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Definition of Terms	
Term	Definition
AFTC	Aftermarket Fulfillment Training and Testing Center
AMG	AM General
Buyer	The AMG legal entity purchasing goods or services
Buyer's Purchasing Representative	Buyer's Authorized Representative (AMG Material Planner, AMG Logistics)
CAR	Corrective Action Request
CBP	U.S. Customs and Border Protection
Code	AM General Code of Conduct and Business Ethics
DFARS	Defense Federal Acquisition Regulation Supplement
DUNS	Data Universal Numbering System
EDI	Electronic Data Interchange
FAR	Federal Acquisition Regulation
FTP	File Transfer Protocol; secure portal for engineering drawings and specifications
GEP	General Engine Products
GTP	General Transmission Products
Guide	AM General Supplier Resource Guide
HMMWV	Humvee® Wheeled Vehicle
HUBZone	Historically Underutilized Business Zone
ISM	Institute for Supply Management
IT	Information Technology
ITAR	International Traffic in Arms Regulation
ITC	International Trade Compliance
KC/SC	Key Characteristics/Special Characteristics
LTA	Long Term Agreement
Manufacturing Readiness Analysis	Ability or capability to manufacture & deliver parts or components. Depth of analysis dependent upon prime contract or customer requirements
MMC	Mishawaka Manufacturing Campus
MV-1	Mobility Ventures para-transit commercial vehicle
NAFTA	North American Free Trade Agreement
NDA	Non-Disclosure Agreement
PAP	Powertrain Assembly Plant
PIA	Proprietary Information Agreement
PPO	Prime Purchase Order
QO	Quantitative Order
RC	Requirements Contract
RFI	Request For Information
RFP	Request For Proposal
RFQ	Request For Quotation
SAM	System for Award Management
SAP	Systems Applications and Products
SBA	Small Business Administration
SCAR	Supplier Corrective Action Request
SCM	Supply Chain Management

Definition of Terms	
Term	Definition
SDB	Small Disadvantaged Business
SDVOSB	Service-Disabled Veteran-Owned Small Business
SN	Schedule Notice
SOW	Statement of Work
SQR	Supplier Quality Requirement
SSR	Summary Schedule Release
STS	System Technical Support
SUPPLIER	Legal entity that contracts with Buyer issuing order
TC	Team Center; an Engineering Change Management System
VOSB	Veteran-Owned Small Business
VSR	Vendor Shipping Release; to
Web Portal	AM General secure website used to access, maintain, and share information with suppliers
WOSB	Women-Owned Small Business

1.0 GENERAL INFORMATION

1.1 Purpose

This AM General Supplier Resource Guide (Guide) serves as a resource to communicate some of AM General's expectations to its suppliers and to guide them in understanding the processes and systems AM General uses to acquire materials, product, and services for both its military and commercial operations.

This Guide provides practical information to assist suppliers in following AM General's requirements. Each supplier is responsible for reviewing and understanding this Guide. It is not designed to address every possible supplier situation, nor should it be viewed as a substitute for the (a) written agreements between AM General and the supplier, (b) the AM General Supplier Quality Manual and (c) any other contractually binding documents.

AM General is providing to you the information contained within this Guide for reference only. This Guide is not a legal, binding contract and does not create any binding obligations on AM General. AM General may depart from any policy, practice or procedure set forth herein when AM General determines, in its sole discretion, that doing so is appropriate and in AM General's best interests. The Contract, purchase order, Terms and Conditions and other contract documents shall govern any relationship with AM General.

This Guide may be supplemented or modified from time to time. Please see <https://www.amgeneral.com> for the most recent version.

1.2 Code of Conduct and Business Ethics

AM General expects its employees and its suppliers to adhere to the highest standards of excellence, integrity, honesty and respect. AM General expects suppliers and potential suppliers to respect and adhere to AM General's policies regarding treatment and fairness in all business practices. AM General selects its suppliers using objective factors that include quality, technical capabilities, price, business classification and prior performance. AM General corporate policies and supply chain procedures prohibit consideration of personal friendships, gifts, gratuities, favors, etc.

AM General will not permit its purchase decisions to be influenced by improper behavior such as preferential treatment or acceptance of gifts, payments, or services. No AM General employee will seek, give, or accept business courtesies that could reasonably be perceived as constituting unfair business inducements, that would violate law, the regulations or policies of AM General or its customers that could reflect negatively upon AM General's reputation.



The AM General Code of Conduct and Business Ethics (Code) further details AM General's expectations regarding workplace standards and business ethics.

Compliance with the Code is integral to AM General operations and is mandatory for all suppliers and service providers. The code is available at the AM General corporate webpage: [Code of Conduct](#)

1.3 General Communications

Communication must be conducted through the AM General Supply Chain Management (SCM) buyer who has responsibility for placing business with the supplier. An open line of communication is paramount to ensuring each party has a complete understanding of AM General's requirements and the supplier's strategy and ability to satisfy those requirements. Questions pertaining to any AM General requests or requirements should be directed to the responsible buyer. In turn, the designated AM General buyer may request additional information or clarification pertaining to any submission the supplier has made.

1.4 Supplier Visits At AM General

Supplier visits (including but not limited to technical meetings and negotiations) to AM General facilities must be coordinated through the designated AM General buyer. Visitors must initially report to site security and register or log into the appropriate security log. Photograph identification is required for entry onto any AM General facility. Additionally, visitors may be required to view an AM General Site Safety Orientation video. Badges ("Escort" or "No Escort Required" as arranged and approved in advance) will be distributed and must be displayed at all times. Photographic equipment (including camera phones and laptops) is prohibited. Additional restrictions may be invoked and are available on the AM General corporate webpage, <https://www.amgeneral.com>.

1.5 Right of Access

During performance of any AM General contract, the supplier's facilities, quality management systems, and manufacturing processes are subject to review, verification, and analysis by AM General, AM General's customer, and regulatory agencies, including authorized government representatives. Access to the facilities involved and all applicable records pertaining to the contract must be provided upon request.

1.6 Federal Regulations

Depending on the customer and the contract provisions, there may be various federal regulations that apply to AM General's and your supply of goods and services. Requirements in regard to these regulations will be

called out in the Request for Quotation (RFQ). The following regulations will have some impact on the performance of Department of Defense contracts.

