



***Supplier Quality Manual
& Requirements***

Magna Intl.
Supplier Quality Manual & Requirements

<i>Subject</i>	<i>CONTENTS</i>	<i>Page #</i>
Introduction		3
Supplier Communication		4
Supplier Selection		4
Purchasing		5
Supplier Performance Monitoring		6
Supplier Continuous Improvement		6
Tooling		6
Control of Fixtures & Test Equipment		7
Packaging & Labeling		8
APQP		13
Materials Planning		14
Transportation		14
Corrective Action Reporting		16
Engineering Changes		17
Lot Traceability		17
Confidentiality & Non-Disclosure		18
Associated Business Conditions		18
Record of Revision		19

***Magna Intl.
Supplier Quality Manual & Requirements***

Magna Intl. 's - Supplier Relationship

Magna Intl. is committed to maintaining its position as a Global Leader in the automotive sector. We will continue to be the supplier of choice to our Customers through consistent leadership and use of innovative technologies, cost, quality, delivery and overall excellence. We recognize the integral role and value of all our suppliers and, it is our intent to practice strategic, long-term relationships for mutual long lasting value and benefits. Suppliers demonstrating the ability to support our goals and who have made achievements in engineering, quality, manufacturing disciplines and focuses on effective design validation, mistake-proofing, process controls, delivery, service as well as continuous improvements will continue to share an enriching partnership with Magna Intl..

The relationship between Magna Intl. and its Suppliers shall be managed to the highest degree of honesty, integrity and professionalism. Our standard of conduct will ensure we consistently make our decisions based upon optimization of value and sound business principles. We will not allow any undue influence or inappropriate activity to compromise business-based decisions. We are commitment to maintaining integrity in our management of supplier base in a manner that continues to bring shared value, growth and reward.

In support of maintaining a professional business relationship with our suppliers, our Divisional Senior Management encourages an open door policy to facilitate discussion and resolution of issues through escalation, as appropriate.

Introduction

Suppliers to Magna Intl. are expected to understand and comply with conditions of business as described within this Supplier Quality Manual. These requirements are consistent throughout all our Divisions, globally, and detail terms and conditions (available at WWW.MAGNA.COM) for doing business with Magna Intl., in addition to those other requirements as detailed in Purchase Orders, PO technical data package or similar documentation.

Magna Intl. "Forever Requirements"

It is our belief that the foundation of a good relationship with our suppliers is based on open, effective and proactive communication. The occurrence of non-conforming products, unauthorized changes or capability issues represents risk to both Magna Intl. and our Customers, especially where there is a lack of effective management and communication. Also, the risk is increased if/when these occurrences happen with Tier 2, 3 or 4 suppliers or sub-contractors.

Our "Forever Requirements" are as follows:

1. Proactively communicate with Magna Intl..
2. Notify Magna Intl. of proposed material or process changes.
3. Notify Magna Intl. of proposed manufacturing location changes.
4. Watch for issues and keep Magna Intl. informed.
5. Notify Magna Intl. of potential supply and/or capability issues.

Our intent is to implement these requirements to eliminate surprises and events that could possibly have a negative impact on our Customers. We expect ALL of our suppliers and sub-contractors that participate in the process of manufacturing components for Magna Intl. (or any other Magna Division) to adhere to our requirements and principles.

Magna Intl.
Supplier Quality Manual & Requirements

We consider our requirements as paramount in establishing a relationship of trust with our suppliers, however in cases of continued non-compliance could lead to loss of business and deem it necessary to contact a Supplier's ISO/TS Registrar to request they conduct an appropriate investigations and assessments review, at the Supplier's expense.

Request assistance from Magna Intl.'s Supplier Quality representative for guidance if you are uncertain as to whether or not Magna Intl. should be notified.

I. Supplier Communication

Magna Intl. communicates to its suppliers in a variety of ways.

An essential ingredient to a successful partnership is clear, concise communication. At Magna Intl., our means of communicating directions, expectations and guidelines may include, but not be limited to:

- Purchase Orders or scheduling agreements
- Supplier Performance Data
- Letter of Intent
- PO Technical Data Package
- E-mails
- SAP JIT delivery schedules and forecasts
- Scheduled Meetings
- Supplier Manual

Revisions will be made to this manual, as appropriate.

