier delay (could be applicable to one part that was thrown on the second day's truck. Plant should not issue an under shipment DMR when the first truck arrived w/o this part). |
| Early Shipment Against Defined Window | Supplier not adhering to defined delivery window |
| Non-conformance to Packaging Specification | Parts arrived in expendable when should have been in returnable' s. Parts arrived in wrong sized containers, etc. |
| Damaged Packaging | Component supplier that owns the transportation responsibility. |



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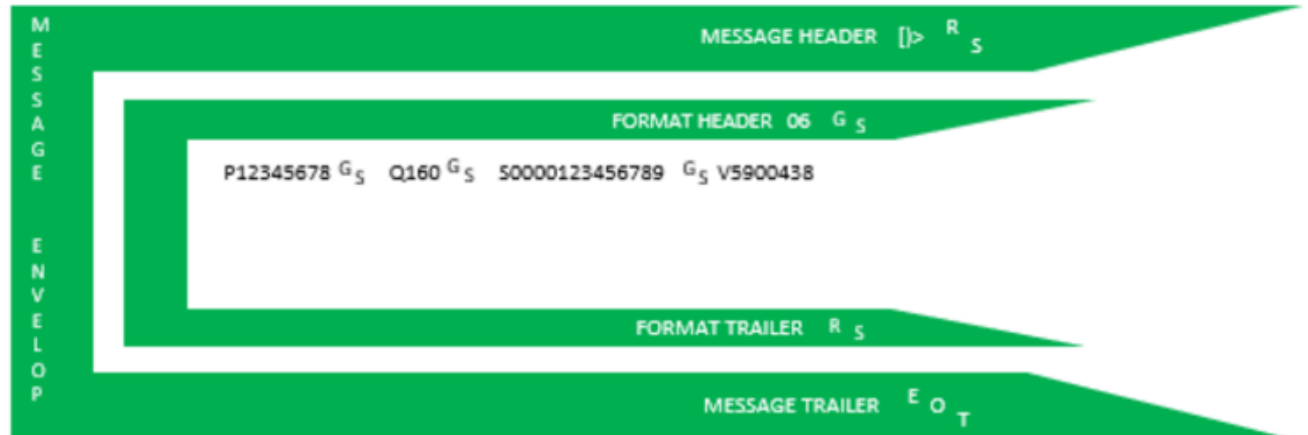
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| | |
|---------------------------------------|--|
| | Damaged packaging and components arrival at Adient facility. |
| Over-shipment | Supplier shipped more pieces than required in the release; min/max; kanban. Assumes the ASN showed this increased Qty and matches the shipment. |
| Packing Slip Qty Different than Label | Packing slip shows 40 pieces, box / label shows different quantity. |
| Purchase Order Discrepancy | Wrong PO# shown on the packing slip or ASN; wrong freight terms used for shipment |
| Under shipment | Supplier shipped less pieces than required in the release; min/max; kanban. Assumes the ASN showed this decreased Qty and matches the shipment. |
| Returnable Container Non-conformance | Adient container assets not returned within 45 days of Adient shipping to supplier. Failure to perform container bookings in Adient's Container Management System. |
| FIFO First in First Out | Suppliers not shipping to FIFO |

Labeling Appendix

PDF417 2D BARCODE SYNTAX & TECHNICAL SPECIFICATIONS

Data Syntax Structure Example:



Data Syntax:

[]>^RS 06^GS P12345678^GS Q160^GS S0000123456789^GS V5900438^RS^EOT



Human
Readable

[]>]06]P2461595]Q20]V303158]S005618223]1T152]]

Syntax String References:

| | |
|------|---------------------------------|
| []> | Compliance Indicator (Rqd) |
| RS | Record Separator (Rqd) |
| 06 | Data Format (Rqd) |
| GS | Group Separator (Rqd) |
| P | Part or Item (Rqd) |
| Q | Quantity (Rqd) |
| S | Serial (Rqd) |
| M | Serial (Opt) |
| 4S | Master Serial (Opt) |
| V | Vendor Code (Rqd) |
| 1T | Lot or Batch (Opt) |
| H | Heat Lot (Opt) |
| 2S | Deliver Note/Packing Slip (Opt) |
| 12D | Manufacturing Date (Opt) |
| B | Container Type (Opt) |
| 2P | Eng. Change Level (Opt) |
| EOT | End of Transmission (Rqd) |

Printable Characters:

| ISO646 | Decimal | Hex | Description |
|--------|---------|-----|---|
| [| 91 | 5B | Part of Message Header |
|) | 41 | 29 | Part of Message Header |
| > | 62 | 3E | Part of Message Header |
|] | 93 | 5D | Human Readable replacement For ASCII GS RS and EOT |

Non-Printable Characters:

| ASCII / ISO646 Character | Decimal | Hex | Description |
|--------------------------|---------|-----|---------------------|
| ^RS | 30 | 1E | Record Separator |
| ^FS | 28 | 1C | File Separator |
| ^GS | 29 | 1D | Group Separator |
| ^EOT | 04 | 04 | End of Transmission |

Note: Reference the complete ASCII table for addition syntax string details.



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Label Examples with the 2D Barcode

| | | | |
|--|---|---|--|
| (P) Part No. 2264707-201B  | |  | |
| (Q) Quantity 1500  | Description Camry, CVR. RR60 HV FAB/LTH | | |
| (V) Supplier 59000438  | | Mfg. Date 2015-04-05 | Ship to Adient - Lakewood 204 Douglas Ave. Holland, MI. 49424, USA |
| | | Country of Origin MX | |
| (S) Serial 41366286310  | | Batch / Lot 152 | Ship From Adient - Tlaxcala Via Corta Puebla KKM. 20.5 St. Ana Chiahutempan San Luis Teolocholco |
| | | Eng Level 5 | |

Master Label Examples with the 2D Barcode

| | | | |
|--|------------------------------------|---|--|
| (P) Part No. 2264707-201B  | |  | |
| (Q) Quantity 6000  | Description MASTER LABEL | | |
| (V) Supplier 59000438  | | Mfg. Date 2015-04-05 | Ship to Adient - Lakewood 204 Douglas Ave. Holland, MI. 49424, USA |
| | | Country of Origin MX | |
| (S) Serial 41366286310  | | Batch / Lot 152 | Ship From Adient - Tlaxcala Via Corta Puebla KKM. 20.5 St. Ana Chiahutempan San Luis Teolocholco |
| | | Eng Level 5 | |

Mixed Load Label Example

| | |
|---|---|
| MIXED LOAD | |
| (V) Supplier 59000438  | Ship to: JCI - Lakewood, dock 1 204 Douglas Ave. Holland, MI. 49424, USA |
| (S) Serial 41366286310  | Ship From: JCI - Tlaxaca Mexico Via Corta Puebla KKM. 20.5 St. Ana Chiahutempan San Luis Teolocholco |



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Label Field and Dimension and Layout



Font and Size Specification