Federal Acquisition Regulations (FAR)

The Federal Acquisition Regulations outline the guidelines applicable to almost all U.S. Government-related acquisitions. Specific FAR requirements may be flowed down in your contract or be included within the applicable Terms and Conditions, or flowed down as a Supplier Quality Requirement (SQR). You can find the full regulation at: <http://farsite.hill.af.mil/>

Defense Federal Acquisition Regulation Supplement (DFARS)

The Defense Federal Acquisition Regulation Supplement outlines the guidelines applicable to almost all Department of Defense-related acquisitions. Specific DFARS requirements may be flowed down in your contract, be included within the applicable Terms and Conditions, or flowed down as an SQR. You can find the full regulation at:

<http://farsite.hill.af.mil/vdfara.htm>

International Traffic in Arms Regulations

The International Traffic in Arms Regulations (ITAR) controls the import and export of defense articles and services. These regulations may affect the shipment of your product and also limit the transmittal of information and data, via oral transmission, printed documents, or electronic means. Sections of the ITAR also will restrict individuals who may have access to information and work pertaining to military contracts. In most cases, foreign nationals are not permitted to work on or view military contracts to which the ITAR pertains. You can find the full regulations at:

http://pmddtc.state.gov/regulations_laws

2.0 AM GENERAL LLC

2.1 Corporate Structure

A MULTI-FACETED ORGANIZATION



Figure 2.1-1. AM General Business Units

Figure 2.1-1 identifies the AM General LLC business segments. AM General is a world leader in the design, engineering, manufacture, supply and support of specialized vehicles for military and commercial customers

worldwide. Through our military business, we are widely recognized as the world leader in design, engineering, manufacturing and logistics support of Tactical Vehicles, having produced and sustained more than 300,000 vehicles in over 70 countries. Headquartered in South Bend, Indiana, AM General operates manufacturing facilities at its Mishawaka Manufacturing Campus (MMC) in Mishawaka, Indiana and at its Technology and Engineering Center (TEC) in Auburn Hills, Michigan. AM General provides aftermarket support, field service and training at its Aftermarket Fulfillment Training and Testing Center (AFTC) in South Bend, Indiana. AM General also operates a Washington Operations office in Arlington, Virginia (See Figure 2.2-1).

The AM General's business operations also include the Powertrain Assembly Plant (PAP) which produces diesel engines and transmissions used in the production of military Light Tactical Vehicles and other commercial applications.

2.2 AM General Facility Locations

Figure 2.2-1 shows the AM General facility locations.



Figure 2.2-1. AM General Facility Locations

3.0 AM GENERAL SUPPLY CHAIN MANAGEMENT

3.1 Our Mission and Goal

AM General Supply Chain Management department provides purchasing and business expertise in support of all AM General operations. AM General solicits, trains, and develops ethical acquisition professionals who are committed to continuous improvement, customer satisfaction, and mutually beneficial relationships. In addition to recruitment and retention of its outstanding professionals, AM General further ensures its success by identifying, selecting, and developing business relationships that meet AM General's standards and requirements (See Figure 3.1-1).



Figure 3.1-1. Our Mission

The objective of Supply Chain Management is to ensure the acquisition of material, supplies, and services in a manner which results in complete satisfaction of AM General's customers' requirements, using cost-effective and timely processes. AM General's suppliers are a key component of our ability to meet our objective and are considered valuable team members. Suppliers are selected based on best value with consideration to quality, technical capability, price and prior performance. Additionally, in order to further enhance AM General's ability to meet federal Small Business (including subcategory) goals, in accordance with FAR 52.219-9, a supplier's business classification is a consideration in AM General's source selection process.

3.2 The AM General Supply Chain Management Model

AM General’s success in acquiring parts, components, materials, supplies, and services of appropriate quality and quantity and in support of manufacturing schedules, is the result of taking action steps. Its supply chain management model begins with sound business strategy development and is executed through its Supply Chain Management (SCM) group (see Figure 3.2–1). This step model defines AM General’s expectations and performance requirements to guide suppliers to work together with AM General to acquire parts, components, materials, supplies, and services that enhance customer value for AM General’s military and commercial customers.



Figure 3.2-1. AM General Supply Chain Management Model

3.3 SCM Relationship Model

AM General’s relationships with suppliers begin when AM General identifies a potential source or supplier to supply defined parts, components, materials, supplies, or services. AM General expects these relationships to be based on excellence, integrity, honesty and respect. AM General expects open, responsive, collaborative and fair treatment throughout the business processes. AM General selects its suppliers using objective evaluation factors that consider an effective quality management system, technical capabilities, price, business classification, and prior performance. Figure 3.3–1 illustrates how these relationships are managed using a continuum of integrated events and processes. Throughout these processes, AM General works together and expects its suppliers to collaborate, respond, and implement continual improvement in performance and business integration.

