



DELIVERING POWER
THAT MOVES THE WORLD.

American Axle & Manufacturing, Inc. (AAM)
Supplier Requirements Manual



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1. Introduction and Basic Requirements

1.1. Introduction

In AAM's constant pursuit of operational excellence, ethics and integrity are integral to our daily responsibilities. AAM's reputation for excellence can be damaged due to unethical or illegal business conducted. Such conduct destroys trust, incurs legal liability and can result in potential financial implications. There is no place for such conduct at AAM, or by Third Parties acting on AAM's behalf. This manual consists of expectations, requirements, and standards applicable to all current or prospective AAM Suppliers globally. All suppliers are required to meet the same standards of business conduct and ethics that every AAM location and employee follows. The requirements as detailed in this manual define basic requirements and are supplemental to specific requirements as communicated by AAM. Our policies are available at AAM.com that further delineate these requirements.

1.2. Company Background

AAM is a leading, global Tier-One automotive supplier of driveline and drivetrain systems and related components for light trucks, SUVs, passenger cars, crossover vehicles and commercial vehicles with a regionally cost competitive and operationally flexible global manufacturing, engineering and sourcing footprint. In addition to locations in the United States, AAM also has offices or manufacturing facilities in Brazil, China, Germany, India, Japan, Luxembourg, Mexico, Poland, Scotland, South Korea, Sweden and Thailand. Through highly-engineered, advanced technology products, processes and systems and industry leading operating performance, the AAM team provides a competitive advantage to our customers.

Operational Excellence

AAM strives to provide exceptional value to our customers with an intense focus on quality, warranty, reliability, delivery, and launch support. This provides a foundation for AAM's profitable global growth.

Global Market Cost Competitiveness

AAM has aligned its global manufacturing, engineering and sourcing footprint to increase exposure to global growth markets, support global product development initiatives and establish regional market cost competitiveness.

Technology Leadership

AAM's innovative product, processes and systems technology, positions AAM as a leader in providing industry-first, cutting edge driveline technology to the global market for passenger car, crossover vehicle and light truck applications.



1.3. Purpose

The purpose of this American Axle & Manufacturing, Inc. (AAM) Supplier Requirements Manual is to communicate AAM's requirements to all current and potential future suppliers. As a global manufacturer of driveline and drivetrain systems and related components, AAM must meet the requirements established by the current ISO 9001 / IATF 16949 Quality System. Therefore, it is the expectation of AAM that all suppliers comply with the requirements and expectations documented in this manual, in addition to all OEM Customer Specific requirements.

1.4. Scope

Consistent with AAM's values and Code of Business Conduct, AAM has adopted this **Supplier Requirements Manual** to explain how the Code of Business Conduct specifically relates to those who perform services for and on behalf of AAM. The **Supplier Requirements Manual** applies to all third party businesses and individuals that act on AAM's behalf, including but not limited to suppliers, agents, consultants, distributors accountants, lawyers, customs brokers, etc.

This **Supplier Requirements Manual** does not replace AAM's Code of Business Conduct. It provides an overview of its requirements for Suppliers working with AAM and applies to every Supplier working on AAM's behalf. AAM considers the Code of Business Conduct and **Supplier Requirements Manual** in all sourcing processes, and expects all Suppliers to adhere to the requirements of both. In the case that a Supplier violates AAM's Code of Business Conduct, **Supplier Requirements Manual**, and applicable laws or industry codes of conduct, AAM will review the business relationship and take appropriate action, such as terminating the relationship within AAM's contract rights and applicable law.

AAM expects all suppliers to conduct business done on AAM's behalf in an ethical manner that is compliant with all applicable laws and industry codes of conduct. AAM's specific expectations for suppliers, listed below, are based on the requirements in the Code of Business Conduct. These expectations should be considered before a decision is made or any action is taken on AAM's behalf. Suppliers should seek guidance from their AAM contact before any action is taken that can violate AAM's Code of Business Conduct, applicable laws or industry codes. Suppliers are expected to ensure that all individuals involved in providing services to AAM also understand and comply with these expectations.

The requirements set forth in this manual define basic requirements that are supplemental to AAM's Standard Terms & Conditions (found [here](#)) and any other specific requirements communicated by AAM's regional procurement teams. The online version of this Requirements Manual is the only controlled copy for reference.

It is important to note that the latest version of AAM's Standard Terms & Conditions supersede any conflicting requirements defined in this manual. This manual includes both functional requirements (quality, engineering, purchasing, etc.) and AAM regional requirements (North America, Asia, Europe, etc.).



1.5. AAM-Supplier Relationship

AAM Global Procurement Vision

To be a world-class procurement organization that promotes global standards, collaborates cross-functionally, leverages technology and delivers operational efficiency to maximize value for its stakeholders through preferred supplier relationships.

Preferred Supplier Relationships

AAM is committed to establishing strategic, long-term relationships with our supplier partners. AAM desires mutually beneficial supplier partnerships based on trust, transparency, integrity, accountability, empathy, advocacy, and communication. AAM is embracing and initiating change within the automotive industry with the expectation that our supply base does the same.

AAM business must be earned by our suppliers every day – there are no entitlements. The **Supplier Expectations** below and **Requirements** set forth in this manual provide a roadmap to maintaining current business and winning AAM's new business.

Supplier Expectations

- Financially Strong
- Early Engagement / Collaboration
- Market Competitive Total Landed Cost
- Flawless Quality
- Perfect Delivery
- Best-in-Class Designs
- Industry-Leading Technology
- Business Process Adherence
- Long-Term Commitment
- Adherence to Code of Business Conduct and Human Rights Policy

1.6. General Expectations

- Suppliers agree to abide by applicable international, national, state, and local laws and regulations.
- Suppliers agree to provide documentation to demonstrate financial solvency, as required.
- Suppliers agree to submit to reasonable background screen procedures, as applicable.
- Suppliers shall agree to reasonable use of technology solutions in use by AAM.
- Suppliers agree to participate in sustainability-related assessments that may be required by AAM and possibly conducted by third parties on AAM's behalf.
- Suppliers agree that a management representative from their company, with authority to influence their organization, will complete free AIAG online sustainability training or equivalent sustainability training provided by the suppliers' company, and provide documentation asserting such requirements were completed.



1.7. Supplier Onboarding and Qualifications

In order to receive a Purchase Order or participate in any bidding process, all suppliers must complete a Prospective Supplier Registration (PSR) in AAM's Supplier Lifecycle Management (SLM) database, which may be accessed through the [Supplier Portal](#). Suppliers are expected to provide responses to all required fields in their initial PSR, as well as additional category-specific data as requested by the Buyer or other AAM team members.

All suppliers must register a Site Security Coordinator (SSC) responsible for regularly updating and maintaining information within AAM's database as well as granting individual access on an as-needed basis to associates within their supplier organization. The SSC will work with AAM on a recurring basis to ensure the accuracy of shared information and should be a champion of data integrity within their organization. The SSC form may be found [here](#). Only existing suppliers will be granted access to AAM's systems.

1.8. Communication – Notification of Change

As noted above, open and effective communication is critical to the relationship between AAM and supplier partners. Unauthorized changes or related supply chain issues and non-confirming product present a risk to AAM and its customers. As such, changes or issues must be communicated to AAM proactively and managed effectively. To manage these risks effectively, suppliers must communicate all issues/changes in writing **prior** to implementation, including but not limited to:

- Changes to Product Design, Process, or Service
- Manufacturing Location Change
- Tooling
 - Capacity Change
 - Transfer
 - Refurbishment / Replacement
- Potential Manufacturing / Quality Issues
- Potential Supply and/or Capacity Issues
- System of Information Technology (IT) that may impact production, scheduling, or shipment of product to AAM.

1.9. Social Responsibility

The Environment

All AAM suppliers must support the same level of commitment to the environment as AAM. We have an obligation to reduce our impact for our children and our children's children. All suppliers are expected to know and abide by applicable environmental laws and regulations and to manage their environmental impacts and aspects responsibly. Required permits and licenses must be obtained and their requirement adhered to.



Suppliers are expected to reduce impacts by recycling and reusing when possible and to implement policies that require an organized approach to resource management. Suppliers are required to offer a recycled option in their quotations when recycled materials can meet the specifications.

Suppliers are expected to minimize the use of energy provided from non-renewable sources thus reducing greenhouse gases, and are expected to have active programs in place to support this requirement. Converting to renewable sources of energy is a positive.

Suppliers must work to eliminate air emissions into the atmosphere, where possible. At minimum, the reduction of air emissions by substitution or other engineering methods is expected. Any applicable permits limiting the amount of emissions must be obtained and adhered to, and a system must be in place to monitor the controls.

Suppliers are expected to safeguard water from all sources and to minimize the use of water. Recycling and re-use of water are seen as positive actions on the suppliers' part.

It is the responsibility of the supplier to evaluate the effectiveness of these projects. After PPAP any water project implementation is seen as a change and must follow the supplier change process. Participation in CDP environmental disclosure process for climate change and water security is voluntary as it relates to AAM, but is seen as a positive.

AAM does not require its suppliers to seek or obtain ISO14001, but strongly encourages them to implement an Environmental Management System to be responsible caretakers of the environment. AAM supports specific international initiatives like REACH and the Global Harmonized System and requires its suppliers and understand and comply with these and other international requirements.

Conduct and Ethics

Bribery and Corruption

AAM is committed to complying with anti-corruption laws that prohibit bribes, kickbacks or other corrupt actions to obtain or retain business or obtain an improper advantage. Many countries in which AAM operates within have specific laws against bribery. The United States Foreign Corrupt Practices Act, UK Bribery Act, Brazilian Clean Companies Act and Indian Prevention of Corruption Act are prominent examples of such laws. All Suppliers are expected to comply with applicable anti-corruption laws while conducting business on behalf of AAM.

Suppliers are prohibited from directly or indirectly receiving or offering any form of bribe, kickback or other corrupt payment, to or from AAM associates, public officials or other private or public actors, with the intention to obtain or retain business or any other improper advantage.

Gifts and Entertainment

AAM recognizes that hospitality in the form of small gifts or modest business entertainment is common in the business setting. It is important, however, that these gifts and entertainment events do not affect an employee's business judgment or give the appearance that judgment



may be affected. When doing business with or conducting business on behalf of AAM, Suppliers must use moderation and discretion in offering or accepting reasonable hospitality.

Suppliers may not give or accept any gift or entertainment if it is intended, or could be perceived as intended, to influence business or governmental decisions or actions.

