



**DELIVERING POWER**  
THAT MOVES THE WORLD.

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



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11-Aug-2022	Updated Privacy and Data Protection (Cyber Security) section to adapt to the changing threat and regulatory landscape. Added Ethics Hotline number for Romania. Enhanced Supplier Diversity Policy language. Enhanced Sustainability alignment requirements. Added Reference to AAM Supplier Quality Procedures: AAM-9-341, AAM-9-239 & AAM-9-237. Clarified service material is within scope of this Global Supply Chain Requirements section. Updated Sections 6.1, 6.2, 6.3, 6.4, 6.5, 6.8 and language updates in related Appendices.
03-Apr-2023	Updated references to new AAM Supplier Code of Conduct
30-Jun-2023	Updated section 6.8 Customs and Global Trade Compliance in following areas. Opening section added a paragraph clarifying Supplier's responsibility to notify AAM GTC through FOCUS Business Solutions of any changes to their Customs/Trade Compliance contacts and information. Documentation Requirements - updated the commercial invoice portion to include new European Union data elements on the import shipment invoice for the ICS2 reporting. Added clarification under the Special Program documents portion of AAM's expectation of timely Supplier responses to AAM requests made by FOCUS Business Solutions. Export Control - updated expectations of AAM's US Suppliers to be the USPPi requirement for export shipment EEI transactions regardless of Incoterm. Added supplier requirements regarding IMDS compliance to section 2.4, added reference to compliance requirements with AIAG Advanced Quality Planning and Control Plan manual, updated reference documents in section 2.2, updated expectations in section 2.3, updated requirements and reference documents in section 2.4, 2.5, 2.8, 3.3, 4.1, 4.4, 6.6. Updated sections 1.9 to clearly reference the Supplier Code of Conduct and its requirements and removed duplicate language.
06-Dec-2023	Updated Verification of Customer Interface Points note in section 2.3. Updated Six Sigma Statistical Control Chart with the addition of the Standard column in section 2.8.



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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 Supplier Code of Conduct, AAM has adopted this **Supplier Requirements Manual** to explain how the Supplier Code of 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 Supplier Code of 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 Supplier Code of 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 Supplier Code of 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 Supplier Code of 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 Supplier Code of 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 Supplier Code of Conduct and Human Rights Policy
- Alignment with AAM's Environmental, Social and Governance Policies and Requirements

## 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 [iSupplier 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. Corporate Sustainability (Environmental, Social, Governance)

AAM considers Environmental, Social and Governance (ESG) to include, but not be limited to, issues associated with:

- Environmental issues such as emissions, waste and water management
- Social issues such as labor, human rights, associate health and safety.
- Governance issues such as bribery and corruption, gifts and entertainment, business records, conflicts of interest, fair business practices, privacy and data protection, diversity sourcing and conflict minerals



All AAM Supplier Partners and their sub-suppliers are required to conduct business in accordance with AAM's [Supplier Code of Conduct](#), which outlines guidance and expectations on the following topics:

- Human Rights and Working Conditions
- Environmental Sustainability
- Responsible Sourcing & Due Diligence
- Product Integrity
- Business Ethics

AAM Supplier Partners are subject to ESG performance and risk assessments through third party rating agencies and/or platforms.

### ***Privacy and Data Protection***

AAM has implemented a robust Information Security Management System (ISMS) that includes privacy and data protection measures to protect AAM, Customer and Associate data and systems. AAM's policies, procedures, and requirements comply with applicable local and data privacy and protection laws and customer requirements (e.g. GDPR) as well as industry best practices and cybersecurity compliance frameworks for overall enterprise security.

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
- Establishment of an Information Security Management System
- Privacy and data protection
  - 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
- Cybersecurity
  - Asset and software inventory
  - Account management, access controls, and administrative access reviews
  - Email and internet browsing protections
  - Security awareness training
  - Malware protection
  - Incident response playbook and testing

As cyber-attacks continue to increase in frequency and sophistication, the risk to AAM Confidential Information shared with suppliers also grows. As such, suppliers are expected to provide transparency by notifying AAM at [aaminfosec@aam.com](mailto:aaminfosec@aam.com) of any security event that



could impact AAM Confidential Information or operations. All details relating to the event will be held in confidence.

