

CLARION technologies

Supplier Manual
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INTRODUCTION

Clarion Technologies success is dependent upon our ability to contribute to the success of our customer. As a result of this effort, this supplier manual has been designed to provide identical information to all Clarion suppliers. This information has been prepared to define specific requirements pertaining to certificates of analysis, invoicing, SDS sheets, packaging, purchase orders, labeling, shipping, quality, on-time delivery, and supply base expectations.

Please review the information contained in this manual and inform all affected staff members/departments as to Clarion's requirements. The information will be updated periodically to be sure the information remains current. Also, feel free to contact Clarion's Purchasing Department with any questions.

NOTE: Your Company's effort and support is important to the success of your business relationship with Clarion Technologies.

ACKNOWLEDGEMENT DOCUMENT
CLARION TECHNOLOGIES, INC.
SUPPLIER'S NONDISCLOSURE AGREEMENT

_____ (hereinafter referred to as "Supplier") has been, or may become, a supplier to CLARION TECHNOLOGIES, INC., or to one of its subsidiaries or joint ventures (all hereinafter collectively referred to as "Clarion Technologies"). During the parties' relationship, certain confidential information of Clarion Technologies may be disclosed by Clarion Technologies to Supplier, and Clarion Technologies and Supplier may jointly work on the development of new or modified products or processes.

In consideration of Supplier's relationship with Clarion Technologies, the disclosure of confidential information from Clarion Technologies to Supplier and any efforts of Clarion Technologies in attempting to develop new products which may be sold to Clarion Technologies by Supplier, Supplier agrees as follows, both for its own account and for the account of any of its employees, consultants, or agents:

1. Confidential Information. Supplier acknowledges that all information, knowledge, or data relating to Clarion Technologies' costs and financial information; pricing methods or strategies; existing and potential customers; market studies, plans, and strategies; new product plans; information regarding customer contracted products and projects under development and related product information; product manufacturing methods or processes; product designs and sources of supply for product components and manufacturing services, all whether developed by Supplier and/or Clarion Technologies (or customers of Clarion Technologies), shall be the exclusive property of Clarion Technologies and shall be deemed confidential ("Confidential Information") and subject to nondisclosure. However, Confidential Information shall not include:

- (a) Information, which is or becomes part of the public domain other than by the acts or omissions of Supplier, provided that information which becomes part of the public domain shall remain Confidential Information under the Agreement for one year after public disclosure;
- (b) Information which can be demonstrated by written documents to be in Supplier's possession prior to the time of its disclosure hereunder; or
- (c) Information that is given to the Supplier without obligation of secrecy by a third party who is free to disclose the information.

2. Use of Confidential Information. Supplier acknowledges that any use of Confidential Information by Supplier, other than for the sole benefit of Clarion Technologies, would be wrongful and cause irreparable harm to Clarion Technologies. Accordingly, Supplier shall not, at any time from the date hereof until five (5) years after the termination of its supply relationship with Clarion Technologies, without the express written consent of Clarion Technologies, publish, disclose, or divulge to any person, firm or corporation, or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, or corporation any Confidential Information.

3. Amendment. This Agreement may not be changed, modified, released, discharged, abandoned, or otherwise terminated in whole or in part, except by an instrument in writing signed by both of the parties hereto.

4. Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws, and in the courts, of the state of Michigan.

5. Benefits. This Agreement shall be binding upon and shall inure to the benefit of the successors, assigns, and representatives of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CLARION TECHNOLOGIES, INC.