II. Supplier Selection

a) To become a supplier to Magna Intl., the Vendor Information forms must be completed. Once the forms have been completed, Magna Intl. will complete the "Supplier Assessment". Magna Intl. will not award business to a potential new supplier unless the Supplier has completed all the Vendor Information forms or has an assessment already on-file that has been completed by another Magna Cosma Group to Magna Intl.'s satisfaction.

In cases where sources are directed by Magna Intl.'s Customers for a specific part or commodity any/all sources will be obliged to meet all the requirements detailed within Magna Intl.'s Suppliers Manual. Suppliers designated as "key" suppliers will be required to meet additional requirements in accordance with production standards as specified by Magna Intl. Quality. This may include certificates of conformance of material deemed critical by Magna Intl.

b) Current Suppliers

Current Suppliers listed within the Magna Intl. approved supplier listing, must continue to meet performance objectives of Magna Intl.. Supplier performance will be monitored as specified in the "Supplier Performance Monitoring / Evaluation" section whereby these performance measures will serve as the basis for future sourcing decisions.

All suppliers are required to furnish a supplier profile consisting of general information, company contacts, etc. Some data may also be required, such as: financial and technical information, union contract status, etc., as a means for supplier consideration and monitoring. The Supplier will provide any critical updated information to Magna Intl. as required.

Magna Intl.
Supplier Quality Manual & Requirements

c) TS16949/ISO14000 Certification

As specified by TS16949 “Latest Revision”, Magna Intl. will perform supplier quality management system development with the goal of supplier conformity to Technical Specification. Conformity with ISO 9001 “Latest Revision” is the first step in achieving this goal.

Note: The prioritization of suppliers for development depends upon quality performances and the importance of the product supplied.

Unless otherwise specified by our customer, suppliers for Magna Intl. shall be third party registered to ISO 9001 “Latest Revision” by an accredited third-party certification body.

Note: Supplier must notify Magna Intl. of any changes in their TS/ISO certifications or any field actions.

III. Purchasing

a) Purchase Order or Scheduling Agreement / Letter of Intent

Magna Intl. will issue a purchase order or scheduling agreement to suppliers awarded projects. In advance of a purchase orders Magna Intl.'s Purchasing Department may send a letter of intent to a supplier to communicate the following: information, conditions, requirements and responsibilities such as:

- Design, development, prototype and production source award.
- Pricing
- Packaging (Expendable and Returnable)
- Tooling design and timing
- Freight and Customs
- Pre-Production Activity
- Cost Reduction
- Currency

It is Magna Intl.'s intent that the supplier be the product supplier for the related program provided the supplier meets commercial, design, program support, quality and delivery requirements. Suppliers will be required to conform to Magna Intl. and/or OEM tooling documentation and audit requirements. Magna Intl. reserves the right to audit tool costs incurred by the Supplier in support of awarded programs. Such an audit may include, but not be limited to, a review of quotes, purchase orders, invoices and other pertinent documentation. Business awarded is conditional upon the Supplier's concurrence with Magna Intl. requirements and PO technical data package.

b) Product / Program Changes

Magna Intl. will not accept cost increases due to process-oriented developmental changes that are necessary to meet the design requirements. Suppliers will be reimbursed only for approved costs associated with product/program changes mandated by Magna Intl. or the OEM. If Magna Intl. initiates product/program changes resulting in reduced production tooling or manufacturing costs, Magna Intl. would expect piece price or tooling costs to be reduced to reflect the entire amount of the reduction.

***Magna Intl.
Supplier Quality Manual & Requirements***

c) Quotation Response Requirements

When Magna Intl. is considering a product or program change, a RFQ will be generated and forwarded to the supplier. Suppliers are expected to respond to Magna Intl. by the due date identified in the RFQ with documentation as defined by the initiator. Failure to meet expectations established within the RFQ including timing, cost breakdowns and similar detailed requests will be reflected on the Supplier Score Card. Unresolved issues may result in new business hold or removal from the Approved Supplier List.

d) Manufacturing Process

If supplier manufacturing process assumptions are based on new technology, or processes new to the supplier, they must document how and when the processes will be proven out in a pilot program prior to production launch. The pilot program must provide for the manufacture of a sufficient quantity of parts so that your program production launch curve is based on the experience of the pilot program rather than unproven assumptions.