To better understand cyber risk exposure and supplier's ability to protect Confidential Information and systems, AAM may survey suppliers regarding their ISMS annually. Suppliers are expected to provide their responses in a timely manner. The AAM Information Security Team will provide feedback to the supplier to help them better protect their environment.

### ***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 should 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, as it is seen as a positive approach. Visible management support, viable safety committees, a comprehensive audit and observation process and a positive learning environment all help build a strong safety program.

### ***Supplier Diversity Sourcing***

It is a policy and practice within AAM to build sustainable relationships with supplier partners who are owned and operated by certified members of the following diverse business groups, including but not limited to:

- Minority Owned Businesses (MBE)
- Woman Owned Businesses (WBE)
- Veteran Owned Business (VBE)
- Service-Disabled Veteran Owned Businesses (SDVBE)
- LGBTQ Owned Business
- Small Businesses (as designated by the SBA)
- Historically Underutilized Business Regions (HUB Zone)
- Disabled Owned Business Enterprise (DOBE)

### ***Diverse Supplier Network Objectives***



- Engagement with certified diverse suppliers who will provide quality materials and services at competitive prices.
- Ensuring that diverse suppliers are included as a part of AAM's strategic sourcing and procurement processes.
- Communicating the value of AAM's Diverse Supplier Network both internally and externally to all stakeholders.
- Continuous improvement of AAM's supplier diversity results to meet our own and our customers' supplier diversity requirements.

Diverse suppliers are 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 is committed to building a qualified and competitive Supplier Diversity Network and strongly encourages its tiered suppliers to implement their own supplier diversity policies and sourcing strategies to 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 with 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 Supplier Code of Conduct prohibits retaliation against anyone who reports a suspected issue in good faith.



Websites		
Non-European Union		<a href="https://aam.alertline.com">https://aam.alertline.com</a>
European Union		<a href="https://aameu.alertline.com">https://aameu.alertline.com</a>
Region	Location	Hotline Telephone Number
<b>Asia</b>	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
<b>Europe</b>	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
	Romania	Dial 0800-890-484
	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
<b>North America</b>	Mexico	Dial 001-877-563-6599
	United States	Dial 877-846-8912
<b>South America</b>	Brazil	Step 1 Dial (Cellular) 0800-888-8288 or 0-800-890-0288



		Step 2 Dial 877-846-8912
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## 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.

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

### 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, CQI Series of Assessments)
AAM Supplier Assessment AAM-9-341 SQ4
SP-5 Processes and Measurements Procedure (See SP-1)
SP-8 Continuous Improvement (See SP-1)
SP-9 Tooled Capacity Review (Run @ Rate) (See SP-1)
SP-11 General Procedure for Pre-Prototype and Prototype Material
SP-12 Early Production Containment (See SP-1)
SP-13 Error Proofing (See SP-1)

## 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 around 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.

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).

### ***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%.

### ***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.
- 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.



## 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 (AAM-9-341 SQ4). 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.

### ***IMDS Requirements***

The AAM APQP process requires Direct Material Suppliers to attach their IMDS files in the Supplier Response Workbook in the appropriate PPAP. The applicable IMDS number is a required field on the Supplier Response page and is in addition to the actual file attachment being required. This is a mandatory submission for the suppliers and the AAM Oracle system will provide a reminder to the supplier if the requirement is not met.



## 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 including PPAP requirements.

## 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 a 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 SQE 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](http://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](http://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:

Note: These requirements apply to all print dimensions unless otherwise noted on drawing.				
AAM Symbol	AC	CC	SC	Standard
Symbol Name	Attribute Characteristic	Controlled Characteristic	Significant Characteristic	Not labeled
Inspection Cadence	100%	Stated Regular Interval	Stated Regular Interval	Control Plan Interval
Initial Process Capability Target	None	Ppk $\geq 1.33$	Ppk $\geq 1.67$	Ppk $\geq 1.33$
Ongoing Process Capability Target	None	Cpk $\geq 1.33$	Cpk $\geq 1.33$	Cpk $\geq 1.33$
Requirements if not capable	None	100% inspection required	100% inspection required	100% inspection required

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 Tooled Capacity Review and run-at-rate analysis per AAM SP-9.

- 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.

## **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. 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.

with

### 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.

## 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 and service material, for all AAM facilities. Service material is also referred to as 'spare parts' in some regions and will be referred to as 'service parts' in this publication.