SUPPLIER

By _____

By _____

Its _____

Its _____

Dated _____

Dated _____

SUPPLY BASE EXPECTATIONS

1. **Inventory Reduction Programs** – Clarion Technologies cannot afford excess capital supporting inventory. Inventory is the result of an inability to supply minimum quantities on a JIT basis. Let the Plant Materials Manager and/or Plant Buyer know how your company can assist in reducing inventories. Consigned inventories are a possible solution.
2. **Price Reduction** – The current purchase activity at Clarion Technologies and the potential for exceptional growth requires that we should expect incentive based contracts or price concessions. Many suppliers have been involved with cost reduction programs. Please review your company's cost reduction programs in the past year and submit your company's cost reduction plan to the Plant Materials Manager and/or Plant Buyer. Also, current pricing should consider Clarion's growth potential.
3. **Price Increases** –Supplier price increase proposals must be presented to the Plant Materials Manager and/or Plant Buyer a minimum of 30 days BEFORE the proposed increase is to take effect for review. All letters of notification must be provided to the Plant Materials Manager and/or Plant Buyer by mail or email. NOTE: Clarion will NOT accept general increase letters as an increase notification. Also, increases not approved by our customer will be rejected.
4. **On-Time Delivery (OTD) Requirements** – Clarion requires 100% on-time delivery. On-time shipments are defined as shipments received on the dock date or up to 5 days prior to the dock date indicated on the purchase order. Late shipments are defined as shipments received one or more days late of the due date indicated on the purchase order.

Purchase Order Terms and Conditions

1. **Contract Formation.** Any outstanding prior offers, the Buyer, hereby rejects which may have been made by the Seller to Buyer with respect to the subject matter of this order. This order is an offer by Buyer and may be revoked or changed at any time before acceptance. No different or additional terms included by Seller in accepting or acknowledging this order shall be effective unless agreed to in writing by Buyer. Neither acceptance of delivery of the goods nor payment therefore shall constitute acceptance by Buyer of any such different or additional terms even if Seller states that its acceptance is conditioned on Buyer's assent to such terms. The commencement of any work delivery of any goods shall be acceptance by Seller of all the terms of this purchase order, whether or not Seller has assented in writing to all such terms.
2. **Terms.** As stated on face of Purchase Order. However, invoice not payable until shipment inspected and accepted by Buyer. In the event Buyer makes payment of invoice within the period allowed for the purpose of obtaining any cash discount offered, such payment shall not prejudice the right of the Buyer to return goods found defective or which fail inspection and receive credit or reimbursement from Seller. Individual invoices showing order number and purchase item number must be issued for each shipment applying against this order. Buyer reserves right to return all invoices submitted incorrectly. Each delivered container must be labeled or marked to identify contents without opening, and all boxes and packages must contain packing sheets listing contents. Buyer's purchase order number must appear on all packing sheets, deliver tickets, bills of lading and invoices.
3. **Delivery and Performance.** Time is hereby expressly declared to be of the essence, and Seller is notified that failure to deliver goods or perform the services on time may result in substantial damage to Buyer. If Seller shall fail to make timely delivery or performance of any part of the goods or services, or if timely delivery or performance is endangered for any reason, Buyer shall have the right, at its option, to terminate any part or the whole of this order, reject untimely deliveries, purchase substitute goods elsewhere, and charge Seller with any loss incurred.
4. **Warranties.** All specifications, drawings and other data submitted by Buyer, including performance data, are incorporated by reference into this order, and Seller expressly warrants that the goods or services shall conform to such data. In addition, goods delivered are expressly warranted by Seller to be merchantable, of good material and workmanship, free from any defect in material, labor or fabrication, and fit for the particular purpose of Buyer. Seller further warrants that all work and services performed hereunder will be free from defect in workmanship. All warranties shall extend to future performance of goods, shall survive inspection, tests acceptance and payment for the goods, and shall pass to buyer, its employees, successors, assigns, and other users.
5. **Indemnity.** Seller shall indemnify and hold harmless and at Buyer's option shall defend Buyer and its employees and agents from any claims, losses or damages arising out of or alleged to arise out of any breach by Seller of any warranty or agreement of Seller contained herein. Except to the extent that the goods supplied hereunder are manufactured to design supplied by Buyer, Seller also agrees to indemnify and at Buyer's option, defend Buyer, its agents and employees, from any claims, losses, or damages based on any actual or alleged unfair competition or infringement of any patent, trademark, copyright or other proprietary rights relating to the good's.
6. **Buyer's Remedies.** In the event of Seller's breach of any warranty or agreement of Seller contained herein, Buyer shall have all of rights and remedies provided to buyers by all applicable statutes, or by common law, including but not limited to the right to recover consequential or incidental damages.
7. **Packaging.** All items shall be packed by Seller in suitable containers for protection to permit safe transportation and handling and shipped to secure the lowest transportation cost.