If a pilot program cannot be accomplished, the supplier must detail a back-up manufacturing plan based on proven processes. The back-up plan would be implemented if problems were encountered in the launch of the new technology or processes that may jeopardize supply of products to Magna Intl.

Note: Regardless of process assumptions, the Supplier must submit periodic launch plans reflecting process assumptions as well as key launch events, associated timing and progress to plan. The due date for the first submission will be discussed at the APQP kick-off (see below).

IV. Supplier Performance Monitoring

Suppliers are expected to deliver on the exact date reflected on the JIT Delivery Schedule. Any deliveries received before or after this specified date will be considered as a missed shipment. Suppliers are to ship the exact quantities specified on the JIT Delivery Schedule. Shipments received that do not match the quantity on the JIT Delivery Schedule will be considered as a missed shipment.

Magna Intl. Quality and Purchasing monitor supplier performance closely to determine if a corrective action should be initiated. In the event a Supplier exhibits chronic performance issues, or systemic deterioration of key performance metrics, they may be requested to attend a Supplier Performance Review Meeting at Magna Intl. It will be incumbent upon the Supplier's Senior Management to present to Magna Intl. Senior Management, the Supplier's plan to address the systemic drivers to deteriorating or unacceptable performance levels.

V. Supplier Continuous Improvement

Magna Intl. promotes the effective use of statistical applications and we direct that our Suppliers monitor the performance of their manufacturing processes, through appropriate techniques including Pp, Ppk, Cp and Cpk. Statistical tools, when combined with Process Audits, shall provide the data necessary to support continuous improvement. Evidence of these activities shall be supported by maintaining records for a two-year period, at minimum, or as otherwise dictated by Record Retention Policy. Records shall be available for review by Magna Intl., upon request.

Magna Intl.
Supplier Quality Manual & Requirements

VI. Tooling

- a) Tooling design and build is generally the responsibility of the Supplier; however Magna Intl. has developed detailed Tooling Standards to ensure suppliers manufacture tools that will provide high quality parts throughout the life of the tooling. Suppliers are responsible for the maintenance of all tooling, testing and inspection equipment. All tooling must be identified with the appropriate Asset Tags as provided.
- b) Final payment of tooling will be contingent upon verification of proper identification and completion of PPAP. Following notification to the Supplier, Magna Intl. reserves the right to complete on-site inspection of tooling owned by Magna Intl.
- c) A complete job package must be provided to Magna Intl. at the time of the Buy Off or PPAP.
- d) A Bailee Acknowledgement must be signed by the Supplier for all tooling owned by Magna Intl.

VII. Control of Inspection Fixtures, Measuring/Test Equipment

a) Monitoring

Suppliers must have a documented system in place to control, calibrate and maintain the proper function and an accepted level of gage repeatability and reproducibility of all inspection fixtures, measuring / testing instruments and equipment.

b) Updating Instructions

Operating instructions must be displayed at every inspection station with a gage to describe the proper methodology for use in inspection. These instructions must include a reference to the gage identification number, revision level and approved by the appropriate plant management. Whenever there is any change to the inspection procedure that affects the use of the gage, or when any identification information is revised, the operating instructions must be updated to reflect the current status.

c) Validation

All gages and test equipment must at minimum be calibrated annually. The calibration certificates must be on file at the supplier's facility, and traceable to the actual gage identification information. Calibration Services of equipment must meet the requirements of the latest released edition of TS-16949.

d) Equipment Identification

All gages and test equipment must have an identification tag affixed reflecting the gage identification number, revision level and date the last calibration. The calibration expiration date and OEM owned checking fixture must be clearly and permanently indicated.

e) Inspection, Measuring, and Test Equipment Records

Records must include any revision information traceable to the part revision level demonstrating conformance to calibration standards ISO/IEC 17025 "Latest Revision", and corrective action taken where applicable.

Magna Intl.
Supplier Quality Manual & Requirements

f) Measurement System Analysis

Gage R&R acceptance criteria must conform to the requirements of the latest released edition of the AIAG Measurement System Analysis manual.

g) Record Retention

Suppliers are expected to maintain applicable retention periods as specified in TS-16949 latest edition standard, unless superseded by legal, governmental or Magna Intl. requirements.

h) Build

Gauges must be built in car position.