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 (830) and DELJIT (862) 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 using the latest AIAG version available

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: Full Version	A
Tier 2 Suppliers: 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. All suppliers can view their AAM performance reports in the iSupplier portal except those that are shipping to one of our plants denoted as ERP 'Plex only' plants. If you are not able to locate your performance reports, please contact your buyer for support.

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.

If a supplier does not meet the 100% OTIF (on time, in full) target, the supplier may be requested to provide corrective action plans to address the issue(s). Special actions shall be taken to eliminate the issue(s) and protect planned deliveries. Any potential plant disruptions shall be communicated in advance to the AAM plant Materials/SCM team. If the supplier is behind schedule, transportation must be secured to protect supply.

An ASN must be submitted at the time of the shipment to provide visibility of in-transit material. Suppliers are expected to have trained associates available to send ASNs on all shifts of operation.

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. Examples include, but are not limited to, incorrect Shipping paperwork, packaging, labeling, ASN violations (early, late, missing, incorrect), early or late shipments, missed shipments, etc.

#### PRR Response Expectations:

- It is the responsibility of the supplier to make sure that all Delivery PRRs are responded to in a timely fashion and reported against, until closed.
- Upon receipt of PRR, the supplier is required to complete a corrective action with an 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.

#### the ***Protection of Supply***

Suppliers shall communicate potential issues as soon as a risk is identified.

AAM requires suppliers to establish a standard method of assessing and mitigating risk and ensure that validated contingency plans exist. Contingency plans must be developed and implemented to mitigate or avoid potential risks. These plans should be validated and tested on a scheduled cadence.

- Assessing risk caused by bottleneck operations, external influences or natural disasters.
- 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.



### **Contact Information**

The contact data (names/positions, email, phone and 24-hour emergency contacts, etc.) must be provided to the AAM plants(s) that a Supplier supports. The supplier must provide the contact person with decision making authority in emergency situations.

### **Supplier Cumulative (CUM) Reconciliation**

The reconciliation of CUMs is a 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 with last ASN/SID # with date received at AAM.

Supplier's responsibility:

- 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 an AAM Portal to be utilized by all suppliers. Most automotive OEM customers require EDI to be used throughout the supply chain tiers. As an alternative, AAM's web-based Portals (iSupplier Portal and Plex) may be used for communication of requirements, standard purchase orders, label creation, forecasts and ASN transmission.

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 communicate with the EDI contact identified in the Supplier Entry form with further instructions.

For questions related to AAM EDI transactions, refer to the AAM Global EDI specifications specific to the Business Unit and plant.

### **6.2.1 Electronic Data Communication (EDI) – Driveline Business Unit**

#### **Required Transactions-**

The Driveline Business Unit uses AIAG EDIFACT EDI messages for supplier EDI communication. VDA 4985 standard templates may be implemented if agreed by AAM and the supplier.



- Forecast (**DELFOR**)
  - Includes both forecast dates and open firm orders. The forecast date should be used by the supplier for their material planning. Supplier should be clear on the material authorizations provided in each release.
- Ship Requirement (**DELJIT**)
  - 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.
  - 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/824**)
  - Notification of a failed ASN, including error messages will be sent electronically. It is expected that the supplier cancels, corrects and resubmits 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.

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

### ***Required Transactions***

The Metal Forming Business Unit uses AIAG ANSI X.12 messages for supplier EDI communication. EDIFACT standard templates may be implemented if agreed by AAM and the supplier.

- Forecast (**830**)



- All dates contained within the EDI 830 are forecast dates. This is the date that the supplier should use for their material planning. Material authorizations are provided in each release.
- Ship Requirement (**862**)
  - EDI 862 dates 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.
  - 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, corrects and resubmits 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.

## **6.3. Labeling and Lot Traceability**

- Suppliers must ship against the DELJIT (or 862s) using the AAM Global Transport Partner Label (GTBL) Specification (Driveline Business Unit) and/or the AAM MFBU Supplier Barcode Label Specification (Metal Forming Business Unit), 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 label specification documents found on the Supplier Portal under the Requirements & Specifications section, is to document 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.