Business Records

Suppliers shall accurately record and disclose information regarding their business activities, structure, financial situation and performance in accordance with applicable laws and regulations as well as industry business standards.

Conflicts of Interest

Suppliers are expected to avoid all conflicts of interest that adversely influence business relationships and are expected to exercise a system of internal controls to manage potential conflicts of interest. If a question arises, the issue should immediately be brought to your AAM purchasing agent to provide guidance.

Fair Business Practices

AAM is committed to honest and ethical business practices and expects the same commitment from Suppliers in which business is conducted with and who conduct business on AAM's behalf.

Suppliers must act in accordance with national and international competition laws, and may not participate in price fixing, market or customer allocation, market sharing or bid rigging.

Suppliers shall respect intellectual property rights and safeguard confidential information. Suppliers must protect all AAM information, electronic data, and intellectual property or AAM technologies with appropriate safeguards. Any transfer of confidential information must be executed in a way that secures and protects the intellectual property rights of AAM. Suppliers may receive our confidential information only as authorized by contractual agreement and must comply with their obligations to not disclose the confidential information, to not use the information except as permitted by contract, and to protect the information from misuse or unauthorized disclosure. From time to time, a supplier may need to review an AAM customer document. Should this situation arise, the supplier must hold all information to the same level of confidentiality.

Suppliers are expected to clearly articulate and define their product and service offerings and to honor the terms of AAM awarded contracts.

Transactions may not be split into multiple transactions to circumvent the Delegation of Authority policy at AAM. Authorized DOA levels are to be evaluated by using the actual, or if actual is not available then the anticipated annual financial commitment of the materials or services or entire term of the contract (if less than one year in term).



Labor

Child labor is prohibited. Suppliers shall comply with all applicable child labor laws according to local regulations and shall only employ workers who meet the applicable minimum legal age requirement.

Suppliers must not participate in human trafficking, nor use forced, involuntary or slave labor. Suppliers must not purchase materials or services from companies using forced, involuntary or slave labor.

AAM selects and places associates based on their qualifications for the work to be performed, considering accommodations as appropriate and needed, without regard to race, color, religion, national origin, age, gender, sexual orientation, marital status, veteran's status, or disability. AAM prohibits unlawful discrimination in full compliance with applicable laws. It is AAM's expectation that our suppliers maintain and exercise the same level of commitment with regards to discrimination.

Suppliers must comply with applicable wage and hourly labor laws and regulations governing employee compensation and working hours.

Suppliers must treat all workers with respect and dignity. They must not tolerate any unacceptable treatment of employees, such as physical, psychological, verbal or sexual harassment or discrimination.

Sustainability

For purposes of this Supplier Requirements Manual, sustainability shall be defined as inclusive of all environmental, social, and governance (ESG) related topics. AAM supports the concept of sustainability by actively pursuing the wise use of natural resources and reduction in the use of toxic chemicals. AAM strives to reduce Green House Gas generation, water consumption and use of landfills for waste disposal. AAM has initiated energy saving programs, waste reduction programs and will initiate water resource reviews in all facilities. AAM has participated in the Carbon Disclosure Project since its inception. We believe that this wise use of natural resources must be adopted by our supplier base. Taking voluntary actions to reduce environmental impacts including GHGs and use of toxic materials is vital.

Suppliers are required to take an active role in AAM's sustainability mission by completing the **free** Supply Chain Sustainability Knowledge Assessment and Supply Chain Sustainability E-Learning course offered through AIAG [here](#), as previously mentioned elsewhere in this manual (select 'Corporate Responsibility' from the dropdown menu). Suppliers agree to participate in sustainability-related assessments that may be required by AAM and possibly conducted on AAM's behalf. Suppliers agree that a management representative from their company with authority to influence their organization will complete the AIAG training, or equivalent sustainability training provided by their company and submit documentation proving they have done so.



Human Rights

AAM has adopted a Human Rights Policy which clearly describes how we define, approach, govern and support universal human rights and dignity of people throughout our operations, the communities in which we operate, and our global supply chain.

Our Human Rights Policy is guided by internationally recognized human rights principles and is informed by the U.N. Guiding Principles on Business and Human Rights and its foundational principles for business enterprises, including those expressed in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

AAM expects our suppliers and other business partners to uphold these principles and to adopt similar policies within their own businesses.

General Principles covered by our Human Rights Policy include:

- Respect for Human Rights
- Community and Stakeholder Engagement
- Diversity and Inclusion
- Support for Freedom of Association and Collective Bargaining
- Health and Safety in the Workplace
- Workplace Security
- Prohibition of Forced Labor and Human Trafficking
- Prohibition of Child Labor
- Work Hours, Wages and Benefits
- Monitoring and Reporting

Privacy and Data Protection

AAM has implemented robust privacy and data protection measures to protect AAM, Customer and Associate data. AAM's policies, procedures, and requirements comply with applicable local data privacy and protection laws (e.g. GDPR) as well as industry best practices for data protection.

AAM expects our suppliers and other business partners to uphold these principles and to adopt similar policies within their own businesses.

General Principles covered by AAM's privacy and data protections measures include:

- Transparency
- Privacy by design
- Limiting personal data processing, collection, and storage to specific purposes
- Least access privileges for all Associates and business partners accessing Confidential information
- Enabling individuals to correct or request deletion of personal data
- Implementation of appropriate informational technology data protection practices



- Usage of non-disclosure agreements where appropriate to protect AAM confidential information

Associate Health and Safety

AAM believes that the safety of our associates is our number one responsibility. We strive to achieve zero incident in the workplace and in activities outside of work. Safety requires a 24/7 mentality. We encourage all AAM suppliers to develop safety systems to protect associates and to be proactive to reduce and eliminate injuries. We believe that a positive safety culture must include both a system to discover unsafe conditions, and one to go deeper into assessing and counseling those associates who commit unsafe acts. A system of minimizing unsafe conditions and unsafe acts can be successful in creating a safer workplace.

AAM provides a safe workplace for all our associates and strongly believes that our suppliers may take this position as well. Suppliers should conduct risk assessments to identify and reduce hazardous conditions. They should further adopt procedures to identify and standardize safe working procedures for all jobs and tasks. Suppliers must include a focus on identifying and modifying unsafe behaviors to promote a positive safety culture.

Suppliers must have a safety management system in place that is focused on accident/incident prevention as well as permanent corrective action. AAM encourages ISO 45001 certification and it is seen as a positive. Visible management support, viable safety committees, a comprehensive audit and observation process and a positive learning environment all help build a strong safety program.

Diversity Sourcing

It is the policy, privilege, and practice within AAM to build relationships with diverse suppliers capable of providing quality materials and services at competitive prices. AAM is committed to the use of qualified, competitive diverse suppliers, which provide AAM a competitive advantage in the manufacturing of driveline and drivetrain systems and related components.

Diverse suppliers are therefore required to report diversity status at the time of onboarding with AAM and to maintain current diversity certificates within AAM's iSupplier Portal (Supplier Lifecycle Management Module) in accordance with AAM's Supplier Diversity Certification Requirements which are outlined during onboarding.

AAM strongly supports and encourages its tiered suppliers to implement supplier diversity policies and sourcing strategies to directly reflect the diverse make-up of our ultimate customer base.

Conflict Minerals

It is the policy of AAM to comply with the SEC disclosure and reporting requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As part of our policy, AAM requires direct material suppliers to engage in due diligence of their supply chain to understand and report the tin, tantalum, tungsten, and gold (3TG) content of their parts supplied to AAM.



“Materials of Concern” are minerals that are not specifically identified in the Frank-Dodd Act as conflict minerals but do represent a threat to social or environmental systems. As such, from time to time specific information related to “Materials of Concern” may be requested and compliance to requests is expected.

Direct material suppliers are further required to adhere to AAM’s annual [Conflict Minerals Reporting Requirements](#). This includes but is not limited to AAM Suppliers surveying their own tiered supply base, responding to AAM’s annual conflict minerals surveys, and providing a complete and accurate smelter listing and disclosing the location of mines for all 3TG necessary to the functionality or production of components or assemblies supplied to AAM.

Raising Concerns

Given that AAM operates on a global basis, AAM relies on its associates, suppliers and customers to raise concerns about potentially improper business practices or conduct by any employee or other party conducting business on behalf of AAM. Please use the following methods to contact us via our Business Ethics Line about potentially improper business practices or conduct that AAM should be aware of. AAM promises to take appropriate action as situations arise. Reports may be made anonymously where permitted by local law. AAM’s Code of Business Conduct prohibits retaliation against anyone who reports a suspected issue in good faith.

Websites		
Non-European Union		https://aam.alertline.com
European Union		https://aameu.alertline.com
Region	Location	Hotline Telephone Number
Asia	China	Step 1 Dial (Southern) 10-811 or (Northern) 108-888 Step 2 Dial 877-846-8912
	India	Step 1 Dial 000-117 Step 2 Dial 877-846-8912
	Japan	Dial 0120502157
	South Korea	Step 1 Dial (Dacom) 00-309-11, (Korea Telecom) 00-729-11, (ON SE) 00-369-11, (US Military Bases Dacom) 550-2872, (US Military bases Korea Telecom) 550-4663 Step 2 Dial 877-846-8912
	Thailand	Step 1 Dial 1-800-0001-33 Step 2 Dial 877-846-8912
Europe	Czech Republic	Step 1 Dial 00-800-222-55288 Step 2 Dial 877-846-8912
	France	Step 1 Dial (FT) 0-800-99-0011 or (TD) 0805-701-288 or (Paris) 0-800-99-0111 or 0-800-99-1011, 0-800-99-1111, or



		0-800-99-1211 Step 2 Dial 877-846-8912
	Germany	Step 1 Dial 0-800-225-5288 Step 2 Dial 877-846-8912
	Poland	Step 1 Dial 0-0-800-111-1111 Step 2 Dial 877-846-8912
	Spain	Step 1 Dial 900-99-0011 Step 2 Dial 877-846-8912
	Sweden	Step 1 Dial 020-799-111 Step 2 Dial 877-846-8912
	United Kingdom	Step 1 Dial (British Telecom) 0-800-89-0011 Step 2 Dial 877-846-8912
North America	Mexico	Dial 001-877-563-6599
	United States	Dial 877-846-8912
South America	Brazil	Step 1 Dial (Cellular) 0800-888-8288 or 0-800-890-0288 Step 2 Dial 877-846-8912

2. Quality Requirements

2.1. Supplier Quality Base Requirements

AAM's Standard Terms & Conditions require Suppliers to agree to participate in AAM's supplier quality and development program(s) and to comply with all quality requirements and procedures specified by AAM, as revised from time to time, including those applicable to Suppliers as set forth in Quality System Requirements IATF 16949. In addition, AAM shall have the right to enter a Supplier's facility at reasonable times to inspect the facility, goods, materials and any property of AAM covered by a contract / Purchase Order. AAM's inspection of the goods whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods.