VIII. Packaging & Labeling

Suppliers are required to adhere to Packaging Guidelines as defined by the AIAG Standards. In some cases Magna Intl. has defined specific packaging requirements in support of our automated assembly and manufacturing processes. Special packaging and labeling requirements, in support of specific Product Launch activity, may be requested. In the event that special packaging is required, design and approval will be managed as part of our overall APQP Program Delivery Process.

A completed Supplier Packaging Form must be submitted to Magna Intl. for approval of all new packaging or proposed changes to existing packaging. Approval must be granted prior to the first production shipment. Packaging is also a requirement of the PPAP Submission package.

All suppliers supplying goods to Magna Intl. that are considered to be “controlled” under the Workplace Hazardous Material Information System (WHMIS) must comply with appropriate, legislated regulations for packaging and shipping.

a) Returnable Containers

Returnable containers are the primary packaging method considered on new programs. On an individual basis, packaging engineering will assess current production part packaging feasibility using returnable containers. Suppliers are encouraged to review conversion to reusable containers and contact the Purchasing department.

Magna Intl. has developed and implemented returnable containers with many suppliers. As a result, specific styles of containers best suited to shipping, storage and manufacturing requirements have been identified. Reference the division specific appendix.

Any inquiries regarding packaging may be submitted to the Purchasing department.

b) Labeling

All materials for prototype or production consumption, shipped to divisions of Magna Intl., must be identified with labeling containing both human-readable text / graphics, and machine-readable, bar coded symbols.

***Magna Intl.
Supplier Quality Manual & Requirements***

These materials shall contain, as applicable: container labels, master labels, mixed load labels, primary metals labels, and part labels if specified by design records or specifications. All labels must be legible and scanable to AIAG Standard or standard designated by the Division.

Characters and symbols shall comply with the Magna Intl. requirements of the AIAG, B-8 standard – Quality Assurance Guide for Shipping Labels and Other Bar Code Applications.

Parts Shipping labels (container, master, and mixed load), shall comply with the layout formats defined in the AIAG, B-3 standard – Parts Shipping Label. Custom formats may be specified by a Magna Intl. via a Customer Compliance Specification Sheet, if, so noted in the division specific requirement. Primary Metals labels shall comply with the layout format defined in the AIAG, B-5 standard – Primary Metals.

Part labels shall comply with the requirements defined in the AIAG, B-4 standard – Parts Identification and Tracking Application Standard, unless otherwise specified by design records or division specific requirements.

Label placement, orientation, quality and quantities shall follow the guidelines contained in the AIAG, B10 standard – Trading Partner Labels Implementation Guide, unless otherwise specified by division specific requirements.

Before implementation, suppliers must review and obtain approval of newly introduced label formats from the Magna Intl.

MAGNA INTL. Shipping Label Requirements

The quality of the information on labels is essential. Bar code labels are required and used to eliminate opportunity for error. Errors made because of label deficiency are serious in nature. (Bar code print quality must pass verification per ANSI guidelines.)

Suppliers shall not include information relating to quality on shipping identification labels. The supplier shall not apply adhesive-backed color tags to any of the required labels described herein.

AIAG Compliance:

Labels are to adhere to the specifications as detailed and illustrated in the Automotive Industry Action Group's publication "Shipping/Parts Identification Label Standard" (AIAG-B-10) Version 3, June 2004.

For a copy or additional information contact the Automotive Industry Action Group at (248)-358-3003, 26200 Lahser Road, Suite 200, Southfield, Michigan 48034-7100, or their web site: <http://www.aiag.org/>

Magna Intl.
Supplier Quality Manual & Requirements

Exhibit 1 – Shipping/Parts I.D. Label Dimensions (not to scale)

6" (153mm) to 6.5" (165mm)

Part Number (P)	
Quantity (Q)	Customer PO# (K)
Serial NO. (S)	Description
Vendor (V)	Mfg. Date
Supplier Designated Area	
License Plate (I,J)	
Supplier Name, 1234 Anystreet Ave., Yourcity, ST/PROV, 12345, Country, (555) 123 - 1234	

~ 4" (102mm)