### ***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.

All Suppliers shipping to and/or through the U.S. must meet the U.S. CBP Country of Origin Marking requirements. Please refer to Section 6.8 Customs and Global Trade Compliance - **Country of Origin Marking**. Customs regulatory requirements for Country of Origin marking are listed in in Appendix A – U.S. Imports: Country of Origin marking Requirements of the Global Trade Compliance section of this manual and on the iSupplier Portal, Global Trade Compliance Requirements & Specifications. Any improperly marked or label supplier shipments where AAM incurs, fines, penalties, and/or redelivery expenses from U.S. Customs and Border Protection (CBP) will be passed back to the supplier through the PRR process.



## 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.

### ***Wood Packaging Materials Used in International Shipments***

Suppliers using wood packaging materials (WPM) in international shipments to AAM related facilities must comply with the **ISPM 15 WPM Requirements** (International Standards for Phytosanitary Measures No. 15 (ISPM 15) regulation). These requirements can be found in Appendix G: Wood packaging Material Requirements (WPM) located on the iSupplier Portal Requirements & Specifications under Global Trade Compliance. Any suppliers shipments refused U.S. entry by CBP and the Department of Agriculture will be responsible for the return shipment expense as well as any costs incurred by AAM through the PRR process.

### ***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.

### ***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 within the forecasts (DELFOR/Driveline and 830/Plex):

To provide visibility and improve continuity in the supply chain, AAM provides the same forecast horizon as received 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, a safety stock of materials, components and finished goods at current engineering change level always, to ensure timely delivery of AAM Ship requirements.

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 ship requirements, 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 the 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 SCM Management 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 submission to an AAM Associate.

OSP scrap shall be dispositioned based on documented AAM direction.

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.

## **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.

### ***Routing***

When AAM is responsible for arranging transportation, Supplier will be contacted with the routing details. 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.

All premium transportation expenses outside of normal routing (including parcel) delivery MUST be pre-approved by AAM SCM.

Routing noncompliance will result in transportation charges back to the shipper.

### ***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).

### ***Logistics Requirements***

When transportation is the responsibility of AAM, the supplier must ensure that the shipments are available to be shipped at the communicated shipping window times. AAM will provide routing instructions for both inbound freight and returnable containers.

Full truckload suppliers (FTL) must ship to DELJITs/862s, however, if truck is underutilized, please contact your supplier scheduler at the AAM plant.



Any failure to meet the agreed-upon shipping windows may result in a PRR and the supplier will be responsible for charges incurred. The supplier will be notified at the time of the incident to allow them to rectify the situation.

When transportation is the responsibility of the supplier:

- Supplier shall track shipments and ensure products arrive within the scheduled window.
- Supplier shall monitor logistics performance of its carriers and address issues in a timely manner

### ***Excess Transportation Costs - Premium Transportation***

Supplier will be held responsible to cover any 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 accumulated in the PRR and charged to the supplier for any costs exceeding the planned routing cost (including but not limited to detention, expedites, trucks ordered not used fees that were created due to suppliers related shipping performance issues, team costs, etc. AAM reserves the right to manage the premium event if the supplier fails to communicate and provide adequate delivery performance. In these instances, AAM will accumulate these documented costs and may charge the supplier for management time and associated costs.

### ***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 Location 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 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)

### ***Mexico Carta Porte (bill of lading) Regulation Compliance***

Suppliers shipping Intra-Mexico and Inter-Mexico must comply with the Mexico Carta Porte Regulations implementing in 2022. Suppliers are requested to provide the elements of Carta Porte (bill of lading) to the transportation provider within 24 hours prior to dispatch of the shipment. Any issues created or penalties incurred because of Supplier non-compliance will require corrective action and chargeback (if any costs associated) through a Supplier PRR.



## 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.

**Regardless of Incoterm, Supplier will always provide AAM with a commercial invoice, packing list and Country of Origin/Free Trade Agreement documentation for every AAM shipment.**

It is the Supplier's responsibility to advise AAM's Global Trade Compliance team (through FOCUS Business Solutions) of any personnel changes/contact information in the Supplier's Custom/Trade Compliance response team. The Supplier's personnel changes/contact information should be sent to [AAMResponse@focus-business.net](mailto:AAMResponse@focus-business.net) (FOCUS Business Solutions). Any delays and monetary impacts caused by the Supplier's Customs/Trade Compliance personnel changes not communicated to AAM and its subsidiaries will become the full responsibility of the Supplier.