All suppliers are expected to supply parts to AAM with zero defects. All parts shall meet all engineering specifications with no functional failures due to parts that are received out of specification or due to applied processes that are out of control with reference to the AAM / Supplier agreed Control Plan.

Funding shall be identified in the initial quote and subsequent quotes to reflect error occurrence detection (poka yoke, error proofing devices, etc.) and defect outflow prevention to customers, including capital and fixtures to perform any functional testing AAM requires. Controls implemented later are the financial responsibility of the supplier.

AAM expects suppliers to comply with the current version of IATF 16949. Suppliers that are not certified to IATF 16949 shall be certified to the current version of ISO-9001 unless they meet the criteria for exemption and it is approved by both AAM and the end customer.



2.2. AAM Procedures and Reference Documents

Suppliers are to adhere to the current revision of the requirements contained in the following documents:

PROCEDURE / REFERENCE DOCUMENT
Advanced Product Quality Planning & Control Plan (APQP) Reference Manual (AIAG)
Potential Failure Mode and Effects Analysis (FMEA) Reference Manual (AIAG)
Fundamental Statistical Process Control (SPC) Reference Manual (AIAG)
Measurement Systems Analysis (MSA) Reference Manual (AIAG)
Production Part Approval Process (PPAP) Manual (AIAG)
AIAG Special Process Assessments (for example, Heat Treat CQI-9)
AAM Supplier Assessment SQ-9F-011
SP-5 Processes and Measurements Procedure
SP-8 Continuous Improvement
SP-9 Tooling Capacity Review (Run @ Rate)
SP-11 General Procedure for Pre-Prototype and Prototype Material
SP-12 Early Production Containment
SP-13 Error Proofing

2.3. Quality Planning

APQP

Suppliers shall use an advanced product quality planning process consistent with the AIAG guidelines and containing any additional elements required by AAM in the AAM PPAP Process.

Operator Training

Supplier shall have documented training and certification plans to ensure that all operators are trained and credentialed per industry standards, as applicable, for each operation and/or machine type. Training plans shall address new operators and current operators performing new functions. Training status should be displayed in the area of the manufacturing process.



Error- Proofing

Supplier shall prepare PFMEA in accordance with AIAG standards. For any failure mode exhibiting a Severity ranking of 7 or higher, automated error-proofing techniques shall be implemented. PFMEA and associated error-proofing plan shall be reviewed with and approved by AAM Supplier Quality. All error-proofing devices shall be checked for function (failure or simulated failure) at the beginning of each shift, or according to AAM-approved Process Control Plan.

Traceability

A Traceability scheme shall be developed in accordance with regional and divisional requirements. Traceability scheme may include manufacturing date code and lot control. Items to be traced shall be determined during the APQP process.

Verification of Customer Interface Points

Part features identified as Customer Interface Points (CIP) shall be incorporated in the PFMEA, process control plan, layered audits, and error-proofing. Additional items to be checked shall be defined during the APQP process. These features shall be verified at a frequency of 100% unless approved by AAM Supplier Quality.

Inspection Fixtures and Gauges

- Gauges shall locate the part in vehicle position unless AAM Supplier Quality approves a deviation as requested using the Agree / Disagree matrix and the Tech Review.
- All customer-monitored APQP parts shall have gauge designs approved by the Supplier Quality Engineer or the appropriate customer gauge approval group prior to the start of fixture construction (for your regional requirements, contact Supplier Quality Engineering). Gauge designs shall incorporate approved GD&T datum schemes and gauges/fixtures shall be capable to dimensionally evaluate parts.
- Supplier shall have the ability to perform any functional tests as specified on AAM Product Engineering blueprints.
- Supplier shall ensure that fixtures are procured in a timely manner to meet major program benchmarks (i.e. first shots, SP-11 events, functional evaluations, and PPAP.) Supplier shall design, construct, and make available a tabletop holding fixture for CMM (Coordinate Measurement Machine) inspection of first parts off prototype and production tooling. Said inspection may take place at the Supplier, at AAM, or both. Inspection procedure and location to be agreed between Supplier and AAM Supplier Quality prior to Supplier acceptance of prototype PO from AAM.

2.4. Quality Control

Quality Performance Metrics

Each Supplier's Senior Management shall commit to maintain and continuously improve quality. AAM monitors supplier performance data for PPM, PRRs, number of occurrences of premium



freight, Controlled Shipping Level I and II, Major Assembly Plant Disruptions, and ISO/IATF 16949.

- Suppliers shall monitor their quality performance through iSupplier Portal.
- Poor performing suppliers may be required to attend Corporate or Plant Supplier Quality Performance Review (SPR) meetings to review their quality systems and corrective actions.

Containment

All non-conforming and suspect material shall be controlled. Method shall be clearly defined. Visual controls should be implemented. All non-conforming material shall be segregated and identified. SP-12 shall be implemented during launch. Upon request of AAM Supplier Quality, additional levels of proactive containment may be required. Should a problem occur, suppliers are required to implement effective and immediate spill containment and comply fully with SP-5 requirements for controlled shipping.

Quality Systems

Suppliers shall have effective Quality Systems as defined and measured in the AAM Supplier Assessment form (SQ-9F-011). Documented layered audit plan shall exist with a minimum frequency of once per shift. Non-conformities shall be addressed immediately, and corrective action shall be documented. Audit plan shall include multiple levels of management. Site leadership shall verify compliance to the documented plan.

Sub-Tier Suppliers

Suppliers are responsible for adhering to AIAG Special Process Assessment CQI-19, Sub-Supplier Management Process Guideline, and any additional AAM requirements (see section 3) for all components of the assembly (including Directed Buy components) unless otherwise specified by AAM Supplier Quality. AAM may, at their discretion, assign an SQE or designee to work with a Supplier's SQE or designee for the purposes of learning, inputting, and concurring on quality reporting and/or quality issues related to purchased components.

2.5. Prototype Quality

Prototype parts are to be manufactured under the following conditions:

- Material shall be from the production source and in the same production state as is intended for regular production. Any exceptions shall be noted in the prototype quote and AAM Prototype Purchase Order.
- Production-intent process sequence to be used under production conditions wherever possible. Any exceptions shall be noted in the prototype quote and AAM Prototype Purchase Order.
- Production-intent tooling is strongly preferred. At a minimum, any work-holding setup shall locate and clamp the part in the same manner as is intended for production.



- Picture documentation is required for prototype tooling which is owned by AAM or AAM's Customer to support the evidence submission to AAM's Customer. Authorization for disposal must be given by AAM Prototype Procurement Representative prior to destruction/disposal.
- Production gauging is not required but is recommended.
- For each heat treat lot (if applicable), the supplier shall provide a material certification, including chemistry, source & heat lot identification, and microstructure inspection. Records are to be maintained for the life of the contract.
- Parts to be 100% inspected for visual flaws.
- Parts shall be marked for traceability to batch and date.
- Parts are to be suitably cleaned and free of contamination.
- If production packaging is not yet available, disposable packaging (with layer separation) may be used. Components shall be packaged so as not to incur damage from adjacent parts (dings, dents, scratches, etc.) while in transit. Packaging must have rust inhibiting qualities to ensure the parts stay free from rust for 6 months in a controlled inventory environment.
- Submission of prototype parts (inspection data and part identification) shall be per the SP-11 procedure. The SP-11 requirements will be as noted on the AAM Purchase Order.

PLEASE BE AWARE: AAM considers changing the source of raw material and/or the source of heat treatment (including normalizing) a major process change. This is expressly prohibited without prior approval from AAM. This requires complete validation of the new source.

2.6. Production Support

On-site Support During Pre-Production and Launch

Upon request of AAM SQE or AAM Plant, Supplier will provide on-site support during all pre-production build phases and production launch activities.

Supplier Contacts for All Shifts

Supplier shall designate a specific supplier representative that will support each of the AAM Plant's shifts. At a minimum the supplier designate should have the responsibility and authority to:

- Implement immediate countermeasures to contain discrepant parts and to confirm that defective parts are not shipped to AAM Plant.
- Approve AAM Plant's/SQA's requests for rework and sorting of parts.
- Coordinate and provide resources to conduct rework and sorting of parts.
- Provide sub-assemblies / components for required repair, related to quality issues.
- Provide clear information regarding any defective parts that are en-route to AAM Plant (how to identify defect, disposition guidelines).
- Coordinate special delivery of certified OK parts.



Quality Data

Supplier shall provide quality-related data (e.g. historic inspection, first time quality, and reject data) to AAM upon request. This data may be required to determine trends and to root cause quality problems at AAM manufacturing or assembly operations.

Problem Resolution

Supplier shall resolve problems in timely fashion using appropriate techniques such as 8-D, 5-Why, Shainin®, etc. Responses to all issues raised in the online system shall be responded within that system.

2.7. Systems and Procedures Access

- Suppliers are required to maintain access to the AAM iSupplier Portal (<https://r12supplier.aam.com/>) to effectively communicate with AAM. AAM Supplier Quality procedures and systems can be accessed through the AAM iSupplier Portal.
- Initial access (or access if your Supplier Security Coordinator leaves) is attained through the AAM Procurement Department; the Request form is found [here](#). Note that only current suppliers will be granted access to iSupplier Portal.
- Suppliers shall use the AAM iSupplier Portal to communicate/collaborate with AAM SQ on PPAP (including APQP) and PRR.
- Supplier organization changes should be managed by the Supplier Security Coordinator (SSC) to maintain the correct levels of access to the portal.
- Automotive Industry Action Group (AIAG) documents can be obtained by contacting AIAG at www.aiag.org. To obtain these documents in Europe, contact Carwin Ltd. at 44-1708-861333. In Brazil, contact IQA at 5511-5533-4545 or www.iqa.org.br.

2.8. Additional Requirements

Six Sigma Statistical Control

For product characteristics identified on AAM product drawings as AC, CC, or SC, the following Inspection Cadence and Process Capability requirements apply:

AAM Symbol	AC	CC	SC
Symbol Name	Attribute Characteristic	Controlled Characteristic	Significant Characteristic
Inspection Cadence	100%	Stated Regular Interval	Stated Regular Interval
Initial Process Capability Target	None	Cpk >= 1.33	Cpk >= 1.67
Ongoing Process Capability Target	None	Ppk >=1.33	Ppk >=1.33



If during Product / Process development, Supplier believes there will be difficulty meeting the above capability, the Supplier shall immediately notify their Supplier Quality Engineer and develop a plan to assure compliance and/or obtain formal written approval to deviate from the capability requirements.