Exhibit 2 – Sample Shipping/parts I.D. Label (not to scale)

Part Number (P) 12345AB [Barcode]	
Quantity (Q) 10000 EA [Barcode]	Customer PO# (K) 9021090210 [Barcode]
Serial NO. (S) 123456789 [Barcode]	Description Magna Part Description
Vendor (V) 987654321 [Barcode]	Mfg. Date 07/31/16
License Plate (I,J) 987654321123456789 [Barcode]	
Supplier Name, 1234 Anystreet Ave., Yourcity, ST/PROV, 12345, Country, (555) 123 - 1234	

Magna Intl.
Supplier Quality Manual & Requirements

Exhibit 3 – Label Data Table

The following table defines the 10 required data areas:

DATA AREA NAME ¹	DESCRIPTION	READABLE CHARACTERS HEIGHT	BAR CODE HEIGHT	DATA IDENTIFIER	COMMENTS
Part Number (Part No.)	Magna Designated Part Number	.65-.675in. (16-17mm)	.3in. (7mm)	P	
Quantity	Part Quantity	.35in. (9mm)	.3in. (7mm)	Q	
Supplier Code (Supplier)	MAGNA INTL. Designated Supplier Code	.3in. (7mm)	.3in. (7mm)	V	
Serial Number (Serial)	Unique sequence of characters designated by the supplier. This number will enable the supplier to trace part history.	.3in. (7mm)	.3in. (7 mm)	S	
*-Part Description	Common name of item. Supplier part number is optional but must not be in bar code symbology.	.3in. (7mm)	N/A	N/A	Locate Description above supplier part number
MAGNA INTL.'s Purchase Order Number (P.O. No.)	MAGNA INTL. designated Purchase Order number	.3in. (7mm)	.3in. (7mm)	K	
License Plate	Concatenated identifier of suppliers MAGNA INTL. designated supplier code and Vendors Serial number	.3in. (7mm)	.3in. (7mm)	1J	'Supplier Magna Intl. designated ID' + 'Supplier unique serial number'
*Manufacturing Date	Manufacturing date of parts in container.	.3in. (7mm)	N/A	N/A	MM-DD-YY Format
*-Supplier Name	Supplier's name and address	.2 in (5mm)	N/A	N/A	
*-Supplier Designated Area	Free form area for Supplier to input any data necessary to their internal processes.	N/A	N/A	N/A	

¹ Acceptable abbreviations are shown in column 1 within parenthesis.

* Areas of the label not specified in AIAG-B-3, left to MAGNA INTL.'s option

Magna Intl.
Supplier Quality Manual & Requirements

IX. APQP

An APQP kick-off meeting will be scheduled upon business award. Personnel representing the Supplier program management and quality assurance shall participate to establish and outline APQP requirements, timetables, and contacts. All immediate technical concerns must be addressed at this time.

The PPAP submission is a validation of the production process; it is not a one-day event. Suppliers are expected to submit PPAP documentation in accordance with the sequential development of their manufacturing process. This will ensure proactive resolution of issues prior to the required final PPAP submission date. The expectation is that by the PPAP date all issues are resolved.

It is the responsibility of all suppliers to ensure that their subcontractors (Tier 2 and Tier 3 Suppliers to Magna Intl.) are meeting similar expectations and requirements.

Suppliers must submit Level 3 PPAP requirements, as defined in the AIAG unless specifically directed otherwise by Magna Intl. Suppliers are required to report all APQP activity to Magna Intl..

For OEM directed suppliers, prior OEM Approval does not negate the need for initial submission or for annual validation, to Magna Intl. All suppliers shall submit annual validation PPAP, as determined by the date of the original PPAP submission, not the original approval date.

For suppliers with reporting requirements as defined by IMDS Standards, IMDS documentation shall be part of the Supplier's PPAP requirement. The IMDS number should be included on the Warrant at time of submission. Failure to comply will result in rejection of the PPAP Submission.