### ***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 GTC Approval Required to Allow Usage: EXW (named place):***

*This Incoterm should only be used to move freight within a given country and not internationally.*

*AAM responsibilities* include pick up at the Supplier's dock (named location) and domestic transportation.

*Supplier responsibilities* include placing the goods on the dock (named location), packed for transport, providing a commercial invoice, packing list, and other special documentation as applicable.

In the event the supplier's goods need to be exported by AAM out of the U.S., the supplier is required to provide information to AAM for completion of U.S. export 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 U.S. Principal Party of Interest (USPPI) that benefits from the sale of goods to a foreign buyer for shipments exporting out of the U.S. to another country.

***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.



U.S. export shipments handled by AAM will show the Supplier as “Exporter of record” or the U.S. Principal Party of Interest (USPPI) that benefits from the sale of goods to a foreign buyer for shipments exporting out of the U.S. to another country.

### ***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 i.e., 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 unit 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.)

When creating shipment invoices to the U.S. and Mexico, please reference Appendix B – Country Specific Requirements: U.S. and Appendix C – Country Specific Invoice requirements: MX located on the iSupplier Portal under the Global Trade Compliance portion of the Requirements and Specifications section.

AAM Suppliers selling to any AAM European location is required to include the following Key Requirements listed to below on their shipment invoice. The European Union (EU) implemented the second of three phases of their new customs pre-arrival security and safety program, underpinned by an advance cargo information system – Import Control System 2 (ICS2). The second phase effective date was March 1, 2023. To know more about the ICS2 filing requirement please refer to the below link: [https://taxation-customs.ec.europa.eu/customs-4/customs-security/import-control-system-2-ics2-0\\_en](https://taxation-customs.ec.europa.eu/customs-4/customs-security/import-control-system-2-ics2-0_en). The third phase will be implemented in 2024. Any charges incurred by AAM and its subsidiaries for product delays or storage as a result of suppliers failing to provide the necessary information will become the responsibility of the supplier.



Key requirements include:

- The EU Consignee EORI number (Economic Operators Registration and Identification Number)
- Clear and understandable descriptions of each good being shipped on the shipment invoice. (*Example: “Auto parts” or “parts of...” can no longer be used as descriptions on shipping documents and invoices. The item must be described fully.*)
- The 6 digit EU Harmonized Tariff Code

#### 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 (COO), Free Trade Agreement (FTA) Certificates i.e., USMCA, ACE55, etc., GSP support, U.S. manufacturers' affidavits, ALADI certificates, etc.) AAM has a 3<sup>rd</sup> party (FOCUS Business Solutions) soliciting and collecting these documents from AAM's supply base. These documents are collected annual from AAM's supply base. These supplier-completed documents should always be returned to [AAMResponse@focus-business.net](mailto:AAMResponse@focus-business.net) with subject line indicating what documents are being returned. Suppliers can also download and complete the respective document to be completed from the [iSupplier Portal under Requirements & Specifications within Global Trade Compliance](#) section:

- TEMPLATE – AAM Solicitation – Country of Origin COO Affidavit
- TEMPLATE – AAM Solicitation – United States-Mexico-Canada Agreement - USMCA
- TEMPLATE – AAM Solicitation – Outside Processing Affidavit OSP
- TEMPLATE – AAM Solicitation – Manufacturer's Affidavit - MA
- TEMPLATE – AAM Solicitation – American Automobile Labeling Act Certificate – AALA

Suppliers are required to provide timely and accurate responses to all FTA/COO requests FOCUS Business Solutions makes on behalf of any AAM related company. Each request to AAM's supply base provides a required return by date. Supplier scorecards will be negatively impacted by the supplier's failure to respond timely. Failure by the Supplier to respond timely to any of AAM's FTA/COOs requests made by FOCUS Business Solutions will result in the Supplier receiving PRR(s).



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](mailto: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. 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, 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 [AAMResponse@focus-business.net](mailto:AAMResponse@focus-business.net) with subject line indicating a change is origin for the Supplier's part(s). 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 with 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 the supplier will be held responsible.

Please reference **the iSupplier Portal under the Global Trade Compliance portion of the Requirements and Specifications** section.