Process Failure Mode and Effects Analysis (PFMEA)

Top 5 RPNs shall be tracked as continuous improvement activities.

Cleanliness

Part and process cleanliness shall be considered during the development of the PFMEA. Appropriate actions shall be taken during the APQP process as driven by the PFMEA RPN's.

On-Site Supplier Audit

As part of the monitoring and continuous improvement, Supplier shall provide access to AAM Supplier Quality personnel to allow for various inspections and audits, including but not limited to on-site process audits, heat treat audits, Supplier Assessment, Annual Audit (includes layout), and corrective action confirmations.

Changes to Process or Supply Chain

Supplier shall notify AAM of, and AAM shall approve, any planned changes to supplier or sub-supplier process or packaging. This includes any changes to nominal control parameters other than adjustments made to re-center a process, and includes any plans to source purchased materials from two or more suppliers (dual or multiple sourcing strategy).

Capacity

Supplier shall prove that sufficient capacity is in place by performing Tooling Capacity Review and run-at-rate analysis per AAM SP-9.

3. Engineering

3.1. Pilot Builds Support

Suppliers should be prepared to provide additional parts prior to the pilots to support AAM plants and development activities in preparation for the builds. These build events, including timing and quantities of parts can be found in AAM's Requests for Quotation. Where specific part quantities are not defined, these will be communicated by the appropriate AAM organization. An Interim Authorization Approval is required for all parts that do not meet the minimum Pilot Build requirements.



3.2. Engineering Support

Suppliers must provide engineering support throughout the program, including pilot build and launch. This support includes, without limitation, design studies necessary to meet all packaging, performance, reliability and assembly requirements for the component(s). The quote must include names, titles and phone numbers of each such engineer, and a plan/proposal for implementing the required support.

3.3. Gauges and Fixtures

A checking gauge and/or Coordinate Measuring Machine (CMM) holding fixture is required for all parts and assemblies which are assigned an AAM part number. Unless otherwise specified by the AAM, the supplier is responsible for ensuring gauges and fixtures are auditable, complete, certified, repeatable and reproducible.

3.4. Failure Mode and Effect Analysis & Design Verification Plan & Report

Supplier must develop (with AAM assistance) and make available for review to AAM a detailed Design Failure Mode and Effect Analysis (DFMEA), Process Failure Mode and Effect Analysis (PFMEA), and a Design Verification Plan & Report (DVP&R) (to use without restriction). DFMEA, PFMEA, and DVP&R will be reviewed during the Technical Review or other means with AAM Engineering.

Supplier must identify in the DVP&R the responsible party for running all tests (supplier, AAM, third party, etc.). Additionally, the supplier must identify the financially responsible party for each test parameter which will be subject to AAM written approval.

The DFMEA and DVP&R are living documents that must be developed and completed by the Supplier with AAM Engineering assistance as required. It is the Supplier's responsibility to identify and document all potential failure modes and develop appropriate testing where applicable.

4. Product / Process Development & Part Approval

4.1. Defining the Scope

AAM Product Engineering is responsible for the design, development, test, and validation of all AAM products. AAM Suppliers are required to adhere to applicable AAM Engineering procedures and policies to ensure a quality product that meets or exceeds our customer's requirements.

AAM requires all suppliers to be in full compliance of requirements stated in the AIAG Advanced Quality Planning and Control Plan manual.



Suppliers will ensure that sufficient resources are available and dedicated to ensuring successful completion of all requirements to meet defined program timing. Suppliers will also ensure that all sub-tier suppliers for which they are responsible have sufficient resources assigned and follow all AIAG Advanced Quality Planning and Control Plan requirements.

Suppliers will develop timing plans in a format as defined by AAM Program Management and will maintain and review timelines on a regular basis.

4.2. Planning and Definition of Requirements

Suppliers will conduct all necessary and required activities to ensure completion of all OEM and AAM expectations defined in all relevant documents such as Purchase Orders, Subsystem Technical Requirements and Statements of Work.

Suppliers will work with AAM Engineering as well as other AAM departments to ensure understanding of key program deliverables, including:

- All Customer (both OEM and AAM) expectations, functional and performance requirements.
- All statutory, regulatory and legal requirements (i.e. FMVSS).

Suppliers shall identify and review product design input requirements. These may include but are not limited to special characteristics, identification, traceability, and packaging as well as product quality, life, reliability, durability, maintainability, serviceability, timing and cost. Suppliers shall maintain records as evidence to support requirements.

Early in the design and development process, suppliers will:

- Review past warranty for similar products. The warranty analysis shall include all sub-tier suppliers.
- Review Lessons Learned for similar products.
- Perform benchmarking of competitors' designs where applicable.
- Review any recall campaign or government recall data if applicable.

For suppliers that are design-responsible, from the OEM and AAM requirements, a Design Validation Plan and Report (DVPR) shall be created to perform analytical (CAE) and physical test verification of the design. This DVPR shall be reviewed and approved by AAM Engineering.

The supplier and AAM Engineering will establish performance requirements that align with each phase of AAM's Program Management System.



4.3. Product Design and Development

Suppliers that are design responsible must adhere to AAM CAD specifications and data transfer requirements as well as the data creation standards of the OEM. These standards are available for review at the AAM iSupplier Portal.

All suppliers with design responsibility must complete a Design Failure Modes Effects Analysis (DFMEA) in compliance with the latest AIAG standards. The DFMEA must be available for review and approval by AAM.

During the design and development process, appropriate analytical and physical testing shall be conducted in accordance with the established DVPR. Results shall be reviewed with AAM Engineering on a regular basis. Test samples shall simulate the product manufacturing process as close as possible.

4.4. Product and Process Validation

Final product validation samples must come from the approved manufacturing process unless specifically authorized in writing.

All suppliers to AAM must receive AAM approval for initial product submission and use in production.

Special (critical) Product Characteristics will be identified and communicated by AAM. As part of the supplier product and process validation, suppliers will establish, validate and maintain acceptable capability on all critical dimensions.

Suppliers will work closely with AAM to ensure that all processes are in control. Process controls must control failure modes identified in the Process Failure Mode Effects Analysis (PFMEA).

5. Regular Production

5.1. Engineering Changes and Deviations

To ensure product integrity, all changes to product or process must receive AAM Engineering approval in writing before implementation.

After an approved deviation is granted in writing, initial shipment of all modified product must be clearly identified as directed.

Supplier must ensure that all supporting documentation is updated; a PPAP submission may be required.



6. Global Supply Chain Requirements

Unless otherwise agreed in writing, all requirements included in this section are required for all production material, for all AAM facilities.

AAM Supply Chain **Vision**: To be the leader in disciplined lean Supply Chain techniques and execution, by a highly skilled global workforce, delivering value and providing a competitive advantage.

AAM Supply Chain **Mission**: To exceed expectations globally through agility, adaptability and alignment driven by a disciplined and well executed supply chain strategy.

AAM production suppliers are an extension of our supply chain which requires flexibility and capability in meeting our needs.

6.1. Supply Chain Management Expectations

General Information / Key Requirements

- Communicate electronically - EDI and/or an AAM Portal (when applicable) is acceptable.
- 100% accurate and on-time delivery.
- Transmit the Advanced Shipping Notification (ASN) immediately upon shipment conveyance.
- Analyze and understand DELFOR (830s) and DELJIT (862s) schedules and react to schedule variations.
- Communicate proactively.
- Follow FIFO methodology and ensure 100% traceability in the full supply chain.
- Ship according to packaging and transportation routing instructions.
- Respond timely to PRRs with corrective actions with focus on root-cause elimination.
- Implement robust, repeatable processes using MMOG as reference.
- Identify and measure KPIs, with emphasis on root-cause and corrective action.
- Reconcile the CUMs upon each EDI submission.
- Shelf life items must have a minimum of 80% of residual shelf life, upon shipment.
- Defined process for the identification and management of potential risks to ensure uninterrupted material supply.
- Collaboration and cooperation to secure a stable supply chain.

MMOG

All direct material suppliers should complete an annual Material Management Operations Guideline / Logistics Evaluation (MMOG/LE) self-assessment.

The global MMOG/LE is a self-assessment and continuous improvement tool that provides the means to enhance materials management efficiency and accuracy while reducing costs from errors and waste. MMOG/LE is a global standard of industry best practice for supply chain



management processes. Its purpose is to establish a common definition of supply chain management best practice and is a common evaluation.

The expectation of AAM is that direct material suppliers actively use this tool to:

- Drive continuous improvement by identifying and eliminating waste in the supply chain.
- Identify risks and mitigate with active contingency plans.
- Document the gap analysis and prepare action plans to address deficiencies in the supply chain.
- Increase supplier delivery performance.

	<u>Minimum Score</u>
Tier 1 Suppliers: V4 – Full Version	A
Tier 2 Suppliers: V4 – Basic Version (minimum)	ZA

Shipment Identification Number (SID)

Every shipment shall have a unique SID number that shall be referenced on all shipping documents (packing slip, bill of lading), the ASN and the supplier invoice.

Delivery Performance

Suppliers are required to ship On-Time In Full (OTIF) and performance will be measured against the date / window time. Suppliers are expected to maintain a 100% OTIF rating.

Suppliers should review their performance reports on the iSupplier Portal and ensure clear understanding of non-conformances with most impactful at under-shipment, over-shipment and no ASN. Incorrect and late ASNs also create issues that should be addressed timely.

Supplier shall identify and communicate proactively any delivery deviation to the AAM shipping schedules to the affected AAM location(s), prior to shipment. Timing of the communication shall allow for corrective action and continuous improvement. Examples of areas for communication are (but not limited to):

- product will not be available at the shipping date/time of planned pick-up
- shortages
- carrier or freight forwarder issue(s)
- returnable container shortage
- need to ship in alternate containers (i.e., invoke secondary container)

Supplier shall communicate to the Material Planner and the Plant Materials Manager any event that affects its ability to comply with AAM’s shipping schedules. Examples include, but are not limited to: machine breakdowns, quality holds, capacity problems, force majeure (fire, flood, winter storm, etc.), and any other extenuating circumstances.

Suppliers with union contract shall advise in writing within 60 days of the contract expiration date to ensure an agreed upon bank protection plan is in place. Supplier shall also communicate immediately upon ratification of a new contract, which will trigger the agreement to deplete the protection bank.