For dimension or product requirements that do not meet specification, the Supplier shall obtain approval as documented on a Supplier Deviation Form prior to submitting PPAP. The signed authorization must be included in the submission. Failure to comply will result in rejection of the PPAP Submission. A Corrective Action Report and resulting administration fee will result for PPAP submissions that are:

- Rejected for non-compliance
- Rejected for non-conformance
- Late

Critical characteristics shall be identified either on the part drawing, or on separate documents as detailed in the Technical Data Package. Suppliers shall be required to establish, validate and maintain acceptable short and long-term capability on all critical characteristics. The applicable Division will communicate the appropriate method of critical characteristic designation (SC, CC, G etc.)

- Run-at-Rate (R@R)

All production processes are required to have a completed Magna Intl. Run-at-Rate package submitted with the PPAP. Depending upon the level of risk associated with the Supplier and Part Number, the R@R may be observed, on site, by Magna Intl. If deemed to be low risk, by Magna Intl., the Supplier will complete the R@R without the presence of a Magna Intl. representative. Run-at-Rates must be conducted on the production process and parts made from the R@R shall be used for the PPAP Submission to Magna Intl.. The OEE results of the R@R must be "0" or "Positive". Submission of a "Negative" OEE result, without an approved Corrective Action Plan, will result in rejection of the PPAP.

***Magna Intl.
Supplier Quality Manual & Requirements***

X. Materials Planning

Schedules will be communicated through a variety of options including FAX, e-mail or Electronic Data Interchange (EDI). Magna Intl. Purchasing department will dictate the method of communication. It is the responsibility of the Supplier to immediately contact Magna Intl. in the event they are unable to meet all requirements for delivery date, time, quantity and quality or if the supplier has not received a weekly release.

Suppliers must respond to all Material Releases received from Magna Intl. in order to ensure their own supply of components and materials can support Magna Intl. demands. During critical stages, such as Product Ramp or Product Launch, Suppliers shall meet all release demands necessary to support system fill and launch. If the product or component is not fully approved (PPAP) then a deviation shall be issued and shall suffice as authorization. If the Supplier has not received such authorization, they shall elevate immediately in order to ensure support of system fill and launch. Failure to notify Magna Intl. of any such lack of authorization shall result in the Supplier being held responsible for failure to complete system fill.

a) Forecasting

Material forecasting information will be communicated to the suppliers through their weekly scheduled releases. While this information is an indication of future material requirements, it is not considered binding on the part of Magna Intl., unless supported by a specific purchase order.

Suppliers need to maintain sufficient safety stock and finished goods inventory to accommodate 100% on-time delivery. Short shipments must be communicated immediately to the Purchasing department along with a corrective action and recovery plan as directed by the Purchasing department.

Suppliers need to maintain an effective contingency plan, in order to mitigate undue risk to Magna Intl., in the event of utility or labor disruption or equipment failure. The intent of the contingency plan is to reasonably protect Magna Intl. from disruption of supply in the event of an emergency.

b) Service Parts Requirements

Suppliers must maintain the ability to provide after-market and service components for a period of ten years following the end of program or production for individual components or assemblies, or for such longer or shorter period of time as stipulated by Magna Intl. for the Program. The Supplier has the responsibility to maintain any tooling and/or assembly equipment in condition sufficient to support service requirements. Service schedules and pricing shall be determined in negotiation with Magna Intl. Purchasing department.

XI. Transportation

It is important that our suppliers be aware of transportation and delivery requirements, as it is one of the key performance metrics upon which they will be assessed. Magna Intl. supports the industry initiative of inventory reduction, recognizing however the importance this places on accurate and timely delivery of quality product. It is our expectation that suppliers will deliver 100% on time to our locations, in compliance to schedules.

In an effort to support JIT delivery, we expect our suppliers to constantly strive to reduce lead times with their suppliers, improve flexibility and minimize changeover times. If necessary to support JIT schedules, the supplier may be asked to support local warehousing.

Magna Intl.
Supplier Quality Manual & Requirements

a) Schedules, Routings & Carriers

All appropriate scheduling, routing, Incoterms and delivery requirements will be communicated early in the program award, typically through the purchase order or scheduling agreement. All transportation arrangements and requirements should be signed and agreed to by both organizations.

b) Transportation Routing Information

Suppliers will receive routing information including transportation method, pick-up and delivery window times as negotiated by Magna Intl. Purchasing. Magna Intl. will make certain that all transportation and routing details are clearly specified. Suppliers shall question any ambiguous instructions.