8. **Changes.** Buyer may, at any time and from time to time, by purchase order amendment issued to Seller: (a) increase or decrease the quantity of products ordered; (b) change the drawings or specifications; (c) issue a suspension of work order; (d) make changes in the delivery schedule. If such changes cause an increase or decrease in the amount of work hereunder, or in the cost of performance, and equitable adjustment shall be made in the contract price and/or the delivery schedule and the purchase order shall be amended in writing accordingly. Any claims for adjustment under this clause not asserted within thirty- (30) days from the date of this purchase order amendment shall be deemed waived.
9. **Termination.** Buyer may terminate work under this purchase order in whole or in part at any time by notice to Seller in writing. Seller will thereupon immediately stop work on this purchase order or the terminated portion thereof and notify its subcontractors to do likewise. Except where termination is caused by a default or delay of Seller, Seller shall be entitled to reimbursement for its actual costs incurred up to and including the date of termination, applicable to the termination and in accordance with recognized accounting practices. Seller shall also be entitled to a reasonable profit on the work done prior to such termination at a rate not exceeding the rate used in establishing the original purchase price. The total of such claim shall not exceed the canceled commitment value of this purchase order.
10. **Law Governing.** This purchase order shall be governed by and construed according to the laws of the state of Michigan.
11. **General.** Any waiver of strict compliance with the terms hereof by Buyer shall not constitute a waiver of Buyer's rights to insist upon strict compliance with the terms of this order hereafter.
12. **Sales and Use Taxes.** Buyer shall not be liable for any federal, state, or local taxes unless separately stated and billed. Unless otherwise specified, these goods are purchased for resale and Seller shall not include in its price not otherwise charge to Buyer, Federal, State, or local taxes or use taxes.
13. **Compliance with Laws.** Seller warrants, certifies, and agrees that the goods or services have been or will be manufactured, distributed, shipped, packaged, delivered, and performed in compliance with all applicable federal, state, and local laws, regulations and standards in effect there under at time of sale. Seller agrees to furnish upon request further certifications of such compliance, inform satisfactory to Buyer.
14. **Correspondence/Amendments.** All correspondence concerning this order must be directed to the Clarion Technologies Purchasing Department. No alteration, change, addition to or other modification of this purchase order or the terms thereof is valid and binding on Buyer unless in writing and signed by an authorized person.
15. **Assignment.** Performance of this purchase order is hereby declared to be particular to the Seller, and no right, duty or obligation arising under this purchase order may be assigned or otherwise transferred by Seller without the written consent of Buyer.
16. **Delays.** Seller shall be liable for failure to perform unless said failure arises from causes or events beyond its reasonable control and without its fault or negligence.
17. **Supplier canceling of Clarion Technologies.** Supplier must give Clarion Technologies written notification for termination of supply to Clarion Technologies for any items subcontracted. Notification period must be adequate for the supplier to build Clarion Technologies specified product banks of materials to support a supplier change and obtain customer approvals. Receipt of all product and tooling by Clarion Technologies would be required prior to final payment given to ensure product quality and acceptable tooling conditions exist.

QUALITY REQUIREMENTS

1. Clarions requirement of automotive products and services suppliers is to develop, implement, and improve their Quality Management System certification to ISO 9001 with a defined goal of registration to the applicable IATF standard by an IATF recognized certification body. If Clarion does not receive a copy of the certification, it may result in removal from Clarion's supplier list. Upon renewal or upgrade of the Suppliers Quality System Certification, it is the Supplier's responsibility to provide Clarion Purchasing with an updated copy.
2. Clarion is an environmentally concerned company and request that our suppliers comply with the ISO14001 Environmental Standard.
3. A Production Part Approval Process (PPAP) will be required with each new item, material ordered, or transfer of tools unless otherwise directed by Clarion Technologies' Quality Assurance in writing.
4. Use AIAG PPAP manual as a general guide. Assume Level 3 PPAP submissions unless otherwise directed by Clarion Technologies' Quality Assurance in writing.
5. Material certification and SPC data, if required, must accompany each material shipment. For color concentrates and pre-colored resins requiring Appearance Approvals, a color lot plaque must be submitted for approval with shipment of material or prior to if requested.
6. All returns may be charged a minimum \$275 processing and handling fee for non-compliance. Additional charges may be applied as defined in Clarion's Vendor Cost Recovery Program.
7. All corrective actions must be responded to by containment within 24 hours, and root cause within 48 hours of notification unless other arrangements have been made. A formal corrective action is required and any unacceptable responses will be challenged and may affect future business with Clarion.
8. Where applicable it is the Supplier's responsibility to meet all IMDS submission requirements upon PPAP.