AAM will monitor delivery performance and will generate Problem Reporting & Resolution documents (PRR's) for recurring issues within the supply chain requirements addressed in this section of the manual: Incorrect Shipping Paperwork, Packaging, Labeling, ASN violations (early/late, missing/incorrect), Early/Late/Missing shipments, etc.

PRR Response Expectations:

- It is the responsibility of the supplier to make sure that all Delivery PRRs are responded in timely fashion and reported against, until closed.
- Upon receipt of PRR, the supplier is required to complete a corrective action with initial response within 24 hours. That corrective action should include all potential causes of the problem, how the problem was communicated and immediate containment actions.
- Submit the completed corrective action within 15 days of the PRR.
- If the supplier does not agree that the PRR is substantiated or the PRR is inaccurate, the supplier may dispute the issue through the issuing AAM facility for resolution.

If a supplier does not meet the 100% OTIF target, the supplier may be requested to provide action plans to address the issue(s). In case of supply backlog due to capacity, quality issues, production issues, etc.; special actions shall be taken to eliminate the issue(s) and protect planned delivery quantities and dates/times. Any disturbances against the plant shall be communicated in advance to the AAM plant Materials team. If the supplier is in default of the quantities, extraordinary transit must be secured to protect supply.

Upon shipment, ASN must be generated and sent at time of shipment. This assures AAM a means of delivery tracking and provides supplier the means of accurate, timely payment processing. Suppliers are expected to have trained associates available to send ASNs on all shifts of operation.

Protection of Supply

Suppliers shall communicate delivery, capacity and quality issues as soon as a risk is known; AAM might be able to help minimize the impact as AAM prioritizes between multiple sites.

AAM requires suppliers to establish a standard method of assessing and mitigating risk in administrative functions and manufacturing facilities to ensure that validated contingency plans exist. Such method should include:

- Assessing risk caused by bottleneck operations, external influences or natural disaster.
- Development and implementation of plans to mitigate or avoid foreseeable risks.
- Robust, validated and practiced contingency plans if risk cannot be mitigated to acceptable levels.

In case of emergency, the supplier has the responsibility of submitting the detailed action plan to inform AAM of the countermeasures to protect supply. The action plan will be reviewed and agreed upon by AAM plant management team, supported by regional and corporate AAM support. Agreed-upon meetings will take place at a specific cadence depending on the urgency of the situation.

Contact Information



The contact data (email, names/positions, mobile, 24-hour emergency contacts, etc.) must be on record at the AAM plants(s) that a Supplier supports. It must be clear within the supplier's organization what individual has the authority to make decisions and authorize special actions (expedites, overtime, additional shifts, etc.) in emergency situations.

Supplier Cumulative (CUM) Reconciliation

The generation, verification, tracking and reconciliation of CUM maintenance is the standard requirement in the automotive industry, including AAM. AAM requires suppliers to reconcile CUMs upon receipt of each EDI transmission.

AAM responsibility:

- Provide the supplier with the CUM start date or CUM reset date.
- Provide latest CUM quantity received along with last ASN/SID #, quantity and date received at AAM.

Supplier's responsibility:

- Track and maintain CUMS for all direct shipments.
- Resolve any CUM discrepancies with the appropriate AAM material scheduler immediately.
- Participate in CUM reconciliation as required by AAM plant materials team.

6.2. Electronic Data Communication (EDI)

AAM requires EDI and/or AAM Portal to be utilized by all suppliers throughout the supply chain. It is a mandatory requirement from most of automotive OE customers to ensure EDI is used in all tiers. As an alternative, AAM's web-based Portals are an option (iSupplier, Plex, Covisint) for communication of requirements, standard purchase orders label creation, forecasts and ASN submittal.

Suppliers that are new to EDI must be certified and suppliers changing VAN or EDI software must be recertified. Please request the form which can be found in the AAM portal (or request from your buyer), complete and submit a Supplier Entry Form (AAM-7F-200) through your AAM Buyer.

AAM IT will contact the EDI contact identified in the Supplier Entry form with further instructions.

Questions related to AAM EDI transactions should be checked against our AAM Global EDI specifications specific to the Business Unit and plant.

6.2.1 Electronic Data Communication (EDI) – Driveline Business Unit

Required Transactions- However, some of our acquired facilities are using are ANSI X.12 (Section 6.2.2). Please following protocol from your Buyer as to which EDI is in scope for the facility.



- Forecast (**DELFOR**)
- Ship Requirement (**DELJIT**)
 - All dates contained within the EDI DELJITS are SHIP dates. This is the date that the carrier will pick up the product at the agreed-upon location.
- ASN (**DESADV**)
 - ASNs are required to be sent immediately **upon shipment conveyance**.
 - An ASN is required for EVERY part number on EVERY shipment
 - Failure to submit a valid ASN will result in shipments being considered past-due.
 - Accuracy is imperative to maintain the inventory integrity.
 - Payments are scheduled based on ASN ship date and agreed-upon Incoterms.
 - ASN numbers must be the same as the Shipment Identification Number.
- Receiving Advice (**RECADV**)
 - RECADV is not transmitted. The ASN is considered accepted unless the supplier receives an APERAK electronically with the error messages.
- Application Advise (**APERAK**)
 - Notification of a failed ASN, including error messages will be sent electronically. It is expected that the supplier cancels, correct and resubmit the corrected ASN before the shipment arrives at AAM.

Trading Partner Identification

The first step in every EDI transaction is the proper identification of trading partners. The DUNS number is a unique nine-digit identification sequence serving as a consistent trading partner identifier across all internal business applications and helps eliminate errors in electronic transactions.

AAM has many subsidiaries and facilities around the world. DUNS numbers are specific to a physical address; therefore, each AAM facility is designated with one unique DUNS number.

AAM requires that all suppliers use the correct DUNS number when transmitting ASNs to our facilities. Each time the supplier ships and sends an ASN to a specific AAM facility, the correct DUNS number for the AAM destination '**ship to**' site must be used.

EDI Certification

Suppliers that are required to be certified are as follows:

- All new suppliers not using an AAM Portal
- Current suppliers that are converting from an AAM Portal to EDI capability

Suppliers that are changing VAN or EDI software must be recertified – Please request, complete, and submit a Supplier Entry Form (AAM-7F-200) through your AAM Buyer.

AAM IT will contact the EDI contact identified in the Supplier Entry form with further instructions.



Questions related to AAM EDI transactions should be checked against our AAM Global EDI specifications.

6.2.2 Electronic Data Communication (EDI) – Metal Forming Business Unit

Required Transactions

Metal Forming Business Unit uses AIAG ANSI X.12 EDI messages for supplier EDI communication as a preferred EDI standard. EDIFACT standard templates may be available upon specific requirements agreed by AAM and the supplier subject to ultimate destination requirements for drop ship, consignment or OEM.

- **Forecast (830)**
 - All dates contained within the EDI 830 are forecast dates. This is the date that the supplier may be use for their material forecast planning at supplier's own responsibility without any firm commitment from AAM.
- **Ship Requirement (862)**
 - All dates contained within the EDI 862 are SHIP dates. This is the date that the carrier will pick up the product at the agreed-upon location.
- **ASN (856)**
 - ASNs are required to be sent immediately **upon shipment conveyance**.
 - An ASN is required for EVERY part number on EVERY shipment
 - Failure to submit a valid ASN will result in shipments being considered past-due.
 - Accuracy is imperative to maintain the inventory integrity.
 - Payments are scheduled based on ASN ship date and agreed-upon Incoterms.
 - ASN numbers must be the same as the Shipment Identification Number.
- **Receiving Advice (861)**
 - 861 Receiving Advice/Acceptance Certificate is not transmitted. The ASN is considered accepted unless the supplier receives an 824 electronically with the error messages.
- **Application Advise (824)**
 - Notification of a failed ASN, including error messages will be sent electronically. It is expected that the supplier cancels, correct and resubmit the corrected ASN before the shipment arrives at AAM.

Trading Partner Identification

The first step in every EDI transaction is the proper identification of trading partners. The DUNS number is a unique nine-digit identification sequence serving as a consistent trading partner identifier across all internal business applications and helps eliminate errors in electronic transactions.

AAM has many subsidiaries and facilities around the world. DUNS numbers are specific to a physical address; therefore, each AAM facility is designated with one unique DUNS number.



AAM requires that all suppliers use the correct DUNS number when transmitting ASNs to our facilities. Each time the supplier ships and sends an ASN to a specific AAM facility, the correct DUNS number for the AAM destination '**ship to**' site must be used.

EDI Certification

Suppliers that are required to be certified are as follows:

- All new suppliers not using AAM PLEX Supplier Portal
- Current suppliers that are converting from an AAM Portal to EDI capability

Suppliers that are changing VAN or EDI software must be recertified – Please request, complete, and submit a Supplier Entry Form (AAM-7F-200) through your AAM Buyer.

AAM IT will contact the EDI contact identified in the Supplier Entry form with further instructions.

Questions related to AAM EDI transactions should be checked against our AAM Global EDI specifications specific to the Division and plants you are going to ship to.

6.3. Labeling and Lot Traceability

- Suppliers must ship against the DELJIT (or 862s) using AAM's Global Transport Partner Label (GTBL) Specification, as described below.
- Two B16 barcode labels must be positioned properly with scans readable.
- Master Labels (multiple containers on a unit load) and Mixed Labels (multiple part numbers on a unit load) are required and should be placed OUTSIDE shrink wrap.
- Ensure all 'old' labels are removed prior to shipment.
- AAM requires and uses the supplier labels in multiple scanning applications. AAM will generate Problem Reporting & Resolution documents (PRR's) for recurring issues within barcode labeling compliance (Missing labels, incorrect data on labels, un-readable labels, etc).

Labeling Specifications

The purpose of the **AAM GLOBAL TRANSPORT PARTNER LABEL (GTPL) LABELING & REQUIREMENTS**, found on the Supplier Portal under the Materials portion of Requirements & Specifications section, is to specify and provide written requirements for the printing and application of AAM's packaging label formats and bar code symbology to our suppliers. The specifications provide AAM suppliers the necessary information to become compliant with AAM's latest label formats and placement requirements. Suppliers, both internal and external, SHALL use the AAM label formats required when shipping to all AAM facilities as specified in Appendix III of the aforementioned label specifications document.

The AAM label specifications are an extraction of the AIAG (Automotive Industry Action Group) and ANSI (American National Standards Institute).

Suppliers shall label Container, Master, and Mixed Loads with labels that meet AAM standards, quality, and tolerances as noted in the specifications.