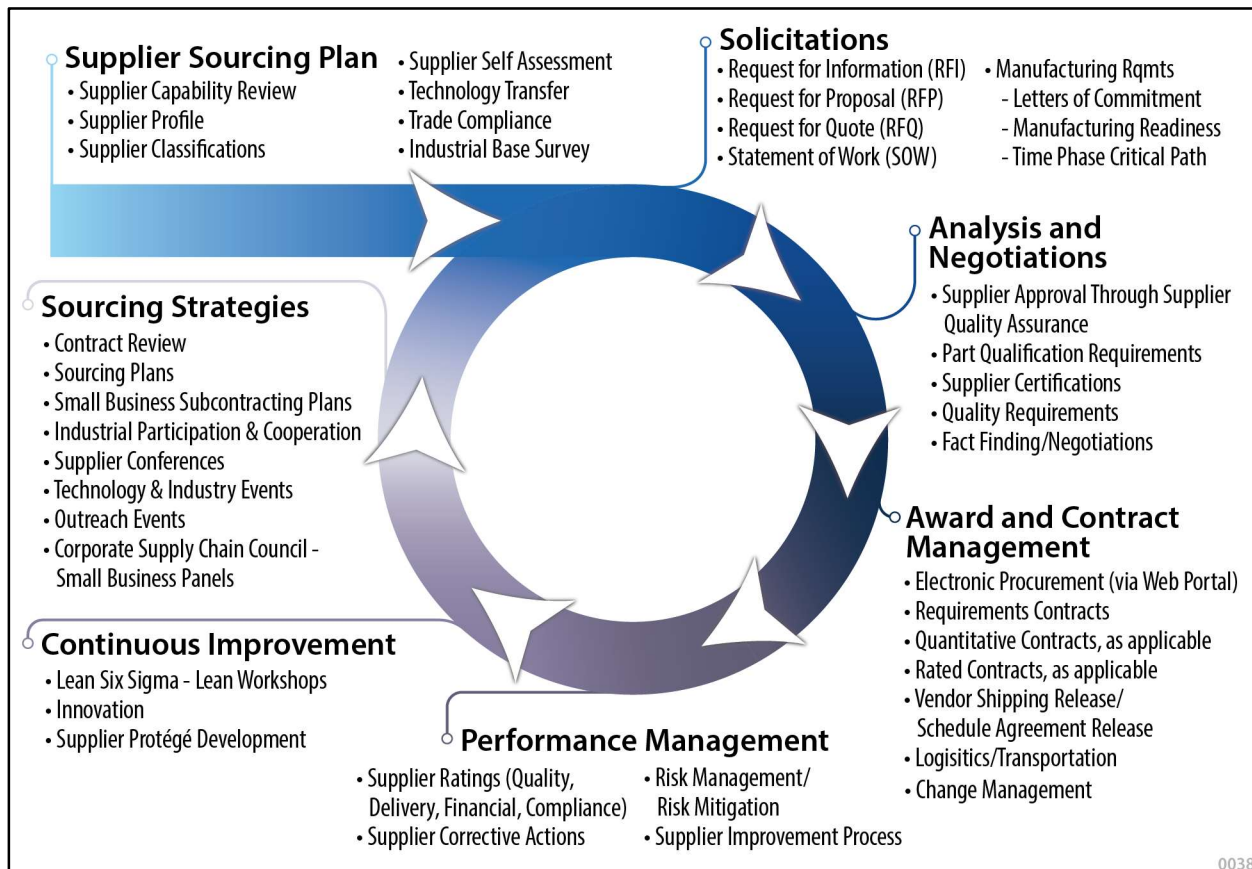


Figure 3.3-1. SCM Supplier Relationship Model

3.4 Supply Chain Management Structure

AM General's SCM department is aligned with its corporate business ventures identified in Section 3.1. SCM is divided into distinct groups of buyers/managers. Each group specializes in a specific stage of the procurement cycle and works together to facilitate and ensure a smooth flow of supplies and services throughout the acquisition life cycle.

1. Product Development Buyers
2. Production Buyers
3. Subcontractor Managers
4. Aftermarket Buyers
5. Indirect Service Buyers
6. Supplier Development

Product Development Buyers

The Product Development Buyers specialize in supporting engineering and design requirements. They work in conjunction with our design engineers to ensure consideration is given to our supply chain's ability to satisfy requirements (with consideration given to technical capability, quality, cost and business classification). Additionally, consideration to "design for manufacturing purposes" is an integral part of both engineering and SCM efforts. As such, design engineers and advanced supply chain buyers work closely with and seek the input of production engineers, quality representatives and production buyers to ensure adequate consideration is given to manufacturing requirements and producibility. Production quality requirements are also considered and incorporated into design efforts.

Production Buyers

The Production Buyers work in conjunction with representatives from AM General Production, Materials, Finance, and Quality departments to ensure both the identification and satisfaction of production requirements by our supply base. A goal of this process is to ensure best value source selections, the establishment of fair and reasonable pricing, supplier adherence to quality standards and on-time delivery of production parts. Generally, (with exceptions based on prime contract requirements) Long Term Agreements (LTAs) with identified maximum quantities and an established end date are established and used to place future Prime Purchase Orders (PPOs); including both production and after-market requirements. For requirements which may require certified cost or pricing data requirements, AM General places Quantitative Orders (QOs). For "one time" procurements with an established quantity and schedule, production buyers issue purchase orders (PO). In the event a requirement includes an established quantity with an undefined schedule, AM General will issue Requirement Contracts (RC). On the commercial vehicle side, we typically use POs. In all cases, these



contracts establish terms and conditions, including price. Production buyers are assigned specific commodities (types of components) for which they maintain lists of incumbent and potential suppliers. Production buyers report through production managers up to the SCM Director of Defense, Non-Defense and Indirect.

Subcontractor Managers

The Subcontractor Managers are responsible for managing AM General key and critical industry partners and report directly to the Director of Product Development. They manage processes to purchase or acquire products and services for the designated project. Subcontractor Managers oversee designated projects, conduct program reviews, and manage daily objectives. They also inform and ensure commercial, delivery, and quality requirements are properly executed to each subcontractor, in accordance with AM General SCM processes and procedures.

Aftermarket Buyers

Aftermarket Buyers procure parts in support of AFTC operations and report to the SCM Director of Defense, Non-Defense and Indirect. The AM General AFTC department sources, manages and delivers more than 35,000 parts for HMMWVs and MV-1s in service. Wherever possible AFTC buyers place orders using production LTAs. POs (fixed quantity and delivery date) orders are used to satisfy requirements not currently under LTAs.

Indirect Service Buyers

Supply Chain Management maintains a team of buyers responsible for placing contracts for indirect services. This team negotiates and processes purchase orders, which satisfy indirect requirements for all AM General facilities. Indirect buyers typically use requirements contracts, renewed on an annual basis. In some cases, purchase orders are used.

Supplier Development

Supply Chain Management maintains a supplier development team that reports directly to the SCM Director of Product Development. The Supplier Development team is charged with identifying potential new sources of supply and working with them so they can be considered for future source selections and awards. Particular interest is placed on developing and working with small businesses, including each subcategory.

4.0 DOING BUSINESS WITH AM GENERAL

4.1 Expectations of Suppliers

AM General is dependent upon the performance of its suppliers which is tracked on a weekly basis using AM General's Supplier Scorecard System. We monitor and work with our suppliers to track, measure and communicate performance. Upfront awareness of any potential issue is the first step in minimizing issues and mitigating risk. As such, SCM (working in conjunction with other AM General departments) evaluates risk associated with potential suppliers and incorporates risk considerations into sourcing decisions. Subsequent to any contract award and throughout performance, SCM implements the use and tracking of predictive indicators, using the Supplier Scorecard to monitor both current performance and the ability to perform in the future. These indicators include On-time Delivery, Disruptions, Parts per Million, Cost Reductions and Invoice Accuracy. Suppliers' performance is distributed via weekly progress reports that notify a supplier of any potential issue and the opportunity to correct the issue. Monthly progress reports which provide a monthly rating are also disseminated.

An underlying purpose of the scorecard system is to provide an open communication with suppliers. Suppliers are expected to share risks and opportunities and to identify root causes of any potential issues. Following the identification of root causes, AM General attempts to work with its suppliers to develop risk mitigation plans, implement risk reduction measures, and resolve any issues. Additional information on the Supplier Scorecard System is available in the AM General Supplier Scorecard System Guide included as a Supplier Resource within AM General's corporate webpage.

4.2 Supplier Expectations of AM General

AM General expects much of its suppliers and recognizes its role in enabling suppliers to meet AM General's expectations. Suppliers can expect AM General's buyers to endeavor to:

- Respect the confidentiality of supplier information and protect it from inappropriate disclosure.
- Manage the procurement process in a transparent manner, while adhering to the tenets of the Institute for Supply Management (ISM) and/or the American Purchasing Society.
- Provide enough material and information, as possible, within any Request For Quotation (RFQ) process to facilitate an efficient and effective source selection process.
- Treat all suppliers with fairness.