Suppliers should contact the AAM buyer or the Global Trade Compliance Department [aamcustoms@aam.com](mailto: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 into their respective country.** 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 (GTC) 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 (CTPAT and/or AEO) 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. **All Suppliers must follow AAM's GTC Shipment High Security Seal Policy. Appendix H – GTC High Security Seal Policy** under the Global Trade Compliance portion of the iSupplier Portal in Requirements and Specifications section regardless of CTPAT or an AEO program participation or not. AAM will require certification status of the U.S. C-TPAT program and other country specific programs when applicable. Information requests will include specific details in the following areas:

- Corporate security,
- Business Partners,
- Container/Conveyance/Transport security,
- Seal security,
- Procedural security,
- Agricultural security,
- Physical security,
- Physical access controls,
- Personnel security,
- Education, Security training and threat awareness,
- Cybersecurity, and
- Information technology security.

AAM will require a CTPAT Business Partner Risk Assessment to be completed by AAM's supply base on an annual basis. **Please reference the** (Appendix D CTPAT Business Partner Risk Assessment- located in the iSupplier Portal under the Global Trade Compliance portion of the Requirements and Specifications section). Suppliers are expected to be aware of and follow US. Customs and Border Protections (CBP's) CTPAT Minimum Supply Chain Security Minimum Requirements, regardless of whether the supplier participates in CTPAT or not, 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 CTPAT Business Partner Risk Assessment. Suppliers are required to provide timely and accurate responses to the assessment when FOCUS Business Solutions or another 3<sup>rd</sup> party service supplier make the request on behalf of AAM and its subsidiaries. Failure to timely respond to AAM's CTPAT Business Partner Risk Assessment will result in supplier receiving PRR(s).

### ***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.

The Foreign Trade Regulations ("FTR") state that the USPPi is the U.S. party receiving the "primary benefit, monetary or otherwise". Any U.S. AAM supplier, regardless of P.O. Incoterms, will be the USPPi (U.S. Principal Party in Interest) for goods exporting out of the U.S. to another country whether the supplier is handling the export or AAM and/or its subsidiaries is handling the export. The FTR defines the USPPi as the U.S. seller, manufacturer, or order party who sells or directly arranges for the sale and export of goods to a foreign entity. It is the responsibility of AAM's Suppliers whose goods are exported out of the U.S. to fully understand and comply with the legal obligations of being the USPPi and U.S. Export Control regulations.

U.S. Foreign Trade Regulations require the USPPi to provide the export forwarding agent with certain information to assist in preparing the Electronic Export Information, including its name and address, EIN, state of origin, commercial description of goods, value, quantity, Schedule B/HTS, export classification, and export license information, also could include and Export POA (Power of Attorney). The export forwarding agent will file the EEI in the Automated Export System ("AES"). The failure of AAM's Supplier to fully comply with these requirements will result in issuance of PPRs and potential enforcement from CBP (U.S. Customs and Border Protection), the Dept. of Census' enforcement arm.

### ***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 or transiting through 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 a minimum of **24 hours prior to the ocean container being loaded onto the vessel at port of departure.**

AAM requires the overseas supplier and designated forwarder to provide all required ISF information **at least 72 hours prior to the Container Yard (CY) cutoff date and time for the vessel at the port of departure.** The ISF information will be provided by the forwarder via email, using the **ISF worksheet file** which can also be found on the iSupplier Portal Requirements & Specification section under Global Trade Compliance Appendix F: Importer Security Filing (ISF) as an attachment within Appendix F.

For this reason, AAM has established the ISF Process Guidelines that can be found on the iSupplier Portal Requirements & Specification section under Global Trade Compliance Appendix F: Importer Security Filing (ISF). All AAM foreign suppliers shipping via ocean freight to the U.S.



and/or transiting through the U.S. must sign and return the first page of the ISF GTC AAM Guideline as proof of understanding and responsibility. 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 Requirements and Specifications section, under the Global Trade and Compliance:

- Appendix A – U.S. Imports: Country of Origin Marking Requirements
- Appendix B – Country Specific Requirements: USA
- Appendix C – Country Specific Requirements: MX
- Appendix D - CTPAT Business Partner Risk Assessment
- Appendix E – AAM Global Customs Broker Contact Matrix
- Appendix F – Importer Security Filing (ISF)
- Appendix G – Wood Packaging Material Requirements (WPM)
- Appendix H – GTC Shipment High Security Seal Policy

## **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 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 each 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 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. All agreements made outside of AAM's Procurement Department shall be considered void until a 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).
- 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.