All costs incurred as a result of missed or late shipments, which are clearly the responsibility of the supplier, shall be recovered from the supplier. All material entering from a foreign country must have "Country of Origin" clearly marked on the Pro forma Invoice, as well as on the original Commercial Invoice. Brokerage fees for all imported product is typically the responsibility of Magna Intl., unless otherwise negotiated. All fees and charges resulting from the export / return of defective product shall be the responsibility of the appropriate supplier.

c) Packing Slips & Documentation

It is a requirement that all material shipped be identified on a Packing Slip or Bill of Lading. The information required includes:

- Shipment date
- Invoice/Packing Slip number
- Address Sold to
- Address Shipped to
- Individual line item for each part number shipped
- Part Number and Part Description
- Purchase Order number, for each part number
- Order release number
- Quantity ordered & Quantity shipped
- Number of cartons/skids/containers shipped
- Total number of cartons/skids/weight
- Serial/Lot numbers for each container

d) Advance Shipping Notice (ASN)

Prior to each shipment, an ASN must be sent to the Purchasing department. In the event of a known shortage or late shipments, the supplier shall contact Magna Intl. Purchasing to advise of the shortage or late shipment. The supplier shall also indicate the anticipated time of delivery of the expedited material required to complete the original schedule. This notification is critical in allowing communication to production and, if necessary to a Magna Intl. Customer.

The supplier shall maintain a third-party contingency to facilitate scheduling and ASN communication in the event of a system failure at their location

XII. Corrective Action Reporting.

This system is designed to prevent the use of suspect and/or nonconforming purchased material. Purchased components

Magna Intl.
Supplier Quality Manual & Requirements

found to be nonconforming through either line rejections, testing failures, failed inspection results, Customer concerns, warranty and Customer returns or obsolete material are handled through the following procedure:

- Supplier will be notified of the concern via telephone and/or electronically. All relevant containment actions will be handled within twenty-four (24) hours at supplier cost.
- Supplier will receive a Corrective Action Report at this time and is required to return a signed copy (acknowledging receipt) of the notice within twenty-four (24) hours.

(Note: Should a response not be received from a supplier, any stated charges associated with the notice will be considered accepted by the supplier)

- A corrective action report is required to address the concern and must be received within the following time frames.
- Initial response within 24 hours describing containment.
- 5-working days (unless otherwise approved) for completed corrective action.

Terms (length of time charges can be applied and factors such as sort costs and methods of calculation) of any costs charged to the supplier as a result of a quality concern are determined by Magna Intl. Quality.

Charges that could be applied to a quality concern are as follows:

- Division sort of supplier product on production line until certified stock arrives
- Production line shutdown
- Finished product sort and/or scrap of material
- Any material transfer of nonconforming supplier product
- Quality Department time for problem investigation
- Testing if required
- Any sort/rework charges incurred by Magna Intl.
- Related transportation expenses
- Any costs incurred by the Magna Intl. for disruption of Magna Intl. customers

All charges incurred by the supplier will be discussed and approved through the Quality Department at Magna Intl. and the designated personnel of the supplier facility. If mutual agreement cannot be reached, the issue will be directed to Magna Intl. Purchasing within 30 days of final notice of issuance.

It is the responsibility of the supplier to notify the Magna Intl. in the event there is reason to believe that a nonconforming condition of supplier components exists in Quality, Delivery, Warranty or other.

Notification must be followed by:

- Immediate action within 24 hours (e.g., new materials, etc.)
- Interim corrective action, containment; response time of 24 hours

Magna Intl.
Supplier Quality Manual & Requirements

Controlled Shipping

When directed by Magna Intl., suppliers may need to certify product after a lot rejection has occurred. Usually, two types of controlled shipping actions are employed when this situation occurs:

- Supplier conducted sort and certification of subsequent part shipments, and
- Third party sorting and certification

All controlled shipping actions are the responsibility of the supplier to coordinate and follow-up on. Parts supply to Magna Intl. must meet released quantities without supply interruption. The supplier and Magna Intl. will, mutually, define the certified material identification.

Corrective Action will be issued for both non-complying material as well as non-compliance to requirements and standards.

XIII. Engineering Changes

Suppliers must have the capability of receiving and reading Math Data or to use an approved source for Math Data interpretation.