- Provide an impartial review/analysis/evaluation of suppliers' information/quotes.
- Mutually respect deadlines or explain delays.
- Refuse gifts, favors, invitations or inappropriate actions.

4.3 Small Business Programs

AM General actively pursues the use of small businesses (including the recognized subcategories: Small Disadvantaged (SDB), Women-Owned (WOSB), HUBZone, Veteran-Owned (VOSB) and Service-Disabled Veteran-Owned (SDVOSB)). We encourage buyers to maximize use of small businesses and small business subcategories. AM General strives to use small business utilization to the maximum extent possible. In all competitive source selections, business classification is considered, with the impact on awards dependent upon the requirements of the project or program involved.

Suppliers are required to complete and submit an AM General Business Certification and Classification form, which includes identification of a supplier's business classification. The current version of this form is available on our corporate web page (www.amgeneral.com), under Supplier Resources "External Resources and Information". This form should be updated on an annual basis, or more frequently, if a change in supplier information occurs.

AM General suppliers (including those who do not supply military or government programs) are strongly encouraged to complete and submit online certifications at the U.S. Government's System for Award Management (SAM) website (www.sam.gov). Registration and certification through SAM.gov helps expedite our purchasing system.

AM General buyers rely upon a supplier's self-certification for all subcategories of business classification with the exception of HUBZone, which requires Small Business Administration (SBA) (www.sba.gov/hubzone/) certification. AM General buyers confirm certification through www.sba.gov. Information regarding business classifications (including definitions and qualifications of each category), DUNS numbers and self-certification is available and maintained at the Small Business Administration's website (www.sba.gov). Suppliers are encouraged to thoroughly review all available information. It is important to ensure your supplier business classification is accurate, as in some cases, AM General may set aside a procurement to a specific small business subcategory.

4.4 Supplier Profile; New Suppliers

New suppliers interested in being considered for business with AM General should review the information available under "Becoming a Supplier", and complete and submit a New Supplier Application Form. This form and additional information is available at the AM General corporate webpage (www.amgeneral.com) and can be found at the under Supplier Resources. In order to appropriately disseminate a supplier's information, all forms must be completed in their entirety. Once a new form is reviewed and provided to the appropriate buyer(s), suppliers may be contacted for additional information, dependent upon available opportunities. Unless a supplier's relevant information changes, it is not necessary to submit a form more than once, as a supplier's information will be retained by the appropriate buyer(s).

5.0 SOLICITATION PROCESS

AM General uses competitive source selection procedures to the maximum extent possible. If a competitive process is not possible (for example, there are source restricted drawings or a supplier is designated by our customer), AM General's SCM procedures require the buyer to justify and obtain approval for non-competitive sourcing, prior to placement of any contract. At the outset of a competitive supplier source selection process, consideration is given to potential suppliers based on their anticipated ability to satisfy requirements (within any noted constraints - for example, schedule or price), their business classifications and places of manufacture.

5.1 Request For Information (RFI)

AM General may solicit information in advance of releasing a formal Request for Quotation (RFQ). Requests for Information (RFIs) are considered a tool to obtain information from potential suppliers prior to the establishment of a firm requirement and the release of a formal RFQ. Through the use of RFIs, AM General is able to work with the supply base to obtain helpful information while recognizing and respecting suppliers' resources by not soliciting more information than is necessary. RFIs may be issued under the following circumstances:

- To obtain a greater understanding of capabilities available to satisfy an existing need.
- To develop a potential supplier list for a given need.
- To determine a range of potential cost or schedule requirements associated with a given need.

Supplier responses to RFIs should be as complete as possible. If an RFI calls for disclosure of proprietary information, prospective suppliers are cautioned to request an executed Proprietary Information Agreement (PIA) from AM General.

5.2 Request For Quotation (RFQ)

When AM General anticipates the need to contract for specific goods or services, an RFQ is released to suppliers who are considered capable of satisfying the requirements. The RFQ document details the requirements and typically includes the following:

- Requirement/Specifications/Drawings
 - Key Characteristics/Special Characteristics (KC/SC) Flow Down Requirements
- Schedule Information

- Terms and Conditions
- Quantity
- Quote Due Date
- Requirement for Cost or Pricing Data (as applicable)

In order to be fully responsive to any RFQ and to facilitate consideration of a quoted response, suppliers must provide all requested information. RFQs will establish what information is required. Typically, quotes must contain the following:

- Price, including substantiating cost breakdown when required and included in the RFQ.
 - Our currency exchange policy requires all foreign suppliers to convert their prices and costs into U.S. dollars and accept payment in U.S. dollars only.
- Lead Time; identification of significant drivers
- Manufacturing Readiness; capability to manufacture and deliver the parts/components. The depth of a "manufacturing readiness" analysis is dependent upon prime contract or customer requirements
- Time Phased Critical Path
- Letter(s) of Commitment, indicating commitments such as a supplier's commitment to on-time delivery of a quality product
- Completed Representation and Certification documentation (available at www.amgeneral.com, under Supply Resources "External Resources and Additional Information").

5.3 Web Portal and File Transfer Protocol (FTP) Sites

The AM General Web Portal and FTP sites are used to access, maintain, and share information with suppliers. To ensure the security of these sites, AM General maintains stringent policies and standards related to access rights. AM General requires suppliers be pre-approved to use either site. The web portal provides the vehicle to both receive information (including RFQs/RFIs) and submit information (e.g. quotes) in a secure environment. The FTP provides a means to view all applicable drawings and specifications within a protected, secure environment.

5.4 Terms and Conditions

The Terms and Conditions that apply to a purchase will depend on AM General's customer and prime contract requirements. AM General will specify applicable Terms and Conditions in the RFQ document as well as any awarded contract. All Terms and Conditions are posted on our corporate website.



In addition to the Standard Terms and Conditions that apply to all procurements, **AM General Terms and Conditions of Purchase for Commercial (FAR Part 12) Items** or the **AM General Terms and Conditions of Purchase for Non-Commercial (FAR Part 15) Items** apply to most government contracts. Suppliers are required to submit an Assertion of Commerciality document (included within the Representation and Certification document referenced under Requests for Quotation in Section 5.2 above). AM General uses a supplier's assertion in its commercial item determination of any given part. In order to support a commercial item exception to the provision of certified cost or pricing data, suppliers must provide documentation proving commerciality. Such documentation may include sales of similar items within the commercial marketplace. As indicated on the Assertion of Commerciality document, additional information may be required to determine whether the commerciality exception applies. Further, while AM General is responsible for making the commercial item determination, the government may review and overrule its determination.