The lot number is defined by the Supplier and *must be traceable* to the date and shift of manufacture (through manufacturing process to the raw material source) - this is a requirement for all suppliers. Heat numbers will be required on labels under heat lot control mandates by AAM. For qualifying information on heat and lot control, see section D3 of the **AAM GLOBAL TRANSPORT PARTNER LABEL (GTPL) LABELING & REQUIREMENTS**.

Label Certification

Certification is required for all new suppliers to AAM or suppliers converting from the AAM portal-generated labels to internally-produced labels. Sample labels should be submitted to AAM Plant IT and/or AAM Plant Materials.

Customs regulatory requirements for country of origin marking are listed in the [Customs and Global Trade](#) Compliance section of this manual.

6.4. Packaging Specifications and Requirements

Suppliers for production parts are required to adhere to the Packaging Guidelines that are stated in the **AAM Packaging and Material Handling Manual** on the iSupplier Portal under the Materials portion of Requirements & Specifications section. Suppliers will work with the AAM receiving plant as well as the AAM Material Handling and Packaging Group to develop safe, secure, and efficient packaging to be presented to all manufacturing processes.

Samples

Suppliers should expect to provide part samples to AAM for primary packaging design and development. All packaging approval must be obtained from AAM Material Handling and Packaging prior to product launch as part of the Production Part Approval Process (PPAP). Review of the packaging must take place with the appropriate shipping and receiving facility to ensure that packaging is compliant with all current guidelines and practices. All packaging must be included in AAM's Plan-For-Every-Part (PFEP) through submission of a Packaging Approval Data Form (PADF).

Packaging Approval and Data Form

A completed Packaging Approval and Data Form (PADF) is required for all packaging designs, and must be submitted to AAM for approval. This form will be used for all new packaging designs as well as all proposed changes to existing packaging. No packaging will be developed without approval of this form.

Secondary / Back-Up Packaging Requirement

Returnable packaging is preferred, with few exceptions. All production shipments are to be made in the approved primary packaging unit loads detailed on the packaging specification, except when a deviation has been provided in advance, **is approved and is in writing by the AAM production facility**.



Supplier will be responsible for developing back-up expendable packaging for all production parts provided to AAM. All expendable wood packaging will be 100% recyclable, and must comply with the International Plant Protection Convention Standard ISPM #15. Supplier's failure to conform to this requirement will result in the issuance of a PRR.

AAM Owned Packaging Use and Labeling

Suppliers should use AAM-owned packaging for finished goods only, and are not permitted to use AAM-owned packaging for their Work-In-Process inventory. While AAM-owned packaging is in a Supplier's facility, the Supplier will keep the packaging in a debris-free state. Supplier will notify the appropriate AAM contact if any packaging has become damaged or creates an issue.

All materials and packaging must be identified with legible writing, machine barcodes able to be scanned, and machine graphics. All labeling must be compliant with AIAG Standards as well as Customs country of origin markign requirements.

Inventory Control of Packaging

Suppliers are required to maintain inventory tracking on all AAM packaging; tracking is required of receipts and shipments of containers and dunnage. AAM will also be periodically conducting cycle counts which will require suppliers to count when requested and provide last container shipped/received information.

AAM returnable empty dunnage shipments crossing international borders

Requirements are listed in the [Customs and Global Trade](#) Compliance section of this manual.

6.5. Inventory Control

Material Authorizations and Obsolescence (Build Out / Engineering Change)

Fabrication (FAB) and Raw Material (MAT) Authorizations are found in the CUM year-to-date within the forecasts (DELFOR/Driveline and 830/Plex):

In an effort to provide visibility and improve continuity in the supply chain, AAM provides a 40-week forecast to most suppliers (contingent on receiving this information from our customers). This additional information should be used for PLANNING PURPOSES ONLY and will not increase contractual FAB and MAT authorizations.

Suppliers can expect over-shipments to be returned by AAM at supplier's expense for all packaging, handling, sorting, and transportation (potentially for the initial over-shipment as well, if habitual).



Supplier will maintain, at its expense and risk, at least one additional full shipment (based on of safety stock of materials, components and finished goods at current engineering change level at all times to ensure timely delivery of AAM Ship quantities.

Minimum order quantity (MOQ) is equal to one sub-container. Approved exceptions are specifically negotiated as part of the blanket purchase order.

Firm order lead time is equivalent to 'transit time' plus one day for surface (ground) transportation suppliers and 'transit time' plus one week for overseas suppliers. Suppliers are expected to ship up to a 20% increase in schedule variation (week over week, assuming not over MCR) and work to a best effort to 20% over MCR.

AAM shall not be liable for any inventory in excess of the FAB and MAT authorizations, unless there are firm releases extended beyond those authorizations. AAM releases and delivery schedules are tied very closely to our customers'; suppliers are expected to watch for schedule fluctuations as build-out dates draw closer. Obsolete material claims can be avoided via:

- Alignment with the AAM plant on build out plan (information only),
- minimizing lead times by working closely with your suppliers,
- ensuring CUMs are reconciled for proper balance-out,
- close monitoring with cycle counts,
- ensuring on-hold/rejected material is dispositioned, and
- strict adherence to EDI ship requirement, especially near End of Production (EOP).

Obsolescence Claim Flow:

1. Supplier submits claim to AAM. Finished AAM part number must be listed for each line item claimed. Completed claim template must be submitted (no partial forms). All part numbers must be consolidated and submitted utilizing one claim form.
2. Claims are analyzed and entered into the system by date received.
3. If there are no discrepancies, a claim number will be given to the supplier. If discrepancies exist, the supplier will be notified of reason for rejection or discrepancy. Supplier will have 30 days to resubmit, if necessary, with corrections.
4. This initiates AAM's internal investigation, review, and audit processes. If an audit is required, AAM Corporate or Plant Materials Manager will contact the supplier to schedule an audit.
5. The supplier must retain the assigned claim number for their records. All future communication with AAM concerning a submitted claim must reference the claim number.
6. The auditor will verify the obsolescence claim, compute the obsolescence value, and obtain the supplier's signature on the audit report.
7. The auditor will submit the report to both Corporate and Plant Materials Managers for Approval. Supplier will be notified.

Detailed Claim Instructions and Claim Form can be found on the iSupplier Portal, under the Materials portion of the Requirements & Specifications section.



Outside Service Provider (OSP)

OSP shall maintain a file containing all original packing slips and Inbound Discrepancy/Audit documents with an attached confirmation of transmission to an AAM Associate.

OSP shall participate in monthly reconciliation, as required by AAM Plant Materials team.

OSP shall follow the standard receiving and storage procedures provided by AAM Plant Materials team.

6.6. Capacity Management

Each Supplier is responsible for managing its own supply chain in a manner that supports uninterrupted flow of components up to contracted capacities. Suppliers shall identify and work to mitigate any potential disruptions. Known issues shall be communicated to the AAM plant Material Planner and Plant Materials Manager. Detailed action plans for mitigating real or potential interruptions in the Supplier supply chain shall be made available to AAM upon request... AAM will investigate action plans with the intent of eliminating or managing the constraint(s). AAM will determine if the action plan sufficiently protects AAM production requirements and request necessary changes.

The cost of managing the Supplier's supply chain in a manner that supports uninterrupted flow of components up to contracted capacities is the responsibility of the Supplier.

Capacity Planning

- Annual volume is based on Lean Capacity Rate (LCR) unless otherwise stated. Suppliers are also responsible to support the Maximum Capacity Rate (MCR) which is 15% greater than the LCR (i.e., LCR multiplied by 1.15).
- Suppliers are required to demonstrate LCR capacity on a 5-day work week and achieve MCR capacity in no more than 6 days. Deviations to this requirement require written approval from AAM purchasing and must be documented in an approved Run @ Rate.
- MCR may be required on a sustained basis. Unless maximum capacity rate duration limits are explicitly defined in the AAM RFQ, Suppliers must be able to achieve MCR on a sustained basis with no additional investment, capital, or premiums from Buyer.

6.7. Shipping Requirements and Transportation/Logistics

Responsibility for transportation arrangement and costs can be found on AAM's Purchase Order under Delivery Terms; listed will be an Incoterm with location. It is critical that Supplier follow all delivery requirements and the Incoterms to avoid delays in the supply chain.

Frequency of shipment is determined by AAM when we are responsible for the transportation costs. Suppliers with freight cost responsibility must ship at the frequency requested by AAM, unless specifically documented in the quotation.



Routings

If AAM is responsible for arranging transportation, Supplier will be contacted with the routing details of the arrangement. Whenever possible, regular routes will be established for production components. Infrequent shipments may require that notification of order readiness be sent to AAM for initiation of shipment.

Routing noncompliance will result in transportation charges back to the shipper and a penalty fee as well.

Shipping Requirements

All shipments must be accompanied by the appropriate documentation for each specific transportation mode routing as listed below, including, but not limited to: Bills of Lading, Waybills, Customs Documents (Commercial Invoice, Packing List, NAFTA Certificates, etc), SDS (Safety Data Sheet), Mill Certificates (for Steel).

Transportation Modes

Ground Transportation
Air / Ocean
Expedite
Parcel / Small Pack
Rail / Intermodal

Logistics Requirements

When transportation is provided by AAM, the supplier must ensure that products and the ability (appropriate means of loading) are available at the required window times. AAM will determine carrier selection and routing instructions to effectively manage inbound freight and returnable containers.

Full truckload suppliers (FTL) must ship at greater than 90% utilization by weight/space- unless specially advised to follow the DELJITs or 862s by the AAM plant.

Any failure to meet the agreed-upon shipping windows may result in carrier detention charges with potential of expedite in the event the carrier does not complete the pick-up or delivery. In either case, an Authorized Excess Transportation Costs (AETC) will be generated for the extra charges. The excess transportation costs will then be applied to a PRR or chargeback. The supplier will be notified at the time of the incident to allow them to mediate the situation.

When transportation is the responsibility of the supplier:

- Supplier shall measure performance and ensure products arrive within scheduled window.
- Supplier shall have a process to measure and review logistics performance of its carriers.

Excess Transportation Costs - Premium Transportation



Supplier will be held liable for additional freight costs incurred because of supplier's lack of quality and/or delivery performance. This requirement is stated in AAM's Terms and Conditions, attached to every purchase order. Excess Transportation Costs will be charged for any costs over the planned routing cost; i.e., detention, team vs. single if product is not available at the window time, expedites when required. AAM reserves the right to manage the premium event if the supplier fails to communicate and provide adequate delivery performance. In these instances, AAM may charge supplier for management time and associated costs of premium involved.