INVOICE REQUIREMENTS

1. **Credit Terms** – 60-day minimum unless approved by your Clarion contract contact. Clarion’s policy is that we will not establish terms with our suppliers that are inside of our customer’s terms. However, Clarion continues efforts to improve upon terms with our customers.
2. Invoices should be mailed to the “remit to” address, or emailed as indicated on Clarion’s purchase order.
3. Each invoice must contain the following information:
 - a. Supplier name and address
 - b. Payee name and address
 - c. Ship to address
 - d. Supplier telephone and fax number
 - e. Supplier invoice number
 - f. Purchase Order and Line number (NOTE: Invoices will NOT be paid without this information)
 - g. Bill of Lading number
 - h. Ship date
 - i. Quantity shipped per purchase order
 - j. Description (product name or trade name, Clarion part number, part description)
 - k. Unit price
 - l. Billing unit of measure
 - m. Net amount (unit price x quantity shipped)
 - n. Freight (if applicable)
 - o. Sales Tax (if applicable)
 - p. Total amount due
4. Failure to comply with all requirements may result in a minimum administrative fee of \$275.00.
5. No handwritten changes will be accepted on any invoice.

MATERIAL CERTIFICATE REQUIREMENTS

1. All certificates must be lot specific.
2. All certificates must include both the data collected and the requirements to which the material must meet for the tests being performed.
3. All certificates must have tolerances indicated.
4. All certificates must include the automotive specification the material meets (if applicable).
5. Material Certification sheets are required with each shipment.

SDS SHEET REQUIREMENTS

1. In accordance with federal and state regulations, current SDS sheets must be sent to the Clarion facility that receives the material. They must be timely in their distribution and current in their revision level. SDS sheets must be supplied with each shipment.

LABELING & SHIPPING REQUIREMENTS

SHIPPING

1. Clarion receiving hours vary by facility. Contact the receiving facilities Purchasing Department for normal hours of operation for that facility.
2. All shipments must be shipped on time and in accordance with instructions specified in this supplier manual.
3. Effective 9-15-05 the U.S. Department of Agriculture, Animal, and Plant Health, Inspection Service (APHIS) requires all material imported into the U.S. must comply with Regulated Wood Packaging Material (WPM) requirements to be heat treated or fumigated and identified with an approved international mark certifying such. Failure to comply with this requirement that results in imported product being deported will not relieve the supplier of their contractual requirements for delivery.

LABELING

1. Labels must contain the following information:
 - a. Clarion item number
 - b. Item description
 - c. Item Quantity
 - d. Item lot number
 - e. Manufacture date
 - f. Clarion purchase order number
 - g. Bar code (if appropriate)
2. Cartons should be labeled on 2 adjacent corners.
3. Labels must be a minimum size of 4" x 6", unless a variation is approved by the receiving branch in writing.

PACKING SLIP & BILL OF LADING REQUIREMENTS

PACKING SLIP

1. The packing slip must be located on the exterior of the last pallet or container loaded on each trailer and must be easily accessible.
2. The packing slip must be clearly marked "Packing Slip".
3. The envelope must be securely attached to prevent accidental removal, but not stapled so as to hinder removal or tear papers. It is recommended that adhesive-backed envelopes be used when possible.
4. The packing slip must indicate the Clarion part number and purchase order number.
5. The packing slip must indicate whether it is a partial or complete order and state "partial" on incomplete orders.
6. The packing slip must indicate a complete breakdown of Clarion part number and quantities per purchase order line with corresponding lot numbers.
7. When two or more purchase orders are shipped together, the packing slip must clearly indicate the quantity shipped per order, the number of pallets, cases per pallet, and quantity per pallet.
8. The unit of measure must compare exactly as indicated on Clarion's purchase order
9. Deliveries should be made to the receiving dock noted on Clarion's purchase order.
10. Failure to comply with the requirements indicated on this page may result in the refusal of shipments or a minimum administrative fee of \$275.00 per occurrence.