5.5 Flowdown Requirements

AM General disfavors revisions to its Terms and Conditions and will accept them only in extraordinary circumstances. Note that applicable FAR and DFARS clauses are flowed down from prime contract requirements as applicable. Suppliers are expected to review and adhere to FAR and DFARS clauses, including any requisite flow down requirements. AM General does not have the authority to waive clauses mandated by law.

5.6 Supplier Quality Requirements

AMG requires all suppliers, at a minimum, to be compliant to the requirements of the ISO 9001 or IATF 16949 standards. The quality system and manual shall follow the guidelines within ISO 9004. Effective June 30, 2020, all current and new suppliers to AMG are required to be ISO 9001 or IATF 16949 registered by an accredited third party registrar or to have an AMG approved plan to achieve registration or compliance. Any plans should be submitted to the cognizant SQE.

AM General purchase orders contain AM General Quality requirements, including those set forth in the AM General Supplier Quality Manual which is available for downloading under the Quality and Engineering area of the Supplier Resources section of our corporate webpage. Any additional requirements will be identified in AM General's RFQs and any resulting contract(s). The purpose of AM General's Quality Assurance requirements is to ensure suppliers are aware of and able to meet AM General's quality standards and satisfy any Technical Data Package requirements.

AM General's Quality Assurance staff monitors the quality performance of its suppliers. Supplier quality performance is monitored by gathering information related to Disruptions (Corrective Action Requests (CARs), Cost Recovery) and PPMs from the AM General Systems, Application, and Products in Data Processing (SAP) Enterprise Resource Planning (ERP) database (Part Receipts, Non-conforming Material) and Microsoft SharePoint (Supplier Corrective Action Requests, Spills). Supplier Quality Assurance staff reviews suppliers' weekly progress reports and monthly scorecards to identify and track supplier performance trends, review supplier performance history, identify specific supplier areas of concern, drive supplier improvement activities, and as input for supplier surveillance audit activities.

5.7 Supplier Qualification Process

Every supplier must demonstrate the ability to satisfy technical requirements as well as the ability to adhere to AM General's quality assurance requirements. Prior to contract award, new suppliers to AM General will be required to complete and return AM General's "Supplier Assessment Survey" that assesses the supplier's Quality Management System and production capability. The supplier must create action plans to correct any assessed gaps and deficiencies. AMG may require an on-site facility and process review audit to verify the assessment prior to contract award.

5.8 Production Part Approval Process (PPAP)

PPAP defines the common requirements and process for how production parts are approved. The purpose of PPAP is to determine if all customer engineering design record and specification requirements are properly understood by the supplier and that the manufacturing process has been verified to produce product consistently meeting these requirements during an actual production run. A PPAP workbook/guidelines is also available within the Supplier Resources/ Quality and Engineering section of the AM General corporate webpage.

6.0 ANALYSIS AND NEGOTIATIONS

Upon receipt, supplier quotations are analyzed to ensure the quotes are submitted in a timely manner and comply with the criteria that the RFQ specifies. Should a supplier quote not comply with RFQ requirements, that quote may be discarded and not considered for award. Responsive quotes form the basis of contract negotiations and any subsequent award. All elements (including technical capability, quality and price) are analyzed and included in the negotiation process.

6.1 Technical Capability/Manufacturing Analysis

Supplier quotes are analyzed to determine the supplier's readiness and capability to manufacture and deliver the parts/components. The depth of a "manufacturing readiness" analysis is dependent upon the prime contractor customer requirements, as applicable. RFQ packages will provide detail regarding what information is required. Typically, such information will include tooling, lead time, material, quality, etc. AM General's analysis will be based on the information requested and provided. For instance, the availability of requisite tooling and its capacity to satisfy complete requirements will be reviewed as will a supplier's lead time to deliver the part or component. Because lead times affect AM General's ability to meet customer schedule requirements, providing accurate lead times is very important. Significant drivers of prolonged lead times must also be identified so AM General can work with the supplier to implement any appropriate lead time reduction measures and ensure satisfaction of customer schedule requirements.

6.2 Pricing

Supplier quotes will also be analyzed to ensure requisite cost breakdown information is provided. All information will be used to enable the negotiation and determination of a fair and reasonable price. AM General buyers will request any additional information necessary to ensure and document a fair and reasonable price determination.

When AM General is a prime contractor to the U.S. Government, unless an exception applies, AM General will be required to disclose and certify cost or pricing data as mandated by the Truth in Negotiations Act and implemented in FAR 15.403. Disclosure and certification is required for any government contract action exceeding the threshold set forth in FAR 15.403-4 (currently \$2,000,000 for awards made to the Department of Defense). This requirement is flowed down to the subcontract level. As such, unless an exception applies (see FAR 15.403-1 for exceptions), subcontractors will be required to disclose and certify cost or pricing data associated with a subcontract in support of a prime contract invoking such requirement. The cost or pricing data must be disclosed in accordance with Table 15-2 of FAR

15.408. The Certification of current cost or pricing data, by which a supplier certifies its cost or pricing data as current, accurate and complete as of the date of price agreement, must be in the format specified in FAR 15.406-2. Additionally, the proposal checklist identified within DFARS 252.215-7009 must be submitted.

Even if certified cost or pricing data is not required, suppliers may be required to submit other than certified cost or pricing data to ensure that pricing is fair and reasonable.

7.0 AWARD AND CONTRACT MANAGEMENT

AM General utilizes different types of contracts, dependent upon the requirement at hand. The types of contract include Quantitative Orders, Long Term Agreements/Prime Purchase Orders, Requirements Contracts and Purchase Orders. Material flow requirements are relayed to suppliers through the issuance of Schedule Notices. Schedule Notices depict requirements associated with a specific part. They are summarized, by supplier, into Summary Schedule Releases/Vendor Schedule Releases (SSR/VSR). Suppliers are given the opportunity to comment on the SSR/VSRs that must be signed and returned to the AM General material planner. The SSR/VSRs are the tool suppliers use to convey any schedule concerns.

7.1 Quantitative Orders

Quantitative orders (QO) are contractually binding commitments awarded for items that require disclosure and certification of cost or pricing data should the cost or pricing data threshold be met. A QO identifies, without limitation, any applicable DPAS rating, the quantity, price and terms and conditions (including FAR/DFARS clauses applicable for non-commercial items). Generally, QOs will be placed for parts/services that are deemed to be non-commercial and are awarded using other than adequate competition. Schedule Notices are released to identify the required flow of material, including quantity and schedule.

7.2 Long Term Agreements

Long Term Agreements (LTAs) are agreements for items of an anticipatory recurring nature between AM General and a supplier. LTAs identify the following, without limitation.

