

SUPPLY TERMS NOTICE TO DIRECTED SUPPLIERS

(Suppliers without a supply agreement with Summit Polymers, Inc.)

Effective Date:

Directed Supplier Name:

SPI Supplier Code(s):

Directed Supplier Terms

1. **Purchase Order.** SPI will issue a production purchase order to the Directed Supplier when a purchase order has been received from its customer, and when all necessary set up conditions have been attended to. SPI's purchase order terms and conditions are an integral part of its purchase order. (SPI also believes these terms and conditions to be in complete alignment with its customer's terms and conditions and those of the automotive industry in general.)
2. **Pricing: Pre-production and Production.** SPI will accept and pay the Directed Supplier purchase prices for pre-production and serialized production that have been approved by its customer and may require from the Directed Supplier evidence of our mutual customer's approval. Our customer's policy calls for annual price reductions between 2-5% so we will assume that these include the Directed Supplier's parts and services.
3. **Payment Terms.** SPI will provide to the Directed Supplier the same payment terms provided to SPI by SPI's direct customer in the supply chain. For improved terms the Directed supplier would offer a discount approved by SPI (i.e. 2% 10 N55). If tooling payments are involved in transactions between our companies, payment will be made on the same schedule as the Directing customer and may require evidence of completion of the milestones such as PPAP.
4. **Tooling Capacity.** The Directed Supplier, not SPI, is responsible for ensuring adequate tool capacity and for maintaining the tools at its cost over the life of the program.
5. **Material Releases.** SPI will provide two types of releases to the Directed Supplier. A DELFOR / Delivery Forecast is to be issued weekly and will typically contain planning data. A DELJIT / Shipping Order will be issued as material is needed. The date shown on the DELJIT is SPI's in plant due date.
6. **Material Authorization.** SPI provides to the Directed Supplier the same material authorization levels for fabricated finished goods and raw material as supplied to SPI by the Directing Customer. Although these authorization levels are offered, SPI will not honor any claims for obsolescence that are not provided and paid for by the Directing Customer.
7. **Order Processing Lead Time Allowance.** SPI will allow the Directed Supplier the same lead time for manufacturing and shipping provided to Summit by the Directing OEM. This will not exceed 3 days for Shipping and 2 weeks for Manufacturing. Any deviations from this timing must be approved by the Directing OEM.
8. **The Directed Supplier's Manufacturing Location.** SPI understands the Directed Supplier's manufacturing location to be documented in the Directed Supplier Parts Summary. Changes in manufacturing locations require approval of SPI and our mutual customer prior to execution.
9. **The Directed Supplier's Shipping Location.** SPI requires the suppliers shipping pick up location to be in the same country as the SPI Assy Plant. Changes in shipping locations require approval of SPI and our mutual customer prior to execution.
10. **SPI's Manufacturing Location / The Directed Supplier's Delivery Location.** The Directed Supplier is to ship products to the location identified on the Directed Supplier Parts Summary.
11. **Freight / Payment of Freight / Transfer of Title.** When transportation is the responsibility of SPI, the Directed Supplier will be informed of the details via a routing instruction. Title and risk of loss

will pass when goods are delivered to SPI's named carrier. Under terms where the Directed Supplier is responsible for freight, the frequency of delivery shall be no less than weekly.

- 12 **Routing Instructions.** SPI will issue to the Directed Supplier routing instructions prior to production start-up. The Directed Supplier may not deviate from the routing issued.
- 13 **Standard Pack / Minimum Shipment Quantity.** The Directed Supplier is expected to provide to SPI a packaging information sheet at the earliest possible date prior to production start up which shows in detail standard container and pallet dimensions, as well as units and weight per container and pallet. Cost changes associated with revisions in packaging may require acceptance from the mutual customer prior to implementation. The Directed Supplier's standard pack and minimum shipment requirements will be as shown on the Directed Supplier Parts Summary.
- 14 **Quality Requirements.** SPI will hold the Directed Supplier to the quality standards, policies, and procedures contained in SPI's Supplier Requirements Manual.
- 15 **PPAP.** The Directed Supplier is expected to supply to SPI a Level 1 PPAP along with a warrant signed by our mutual customer prior to production. Evidence of our mutual customer approvals is required prior to any changes in design.
- 16 **EDI / Container Labeling Standards.** If EDI communications do not currently exist between our companies, the Directed Supplier is expected to cooperate with SPI in establishing this communication channel according to SPI's EDI standards and on a timely basis. The Directed Supplier is expected to comply with SPI's labeling standards
- 17 **Other Agreements.** Triangular sourcing agreement that exist between SPI, the Directed Supplier, and our Mutual customer will be listed on the Directed Supplier Parts Summary. The triangular sourcing agreement establishes our relationship and sets generic responsibilities for conducting business and this notice will not conflict with any of the items from that agreement.
- 18 **Deviations and Exceptions.** Any deviations or exceptions to the terms or details included in this policy document must be agreed to in writing and may require the agreement of Directing Customer.
- 19 **Effective Date and Scope.** This notification applies to all parts included on the Directed Supplier Parts Summary and supersedes any and all prior notifications. It is effective immediately upon delivery to the Directed Supplier and will remain in effect until the supply of the items on the Directed Supplier Parts Summary is terminated or an SPI supply agreement is reached with the Supplier.