Tier 2 or OSP Shipment Destination Shipments

Suppliers will receive a routing letter and instruction to support any shipments that should be directed to Tier 2 or Outside Service Provider (OSP) destination.

Notification of Changes

The supplier must give written notice to AAM of every change (from PPAP conditions) that affects supply chain / logistics, accompanied by a detailed timing plan.

Changing the shipping location could affect transportation costs and packaging availability. If the supplier is making the request to change locations, all extra costs will be the responsibility of the supplier.

Other changes that may impact AAM and must be notified well in advance in order for Supplier to present AAM risk mitigation plans include:

- Change or upgrade in I.T. system
- Organizational changes (within Management and/or Supply Chain contacts)

6.8. Customs and Global Trade Compliance

AAM expects its suppliers to understand all relevant Customs laws and regulations related to the export and import of material sold to AAM. Depending on the Incoterms, suppliers will perform export clearance, import customs clearance and provide all necessary documentation and information to properly file and clear all material for export and import purposes.

AAM Preferred Incoterms and Supplier Obligations

AAM's policy is to procure materials under certain preferred Incoterms of sale. Suppliers are expected to meet requirements set forth below:

Preferred Collect Incoterm: FCA (named place):

AAM responsibilities include pick up at the Supplier's dock (named location), domestic and international transportation, and Customs clearance in the import country.

Supplier responsibilities include placing the goods on the dock (named location), packed for transport, providing a commercial invoice, packing list, transportation documents, and



other special documentation as applicable. The supplier is required to complete export customs clearance as required, via their own freight forwarder or by granting AAM's freight forwarder the necessary Shipment Letter of Instructions/Power of Attorney (POA). The supplier is also responsible for obtaining any export licenses or meeting any special requirements for exportation.

Preferred Prepaid Incoterm: DAP (named place):

AAM responsibilities include receipt of material at the named delivery location and Customs clearance in the import country.

Supplier responsibilities include delivering the goods to the named location, ready for unloading, providing a commercial invoice, packing list, transportation documents, and other special documentation as applicable. The supplier is required to complete export customs clearance as required, via their own freight forwarder or by granting AAM's freight forwarder the necessary Shipment Letter of Instructions/Power of Attorney (POA). The supplier is also responsible for obtaining any export licenses or meeting any special requirements for exportation.

AAM Approval Required: EXW (named place):

AAM responsibilities include pick up at the Supplier's dock (named location), completion of export customs clearance as required, domestic and international transportation, and Customs clearance in the import country.

Supplier responsibilities include placing the goods on the dock (named location), packed for transport, providing a commercial invoice, packing list, transportation documents, and other special documentation as applicable. The supplier is required to provide information required by AAM to complete export customs clearance such as product classification (HS Tariff numbers), license requirements, special controls, or other details required by Customs. The supplier will be shown as "Exporter of record" or the principle party of interest that benefits from the sale of goods to a foreign buyer.

AAM Approval Required: DDP (named place):

AAM responsibilities include unloading the material at the named delivery location after Customs clearance in the import country.

Supplier responsibilities include delivering the goods to the named location, cleared for export and import in the country of destination. The supplier bears all risks and costs including duties, taxes and handling of customs formalities, including both export and import clearance declarations, using their own freight forwarder and customs broker.

AAM Approval Required: FOB (named place) - for Ocean shipments only:

AAM responsibilities include transportation once the material is loaded on board the vessel nominated by AAM at the named port and Customs clearance in the import country.



Supplier responsibilities include delivering the goods on board the vessel nominated by AAM at the named port, packed for transport, providing a commercial invoice, packing list, transportation documents, and other special documentation as applicable. The supplier is responsible for completing export customs clearance as required. The supplier is also responsible for obtaining any export licenses or meeting any special requirements for exportation.

Global Trade Compliance – Routed Transaction Supplier Document

All suppliers with international transactions sold under ***EXW Incoterms*** are required to complete and submit the Global Trade Compliance (GTC) Routed transaction Supplier Document prior to the first shipment of material to AAM. The sheet must be updated if new parts are added or if any data on the sheet changes for existing material. The sheet will provide AAM with required information for purposes of filing export clearance and determining any special requirements or restrictions for the material. The sheet can be found on the iSupplier Portal under the Global Trade Compliance portion of the Bulletins and Specifications section, under GTC Appendix A. The Supplier will be listed as the “Exporter” of record or principle party of interest benefiting from the sale of the goods.

Local Warehousing Requirements with DAP and DDP Incoterms:

- All overseas suppliers must be DAP (city where the AAM plant is) for example, in the case of Guanajuato, DAP Silao is preferable rather than DAP Manzanillo or DAP Mexico, which is easier for AAM to monitor or audit and must have a daily shipping frequency 6 days a week.
 - (If not able due to size of city ie., Three Rivers- the warehouse location must be approved before sourcing)
- A weekly report of In-Transit and Warehouse inventory, by part number, must be provided
- Overseas suppliers should ship to us in our final use container which includes decanting into our final container or using local OSP who can do this for them which will eliminate the large unit loads and/or expendables in our plant.
- Establish in the PO contract (even that is implicit in the Incoterm) that the supplier has the responsibility for the variation in the transit times, the risk associated with the market and needs to monitor and ensure they maintain their warehouse levels
- Establish in the PO contract that the Safety Stock minimum and range recommendation. (Example: 2-weeks minimum (based on current demand) and 4-week recommended.) Pre-agreement calculated safety stock factoring in demand variation, transit time variation, manufacturing location, etc.
- Establish in the PO contract that ASN must be issued when the product is destined for our plant (from the warehouse) which can be set up by supplier’s warehouse using the iSupplier portal.



Documentation Requirements

AAM suppliers must provide the required documentation for all international transactions. Required documentation varies depending on the country of export and import, type of material, and special programs involved. When preparing commercial documents for material being sold and exported to AAM, the suppliers must provide the below list of documents. AAM will provide country-specific instructions for countries that require additional data or documents. Documentation must always agree with the Purchase Order received. Invoices must be typed - not handwritten.

Commercial Invoice

Global Commercial invoice requirements include the following elements:

- Invoice / ASN number
- Invoice Date / date of shipment
- Name, address, and TAX ID number of Supplier
- Name, address and TAX ID number of the Shipped From location if different from the Supplier
- Name, address and TAX ID number of the Consignee
- Name, address and TAX ID number of the AAM ship-to location if different from the Consignee
- Name, address and TAX ID number of the AAM Buying entity if different from the Consignee
- Name and contact information for the Notify / Customs Broker if applicable
- AAM part number and detailed description including the commercial name by which it is known, its grade or quality (**NOTE:** 'Automotive Parts' is not an acceptable description)
- Customs Tariff number (harmonized code that has been provided by AAM)
- Piece quantity shipped and the unit of measure (10 pieces / 3 barrels etc.)
- Net weight per part
- Total Net weight and Total Gross weight of shipment
- AAM PO#
- Country of origin / manufacture by part
- Unit price by part per the AAM PO
- Extended value of units times quantity- total value by part
- Type of Currency
- Total Invoice amount
- International Freight amount
- Shipping / Incoterms of sale and the named place
- Payment conditions / terms
- Export license number, if applicable
- Invoice page numbers (i.e. 1 of 3, 2 of 3, 3 of 3, etc.)

For the appropriate form, please see Appendix H (Global Invoice templates and Country specific requirements for US -E, MX-F, BR-G) located on the iSupplier Portal under the Global Trade Compliance portion of the Bulletins and Specifications section.



Packing List

- All information shown on the commercial invoice except for the value
- Gross and net weight of products
- Total manifested quantity shipped
- Dimensions of manifested pieces shipped
- Total net and gross weight of the shipment
- Packing list page numbers (i.e. 1 of 3, 2 of 3, 3 of 3, etc.)

Transportation Document (BL, AWB, etc.)

- Reference the commercial invoice number / ASN number

Special Program documents, if applicable, for support of preferential tariff treatment (Certificates of origin, NAFTA certificates, GSP support, US manufacturers' affidavits, ALADI certificates, etc.)

Other government agency documents (if applicable)

AAM Customs Broker Matrix

The AAM Customs Broker Matrix (Appendix B) is located on the iSupplier Portal under the Global Trade Compliance portion of the Bulletins and Specifications section for this form / matrix.

- Please see the broker matrix for contacts and information on where and when to send documentation for each AAM location.
- If shipping to a location not listed in the matrix, Supplier must contact their AAM Materials contact or the Global Trade Compliance Team at aamcustoms@aam.com.

Global AAM Free Trade Agreement and Special Program Matrix

AAM's policy is to claim preferential treatment for imported materials under any free trade agreement (FTA) or special program that is confirmed as eligible according to the program regulations. This determination is completed with the assistance of our foreign suppliers. At the time of entry, AAM must have in its possession the required documentation needed to support a claim for preferential treatment. Please reference **AAM Free Trade Agreement & Special Program Matrix** (Appendix C - located in the iSupplier Portal under the Global Trade Compliance portion of the Bulletins and Specifications section) for program specific requirements. Suppliers should consult the matrix and determine which FTA's and special programs apply and provide the documentation prior to material being shipped. Suppliers are responsible for legal compliance with the special program rules and regulations. All requested documentation must be completed timely and accurately.

Valuation

Suppliers should provide a commercial invoice that includes the transaction value price in the PO issued by AAM. The price listed should match the price actually paid by AAM.



- **Additional payments:** If there are additional payments required or an adjustment in the price is made, a revised commercial invoice or an additional commercial invoice may be required. Suppliers should notify AAM destination of additional payments that are required.
- **Repairs / Alterations:** If a supplier is sending material that has been repaired or altered from the original state to an AAM destination, the supplier should identify on the commercial invoice the value of the repair or alteration performed in addition to the original value of the material.
- **Assembly:** If a supplier receives material on consignment from AAM and is responsible for an assembly operation only, the supplier must contact the AAM destination for specific commercial invoice instructions.
- **Price changes** should be reflected on the supplier's commercial invoices immediately upon receiving notification of a change from AAM as of the effective date.
- **Free of charge:** Material shipped to AAM at no charge, free of charge, for test purposes, or as samples should show a fair market value on the invoice provided for Customs purposes. AAM will not accept any invoices that show zero value or minimal values. Estimated fair market value should be shown and a statement should be placed on the invoice stating, *"Free of charge, Value for Customs purposes only."* Also state if the material shipped is being sent as Samples, Test material, Returned etc.