BILL OF LADING

1. The Bill of Lading must contain carrier information.
2. The Bill of Lading must include the number of pallets, cartons, and gross weight.
3. The Bill of Lading must include special handling information such as freeze protection.
4. The Bill of Lading must include the signature of the driver.

PART QUALIFICATION

This section describes the systems and programs with which Clarion Technologies, Inc. Quality Assurance departments interact with our production suppliers for establishing Part Qualification.

Prior to shipment of production quantities, each supplier / part number relationship must be qualified. Qualification is required in each of the following instances:

- ❑ New part number
- ❑ Existing part number, new supplier or manufacturing location
- ❑ Revision of an existing part number

This process typically includes:

- ❑ Pre-profile - A review of the supplier's Quality Assurance systems based on the supplier's quality manual and/or site survey. This review is intended to indicate to Clarion Technologies, Inc. whether or not the supplier has documented systems to meet our Supplier Quality System Requirements (New Suppliers).
- ❑ System Profile - An onsite evaluation of the supplier's Quality Assurance Systems may be required. This evaluation will determine whether the supplier has adequately implemented their system to meet Clarion's Supplier Quality System Requirements (New Suppliers).
- ❑ PPAP (Production Part Approval Process) - Products require Level 3 submissions unless otherwise directed by Clarion Technologies Quality Assurance. The samples with the data will be forwarded to the Assigned Clarion Launch Quality Engineer.
- ❑ Certifications may be required with each shipment. You must receive direction from the Purchasing Dept. of the receiving branch.

RECEIVING INSPECTIONS

Clarion Technologies, Inc. inspects incoming product. The entire lot is rejected if any non-conforming material is found. To eliminate Receiving Inspection, Certificate of Analysis may be required. These items will be defined by the Quality Department and included on purchase order

SUPPLIER APPRAISAL PROGRAM

PURCHASING MISSION STATEMENT

-- To Be World Class --

The Supply Chain team is committed to optimizing Clarion's ability to impact the overall success of our customer as well as optimizing Clarion's ability to attain the financial and profit goals communicated by Senior Management. We will do this by identifying and doing business with those suppliers who will provide quality parts and services on time, and at a price that enhances our overall profitability. Our supply base is driven to help us satisfy the needs of both our external and internal customers. We will conduct our activities with honesty and integrity.

Supplier Categories

Low Risk.....

Suppliers in this classification are Clarion's best suppliers. Not only do they meet or exceed our quality and delivery goals, they also support Clarion Technologies, Inc. through flexible scheduling, aggressive lead times, and controlling costs for the benefit of both parties. A low risk supplier is our partner and growth with these suppliers will be encouraged.

Medium Risk.....

Suppliers in this classification meet Clarion's expectations. If issues arise with quality or delivery, they are resolved in a rapid manner. Growth with medium risk suppliers will not be restricted.

High Risk.....

Suppliers in this classification are possibly new to Clarion Technologies, Inc. (within the last 12 months), on probation because of performance or financial issues. Clarion Technologies, Inc. Purchasing will control the growth of business with suppliers in this classification.

New Suppliers - Clarion Technologies, Inc. Purchasing expects that within 12 months, a new supplier will consistently meet the expectations of the low risk category. If the supplier does not perform at, or above those levels, Clarion Technologies, Inc. may begin resourcing the product or service.

Existing Suppliers - Any supplier having significant and/or continuous performance problems will be placed in this classification with appropriate corrective action requested. This may result in resourcing the product or service. Clarion Technologies, Inc. Purchasing reserves the right to resource to an alternative supplier at any time.

As a supplier of Clarion Technologies, Inc. we are requesting your company follow the guidelines specified within this manual, or other applicable standard(s). We and our Customer, reserve the right to onsite verification of your quality processes. If you object to our right to verify, please provide written justification for your position.

Summary

Clarion Technologies, Inc. recognizes our success is dependent upon the valuable contributions made by our suppliers. Only through effectively communicating our needs to our suppliers will we be able to develop a relationship that allows us to move forward together. Our objective with the Supplier Appraisal Program is to enhance this relationship.

The Supplier Appraisal Program will continue to develop and change over time and we welcome your suggestions to help us improve upon it.

The procedures and evaluations described herein are guidelines for developing successful business relationships, however, Clarion Technologies, Inc. retains sole discretion over its purchasing decisions and nothing within this document should be construed as a guaranty of present or future business.

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