Suppliers are required to obtain approval prior to shipping any material for which a deviation from specification is required. The supplier shall submit a supplier request for deviation or change to Magna Intl., detailing the required deviation(s). Once approval is received the deviation should be forwarded to the Magna Intl. Quality department.

FIRST SHIPMENTS OF ALL MODIFIED PRODUCT MUST BE CLEARLY IDENTIFIED AS DIRECTED BY THE MAGNA INTL. QUALITY DEPARTMENT.

XIV. Lot Traceability

All material received by Magna Intl. must contain a lot code, or serial number, clearly identified on each label and container, ensuring full traceability of all material. Material must be traceable from receipt of raw material, through each processing stage and through final assembly and shipping to Magna Intl.

The supplier shall follow the Magna Intl. traceability method used (e.g. date and shift of manufacture along with sequential processing number). In some cases the component may be critical enough so as to warrant part identification; these instances will be communicated through the appropriate Quality and Engineering groups unless superseded by the Magna Intl..

A lot should contain a specific quantity of parts, and should not exceed eight hours or one day of production, at a maximum. In the event of certain commodity-based material, methods such as “dye lots” or steel coils will be acceptable. For approval of a traceability method exceeding 8 hours, or one shift of production, the Magna Intl.’s Quality department must be contacted. The supplier shall ensure implementation and management of an effective FIFO method of stock rotation.

Failure to comply with traceability requirements may lead to rejection of material and issuance of non-conforming material reports. Traceability Records shall be maintained and accessible for the life of the product, including Service, plus one year. Certain traceability record retention deviations can be obtained only if received in writing from your Magna Intl. Supplier Quality department.

***Magna Intl.
Supplier Quality Manual & Requirements***

XV. Confidentiality and Non-Disclosure

Suppliers are reminded that all engineering and purchasing information generated as a result of business with Magna Intl., is strictly confidential. Suppliers are prohibited from sharing any Magna Intl. technical or cost data without prior, written authorization from Magna Intl. Purchasing department. Suppliers will be requested to sign a Non-Disclosure Agreement if applicable.

Associated Business Conditions

Additional situations may arise, from time to time, that are not specifically addressed in other sections of this manual. They will be noted in this section.

- Magna Intl. and its customers expect to have access to supplier facilities and records at reasonable times for the purposes of surveys, assessments, inspection of goods and associated control systems.
- Suppliers are expected to share with Magna Intl., detailed cost data. Suppliers are also expected to use a fair and consistent method of applying the profit factor and distribution of overhead expenses in support of Magna Intl. requirements, consistent with goals of long-term financial viability.
- Suppliers must be willing to extend the benefits of cost reduction efforts with Magna Intl.
- It is expected that a target for compliance of zero discrepancies be set for all goods and services to be supplied to Magna Intl.
- Warrants and certification requirements will be stated on Magna Intl. purchase orders. Independent annual validations for raw material are to be carried out by an accredited testing facility and be Independent if required by the Magna Intl.
- Suppliers will be held accountable for warranty costs due to negligence, process and supplier design issues.
- Products/processes that are jointly developed between Magna Intl. and its suppliers will be considered to have co-ownership and be royalties free unless otherwise negotiated.
- Suppliers must provide Country of Origin Certification and other documentation required under the US/Canada
- Free Trade Agreement and the North American Free Trade Agreement. All customs requirements must be met in a timely manner to ensure efficient transportation of goods.
- As a condition of business, all suppliers must be prepared, on request, to provide any information required by the Magna Intl. Purchasing Department to substantiate the ability to provide the necessary products, commodities and services. This shall include, but is not limited to, quotes provided on a Magna Intl. developed cost model, technical capability and systems/procedures to evaluate key product characteristics and financial information. In addition, the supplier must be prepared to provide proactive initiatives such as cost reduction proposals and recycling programs to Magna Intl.
- Suppliers will be accountable for all costs associated with an interruption in material supply to Magna Intl. resulting in a shut-down, due to labor, utility disruptions or equipment failures. All suppliers must have a contingency plan to mitigate risk.

***Magna Intl.
Supplier Quality Manual & Requirements***

Record of Revisions

<i>Old Revision Level</i>	<i>New Revision Level</i>	<i>Page #</i>	<i>Description of Change</i>