Terms and Conditions (AM General Standard Terms and Conditions of Purchase, and if applicable, supplemental FAR/DFARS Commercial FAR Part 12 or Noncommercial FAR Part 15 clauses)

Maximum quantity of commercial (awarded on a competitive basis or justified as sole/single source) and/or competitively awarded non-commercial parts for a defined period (no greater than 5 years)

Unit price for the item (valid for the maximum quantity/defined period unless a supplier submits documentation justifying any change in price, and such change in price is agreed to by AM General)

Potential Estimated Maximum Amount (Unit Price * Maximum Quantity)



Upon receipt of a prime contract award, AM General issues Prime Purchase Orders (PPO) that invoke the terms of the LTA (including price), identify a specific quantity as well as the DPAS rating (if applicable) and prime contract specific terms and conditions. PPOs are contractually binding and require supplier signatures. Schedule Notices are released to identify the required flow of material, including quantity and schedule. Note, AM General is not obligated to place PPOs up to the maximum quantity identified within an LTA.

7.3 Requirements Contracts

Requirements contracts are contractually binding commitments awarded for items for which a 5 year maximum quantity cannot be identified. RCs do not require the disclosure and certification of cost or pricing data. Schedule Notices are released to identify the required flow of material, including quantity and schedule.

7.4 Purchase Orders

Purchase Orders (PO) are contractually binding commitments issued for one-time purchases of production or non-production items, or for goods or services that support overall corporate activities unrelated to any US Government prime contract. A PO identifies, without limitation, any applicable DPAS rating, the quantity, price, terms and conditions (including FAR/DFARS clauses as applicable) and schedule.

7.5 Review and Acceptance

Suppliers are expected to review all contractual documents, including the applicable Terms and Conditions, in their entirety, and contact the responsible buyer with any questions. All contract documents and VSRs/SSRs must be signed and returned in a timely manner. (See 7.6 Rated Orders for information pertaining to DPAS rated orders.) Acceptance terms are identified within AM General's Standard Terms and Conditions of Purchase, available on our corporate webpage under Supplier Resources.

7.6 Rated Orders

Many of AM General's prime contracts are prioritized under the Defense Priorities and Allocations System (DPAS). Should a prime contract be DPAS rated, AM General is required to flow down the DPAS rating to applicable suppliers. Any applicable DPAS rating is identified within QOs, LTAs/PPOs, RCs and POs. In accordance with 15 CFR Part 700, DPAS rated orders must be accepted within the requisite timeframe (10 days for a "DX" rated order, 15 days for "DO" rated orders). Note, failure to accept a DPAS rated order within the requisite timeframe is a violation of a federal statute. Orders placed under these rated contracts may only be rejected under certain circumstances. 15 CFR 700.13 provides additional information on



acceptance and rejection of DPAS rated orders. Performance of a DPAS rated order must take precedence over a lower or non rated order.

7.7 Change Management

AM General's change management system is designed to ensure customer requirements are considered prior to the incorporation of any change, including those related to or impacting cost, delivery, materials, specifications, obsolescence, etc. AM General buyers are responsible for administering and negotiating any changes to a part under contract with AM General. Suppliers are responsible for ensuring any changes they recommend are coordinated through and approved by the appropriate AM General buyer. Suppliers are not to make any changes without AM General's express prior approval. The AM General buyer is the only person authorized to make changes to a part and does so through a written purchase order change.

8.0 DELIVERING PRODUCT TO AM GENERAL

8.1 Delivery

Suppliers are responsible for delivering goods and services in accordance with the instructions referenced within the formal agreement and applicable Terms and Conditions.

8.2 Transportation

AM General routing instructions will be specified in your LTA/QO/PO/RC. Routing instructions may vary depending on specific shipments and necessary expedites. Please refer to your LTA/QO/PO/RC for additional instructions.

8.3 Identification and Packaging Requirements

Suppliers must comply with specific packaging and labeling requirements defined and agreed to in the formal agreement and within the applicable Terms and Conditions.

8.3.1 Shipment Identification

Identification requirements for each shipment are as follows: Part Number, Rev. Level, Part Name, Part Description, Schedule Notice/Agreement Number, LTA/QO/PO/RC number, Manufacturer's Identification, Lot or date code and Quantity. This information must be included on shipping paperwork and package labels. Individual parts are to be identified with packaging labels in accordance with drawing requirements unless exempted by LTA/QO/PO/RC. Absent this complete shipment identification, AM General reserves the right to initiate a charge-back process.

8.3.2 Identification of Shelf Life Material

For items that have a shelf life requirement, the supplier must identify the shelf life of material for each item, package or container with its cure or manufacture date, expiration date and special storage and handling conditions in addition to the standard identification requirements. The supplier is required to have a process in place to ensure that items provided to AM General are not past the expiration date.

8.3.3 Packing and Packaging

The supplier is responsible for ensuring all items are suitably packaged and prepared for shipment to prevent damage or contamination. The supplier accepts full responsibility for the packaging, preserving, protecting and/or maintaining the integrity of the product.

8.3.4 Advance Shipment Notice

Suppliers are responsible for publishing Advance Shipment Notice (ASN) for incoming shipments. The ASN specifically details the time and date the item shipped as well as the date the shipment will be delivered to AM General.

Suppliers must complete the ASN electronically using: the Electronic Data Interchange (EDI) or the AM General Web Portal. The ASN contains the AM General part number, quantity, tracking number and /or carrier name. Suppliers complete the data directly into the appropriate fields of the ASN.

AM General Supply Chain Management information is available at our corporate website. This link can be found at:

<https://www.amgeneral.com>

Once suppliers receive authorization for Web Portal access (following submittal, processing and approval of the Electronic Account Access-Export Control form), AM General trains suppliers regarding specific Web Portal use and ASN completion. The access form is available within the Supplier Resource (Export/Import Compliance) area of the AM General corporate webpage.

8.4 International Trade Compliance

AM General in its defense supplier role, designs, manufactures and supplies defense products to the United States and certain foreign governments. This results in a focused need for our suppliers to have strong import and export compliance programs to ensure compliance with all applicable laws and practices.

Non-compliance with U.S. import and export laws and regulations may place the supplier's company, and consequently AM General programs at risk. Penalties for noncompliance can range from substantial fines and penalties to debarment from U.S. Government contracts and imprisonment.

At the onset of the supplier relationship with AM General, each supplier is responsible for providing complete, accurate, and timely customs documents. This includes but is not limited to the North American Free Trade Agreement (NAFTA) certificates of origin, manufacturing affidavits, origin certificates and proof of registration with DDTC if supplying, handling or manufacturing a defense article. Manufacturers/Exporters are defined in the ITAR 22 C.F.R. §122.1, as any person who engages in the United States in the business of either manufacturing or exporting or temporarily importing defense articles or furnishing defense services.