Change in Manufacturing site or Shipping Location

AAM requires that suppliers with international transactions notify AAM immediately if a change in production or shipping location is being considered. All changes must be pre-approved by the AAM Buyer and upon completion of such change, the supplier must disclose the new production country and provide new certificates of origin or other special program documentation as required. Written notice should be provided to the AAM Global Trade Compliance team at aamcustoms@aam.com. This is required for AAM to comply with special trade program requirements and to avoid any trade-related compliance issues or restrictions.

Country of Origin Marking

The country of origin marking is to inform and provide information to the ultimate purchaser or end user the origin of the imported articles. The country of origin indicates where an article is manufactured, produced, processed or grown.

All articles and/or their containers that cross an international border must be clearly marked with country of origin in accordance to the law in that country. In most cases, material and its' packaging will be required to be marked with country of origin / manufacture. However, specific exceptions apply for certain products and their containers when shipping to certain countries. If required, the marking must be conspicuous, legible, indelible and permanent.

Country of origin must be shown on the commercial invoice for all articles.

Suppliers' conformance to country specific marking requirements is a contractual obligation noted in the AAM Purchase Order terms and conditions and in this Supplier Requirements Manual. Any failure to meet the mandatory requirements may result in marking notices, seizures and/or penalties by Customs Authorities in which you may be held responsible.



Please reference **the iSupplier Portal under the Global Trade Compliance portion of the Bulletins and Specifications** section if you are a supplier shipping to the United States.

Suppliers should contact the AAM buyer or the Global Trade Compliance Department aamcustoms@aam.com with any questions about marking requirements.

Supplier Obligations for AAM Returnable Dunnage / International Border Crossing

AAM requires that suppliers act as the Importer of Record for shipments of returnable dunnage being sent from an AAM location to the supplier. AAM may be responsible for the handling costs and any duties/taxes that apply. The supplier must serve as the legal entity responsible for importing the dunnage. All exceptions must be approved by the AAM Global Trade Compliance team.

Restricted Party List Screening

It is AAM's policy not to conduct business with a party listed on the Restricted Parties Lists (RPLs) without appropriate authorization from the U.S. Government or other global organizations. It is AAM's policy to screen all of its unrelated third-party customers, suppliers, partners and potential employees against the RPLs. Suppliers will receive communication from the AAM Global Trade Compliance team if it is determined that there is a risk.

Supply Chain Security Program Requirements

AAM is committed to securing its supply chain and requires AAM suppliers to accept responsibility for manufacturing facility and cargo security up to the point of delivering freight to the appointed carrier or forwarder. All suppliers and partners must understand and implement supply chain security procedures to secure shipments destined to AAM facilities. Information regarding the supplier's security procedures and/or certification status in available government-sponsored programs will be required. AAM will require certification status of the US C-TPAT program and other country specific programs when applicable. Information requests will include specific details in the following areas:

- Container/Conveyance/Transport security,
- Procedural security,
- Physical security,
- Physical access controls,
- Personnel security,
- Security training and threat awareness, and
- Information technology security.

AAM will require Supply Chain Security Questionnaires to be completed on an annual basis. **Please reference the Supply Chain Security Questionnaire** (Appendix D - located in the iSupplier Portal under the Global Trade Compliance portion of the Bulletins and Specifications section). Suppliers are expected to be aware of expectations to protect the supply chain, identify security gaps, and implement specific security measures and best practices. We all play a role to strengthen international supply chains and improve border security.



If a questionnaire shows a security risk to AAM, a site visit may be conducted by AAM. AAM may outsource collection of the Supply Chain Security Questionnaires. Suppliers are required to provide timely and accurate responses.

U.S. Export Controls

It is AAM's established policy to comply with the requirements established by the U.S. Foreign Trade Regulations (FTR), the Export Administration Regulations (EAR) and any other U.S. government regulations that apply to export transactions, shipments and operations. For this reason, AAM requires its suppliers to provide all information necessary information (including written documentation and electronic transaction records) to allow AAM to fulfill its customs related obligations, including: origin marking or labeling requirements and local content origin requirements, if any. Also, suppliers shall provide information as necessary to enable AAM with the solicitation of any export licenses, certificates, written declarations, or authorizations necessary for the timely and proper export of the goods, and documents to secure preferential tariff treatment.

Importer Security Filing (ISF)

AAM requires the complete cooperation from overseas suppliers that export, via ocean vessel, parts/components to AAM plants located in the U.S. AAM as the U.S. importer of record (IOR) along with the designated forwarder are required by U.S. Customs and Border Protection (CBP) to file the ISF **24 hours prior to vessel departure**.

AAM requires the overseas supplier and designated forwarder to provide all required ISF information **at least 72 hours prior to the scheduled vessel departure time (ETD)**. The ISF information will be provided by the forwarder via email, using the **ISF worksheet file** which can also be found as an attachment in GTC Appendix I.

For this reason, AAM has established the ISF Process Guidelines that can be found in the GTC Appendix I. AAM or its designated ISF management service provider will collect ISF information from the supplier and/or their forwarder to submit the ISF timely and in proper form.

Lack of providing ISF information accurately and in a timely manner by the supplier and/or supplier forwarder may result in a PRR issued against the supplier with any costs associated with not following this established protocol.

Global Trade and Compliance References

The following documents / forms can be found on the iSupplier Portal within the Bulletins and Specifications section, under the Global Trade and Compliance Requirements & Specifications:

- Appendix A: Global Trade Compliance Data Sheet
- Appendix B: AAM Customs Broker Matrix
- Appendix C: AAM Free Trade Agreement & Special Program Matrix
- Appendix D: Supply Chain Security Questionnaire example
- Appendix E: Country Specific Requirements: USA
- Appendix F: Country Specific Requirements: Mexico



- Appendix G: Country Specific Requirements: Brazil
- Appendix H: Global Customs Invoice template
- Appendix I: Importer Security Filing (ISF)

7. Commercial Requirements

7.1. General Terms and Conditions

Suppliers must read, understand, and accept [AAM's Standard Terms & Conditions](#) prior to submitting responses to Requests for Quote (RFQs). All quotations (covered below) are based upon acceptance of AAM Standard Terms & Conditions and by responding to any RFQ, the supplier acknowledges acceptance of AAM's Standard Terms & Conditions.

7.2. Non-Disclosure Agreements

Non-Disclosure Agreements (NDAs) are often also referred to as confidentiality agreements. In its simplest form, an NDA is drafted to establish the obligations, requirements, and restrictions upon a Supplier receiving confidential information from AAM. Suppliers are therefore required to engage in an NDA with AAM to protect all confidential information shared between the two parties prior to conducting any business with AAM.

Suppliers are expected to collaborate with their AAM Buyer to identify all specific pieces of confidential information that AAM intends to share with the supplier. For example, parts with part numbers, drawings with drawing numbers, specifications with spec title and numbers, test reports with report titles, computer files with file names, etc.

Upon the termination or expiration of the mutually-agreed-upon NDA, Suppliers must also confirm the return and/or destruction of all AAM confidential information.

7.3. Request for Quotation (RFQ)

Quoting Requirements may vary based on the type of business being sourced (direct material, capital, indirect material, services, prototype, etc.); however, suppliers must complete ALL required sections of the Quoting Documents sent by the respective AAM Buyer during a sourcing event. Refusal to provide the required documentation may result in a “no-quote” for the current sourcing event or disqualification of the supplier from future sourcing events.

The sections/documents that may be included in a given sourcing event include but are not limited to:

- Quoting Document
- Instructions to the Supplier
- Cost Breakdown



- Process Flow Diagram
- Packaging Specification Form (See Packaging Section)
- Detailed Tooling Breakdown

All quotations are subject to evaluation by AAM Procurement. Suppliers will provide any additional supporting documents for the analysis, as required.

7.4. Technical Reviews

Supplier representatives are expected to collaborate with AAM Buyers to schedule and attend technical reviews. The typical period of time given to suppliers to prepare for a Technical Review is one (1) week. Prior to the Tech Review date, the AAM Buyer will send to the supplier the Agree/Disagree Matrix form and the Technical Review Conference Checklist for the supplier to complete prior to conducting the Technical Review. The expectation is that the supplier will complete and return both documents to the AAM Buyer at least two days prior to the actual Technical Review date.

7.5. Commercial Negotiation and Discussion

Suppliers must communicate all commercial discussions, negotiations, sourcing events, and business awards through AAM's Procurement Department. Procurement approval authority resides with Purchasing Agents at AAM within the Procurement Department. Any and all agreements made outside of AAM's Procurement Department shall be considered void until commercial agreement is reached between Supplier and the appropriate AAM Purchasing representative.

7.6. Supplier Tooling

General Requirements

Suppliers must follow AAM's [Global Supplier Tooling Guidelines](#) in order to be reimbursed for tooling.

Quotation

Suppliers must complete the applicable tooling quoting sheet depending on the type of tooling being quoted. Suppliers should contact their AAM Buyer to obtain the correct quoting document. The applicable tooling quote sheet must be completely filled out and returned to AAM as part of the supplier quote (see Request for Quotation section above).



7.7. Capacity Studies

Expectation is that the supplier plans capacity in coordination with AAM and fully participates in capacity studies. AAM's customers frequently request changes in capacity and/or mix and it is essential that all suppliers respond timely and accurately when asked to verify capacity. Suppliers are required to do the following when requested to verify capacity:

- Supplier must provide feedback within 2 weeks of receiving the capacity study request. If Supplier is unable to provide feedback within 2 weeks, Supplier must notify the requesting AAM Buyer on a commitment date as to when feedback will be provided.
- Supplier must provide the feedback to the capacity studies in the form of a formal quote (i.e. AAM's standard cost breakdown & tooling form). Quote should be accompanied by detailed explanation as to what capital/tooling is driving any cost impact.
- Annual volume is based on Lean Capacity Rate (LCR) unless otherwise stated. Suppliers are also responsible to support the Maximum Capacity Rate (MCR) which is 15% greater than the LCR (i.e., LCR multiplied by 1.15).
- In order to determine the weekly capacity requirement from the annual volume, suppliers should be using the appropriate number of weeks per year for the using facility(ies) to calculate the weekly volume. Supplier is expected to support the weekly volume and should be quoting/capacitizing accordingly. If unsure of the appropriate number of weeks per year for the using facility, Supplier should contact the requesting AAM Buyer for clarification.

7.8. Change Management

Suppliers will be required to provide tooling and piece price quotations for design changes via AAM's standard RFQ documents, including cost breakdown for part and tooling using the RFQ Document. Following the business award, any changes required by the supplier to meet original design characteristics, requirements, and/or objectives will be at zero cost to AAM.