For further information about these documents go to the U.S. Customs and Border Protection website at <http://www.cbp.gov>:



Country of Origin Marking & Labeling Requirements
<http://www.cbp.gov/trade/nafta/guide-customs-procedures/country-origin-marking>

North American Free Trade Agreement Certificate of Origin
<https://www.cbp.gov/trade/nafta/nafta-certificate-origin> **Manufacturing Country of Origin Affidavit**

Each manufacturer or assembler typically has its own Manufacturing Country of Origin Affidavit template. The supplier is responsible for submitting a completed copy of this affidavit to the AM General International Trade Compliance Office. If you do not have a template, request one from itco@amgeneral.com.

Suppliers must return the completed documents to itco@amgeneral.com and provide a hardcopy post-marked within 24 hours of email time stamp to:

AM General LLC
International Trade Compliance
P.O. Box 7025
South Bend, IN 46634-7025

Suppliers must not ship product until:

1. The required documents have been received by the AM General International Trade Compliance Office.
2. Supplier has coordinated shipment with AM General Logistics and AM General International Trade Compliance.

For further information regarding compliance with these laws and regulations, suppliers should seek independent technical and legal advice to answer its particular questions. Additional information and links are available within the Supplier Resources section (Export/Import Compliance Resources) of the AM General corporate webpage.

8.5 Delivery Delays or Exceptions

Meeting delivery schedules is critical. AM General depends on its suppliers to meet their delivery obligations so that we, in turn, meet our scheduled deliveries. AM General expects each supplier be proactive in planning to avoid incidents or delays. The supplier must immediately notify its buyer and applicable Buyer's Purchasing Representative (AM General Material Planner), if for any reason, the supplier anticipates or experiences any delay in timing, delivery, schedule, or cost of the order. Suppliers are liable for any direct, indirect, special or consequential damages resulting from a delay.

Other obligations in respect to delivery delays or exceptions are addressed in the applicable Terms and Conditions.

8.6 Business Continuity Planning

AM General has a complex and diverse supply chain and continuity planning is required to address risks that could jeopardize our operations. We expect each supplier to be proactive and establish risk management and business continuity plans to facilitate rapid response, reaction, and resumption of products and services in the event of potential disruptions or disasters.

Each AM General supplier is responsible for planning to identify key organization of teams, their roles, and responsibilities, the plans to communicate, and escalation procedures to deal with a disruption or a disaster. As applicable, it is the supplier's responsibility to plan for alternate manufacturing sites or process options to ensure continuity of operations. AM General will notify a supplier in writing when the supplier is identified as part of a risk situation.

Suppliers must plan for disruptions such as fires, chemical spills, natural disasters, terrorist threats, medical emergencies, strikes; IT recovery/security for supplier telecommunications, data systems, and infrastructure and financial risks.

8.7 Counterfeit Avoidance/Nonconforming Product

The AM General Supplier Quality Assurance Manual define AM General's policy regarding Nonconforming and Counterfeit Product. The supplier is responsible for understanding and following this requirement, as specified. The latest edition of this document is available on the AM General corporate webpage within the Quality/Engineering section of the Supplier Resources area.

Nonconforming Product Definition: Product with unidentified or suspect status shall be classified as nonconforming product, including counterfeit product.

Counterfeit Product Definition: Unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.



The supplier who procures parts must establish, implement and maintain documented procedures to detect and/or preclude the use of defective, nonconforming, or counterfeit parts. This includes parts that are procured directly or that are integrated into electronic assemblies or equipment. This procedure must provide for the implementation of appropriate actions to correct recurring or repetitive nonconformities. The supplier shall take prompt and effective action to correct conditions, which have resulted or could result in the submission of product in a defective, nonconforming or counterfeit condition. Suppliers must notify the AM General Quality Assurance and Supply Chain Management to report a discrepancy.

AM General also usually seeks to acquire supplies and services from domestic sources for all of its products. AM General is required to comply with statutory and regulatory sourcing requirements, including the Buy American Act, Trade Agreements Act, Dodd-Frank Section 1502, and the Berry Amendment for certain prime contracts. Suppliers should be prepared to comply with these requirements when doing business with AM General.

9.0 ACCOUNTING INFORMATION

9.1 Payment Terms

AM General uses payment terms consistent with industry standards. Payment terms are included within AM General's Standard Terms and Conditions of Purchase which are located within the Supplier Resource section of AM General's corporate website.

9.2 Invoices

AM General uses an invoice payment system for all purchase order items involving physical receipts. Therefore, an invoice is required from the supplier before AM General will make payment. AM General only accepts emailed invoices. Please email original invoice to AM General at: [**accounts.payable@amgeneral.com**](mailto:accounts.payable@amgeneral.com).

All invoices must reflect the Schedule Notice number, or in the event the invoice seeks payment for a purchase order, suppliers must identify the PO number. Any invoice that is submitted without a Schedule Notice or PO number will cause a delay in payment and may result in a chargeback to the supplier.

9.3 Accuracy

Invoices must accurately match the quantity and pricing on the LTA/QO/RC under which the Schedule Notice is released. In the event a supplier is seeking payment for a PO, the quantity and pricing on the PO must match the invoice before payment can be made to the supplier. In the event of a discrepancy, payment may be delayed. The buyer or AM General's Accounts Payable Department are the main points of contact to address any discrepancies. For payment questions, please contact: [**accounts.payable@amgeneral.com**](mailto:accounts.payable@amgeneral.com) (email preferred) or

phone: (574)284-2743

fax: (574)284-2899.

AM General does not "short pay". Instead, AM General requests receipt of a corrected invoice or a credit/debit to account for any difference. Suppliers should note, Invoice Accuracy is tracked and included within a Supplier's Scorecard. Supplier Scorecards are considered during source selections.

9.4 Electronic Funds Transfer

Electronic Funds Transfers are available to suppliers. Terms must be pre-negotiated with the buyer.

9.5 Payment Detail

New suppliers may contact the AM General Accounts Payable Department for any additional purchase order, invoicing, or payment questions.

10.0 SUPPLIER RELATIONSHIP MANAGEMENT

10.1 Expectations for Managing Performance

AM General's Supply Chain Management objective is to ensure the acquisition of materials, supplies, and services in a manner which results in complete satisfaction of all customer requirements while also using cost-effective and timely processes. AM General suppliers are a key component of our ability to meet our objective and as such are considered valuable team members. Ongoing assessments of supplier performance focus on key performance categories that support contract requirements, result in continuous improvement, and maintain a qualified supplier base.

10.2 Monitoring of Supplier Performance

Using the Supplier Scorecard System, AM General monitors supplier performance using indicators to track delivered product conformity to requirements, customer disruptions, including field returns, delivery schedule performance (including incidents of premium freight), and special status customer notifications related to quality or delivery issues. Tracking and monitoring supplier performance helps identify supplier performance trends, review supplier history, identify specific areas of concern, and drive supplier improvement activities.

10.3 Supplier Corrective Actions

AM General's Supplier Quality group manages supplier corrective actions for product quality. The AM General purchase orders contain AM General Quality requirements, including those set forth in its Supplier Quality Manual, available for downloading on the AM General corporate webpage (<https://www.amgeneral.com>).

11.0 SUPPLIER DEVELOPMENT

11.1 Defining Supplier Excellence

AM General expects its suppliers to demonstrate the key attributes of supplier excellence (See Figure 11.1-1). These suppliers achieve cost, quality, and delivery performance requirements, with minimal to no integration issues.

Suppliers integrated with AM General demonstrate the ability to bring together their products or services in order to meet AM General’s requirements. These suppliers are capable and responsive. They demonstrate sound financial structure, technical capability, and quality attributes.

Suppliers who demonstrate high attributes in this area find creative financial and technical solutions. These suppliers communicate openly and collaborate with AM General. They coordinate and manage inventories and schedules to support AM General requirements. This, in turn, ensures that AM General acquires materials and services to the complete satisfaction of our customers. Throughout contract performance, AM General tracks and manages supplier performance. We use predictive indicators to measure financial risk, quality, and delivery. When a supplier does not demonstrate an attribute described above, AM General attempts to work with the supplier to identify, mitigate, and resolve the issue.



Figure 11.1-1. Supplier Excellence

11.2 Supplier Development Process

AM General is committed to the integrity and performance of its supply base and utilizes a Supplier Development team to identify and develop potential new suppliers. We utilize a proven supply chain to maintain or improve product reliability and reduce risk while significantly lowering costs to allow AM General to meet its financial goals. Suppliers are responsible for improving their processes to adapt to customer requirements in the areas of delivery, cost, quality, capability, and responsiveness. AM General typically assesses supplier capability by reviewing completed forms and conducting pre-award surveys. Suppliers must complete requested forms in their entirety, with their business classification and capabilities noted. AM General

attempts to lead lean six sigma philosophies, with targeted suppliers, as well as implement supplier improvement activities. AM General performs supplier development with the goal of conformity with ISO/TS 16949:2008. The prioritization of suppliers for development depends upon the supplier's quality performance and the importance of the product supplied.

The AM General website (<https://www.amgeneral.com>) is the main interface with AM General's suppliers. The Supplier Resources section provides centralized access to standard practices, necessary forms, required documents, and communications.

Figure 11.2-1 highlights the supplier development process, which drives supplier excellence.

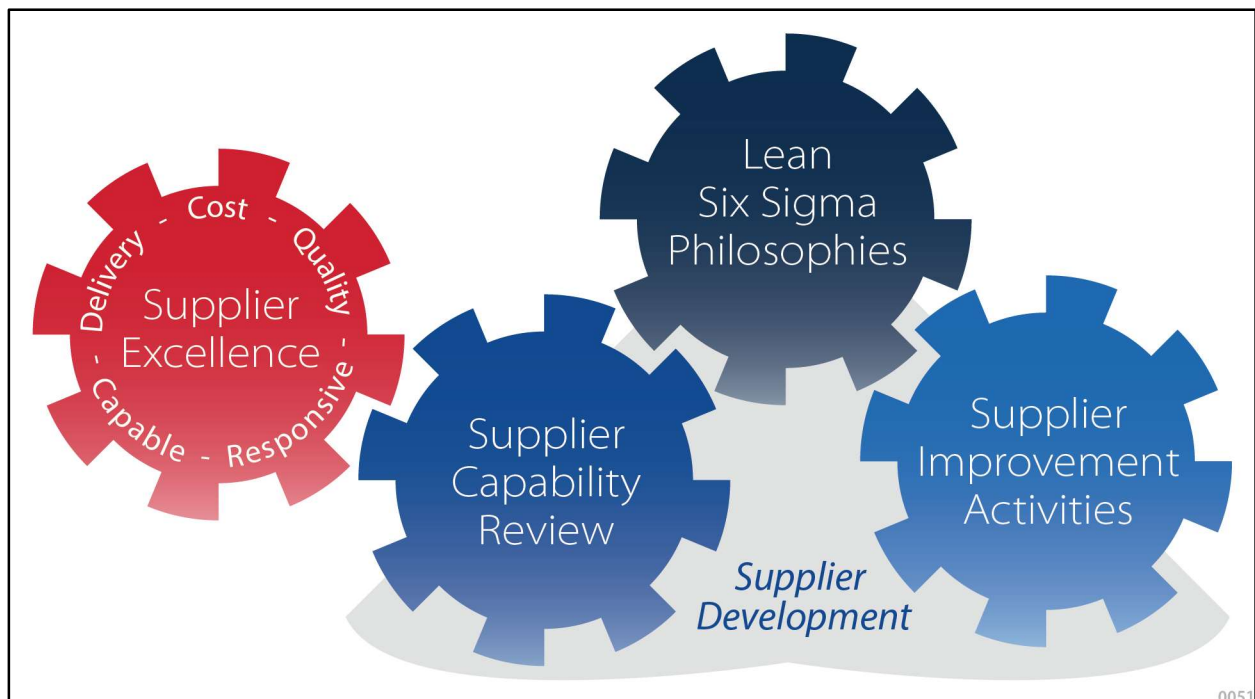


Figure 11.2-1. Supplier Development

11.2.1 Supplier Capability Reviews

AM General reviews the capabilities of suppliers to determine the existence and effectiveness of the controls and quality management systems in place that support the products or services being offered by the supplier. Supply Chain Management incorporates QMS requirements (including timing) into the request for quotation (RFQ) and records the supplier level of QMS compliance as part of the RFQ process.

AM General attempts to work with the supplier to identify and address areas of need and validates the supplier profile information and assesses the supplier to allow AM General procurement personnel to decide upon an

acceptable standard for the work being considered. Appropriate actions are then defined and agreed to with the supplier. The supplier is responsible for understanding the expectations of AM General in regards to implementing responsiveness, capability, and performance levels that define supplier excellence.

11.2.2 Lean Value Chain – Expectations for Continuous Improvement

AM General expects that its suppliers have quality systems in place that promote continuous improvement in all encounters with AM General. Suppliers are responsible for conducting continuous improvement activities and are responsible for flowing the requirements to their supply chains. AM General expects its supplier to participate in cost-reduction initiatives, including value-stream analysis and Lean Six Sigma to meet cost targets on new projects.

AM General has a mature Lean Six Sigma Program that it implements to problem solve, generate continuous improvement, and focus on defect prevention. The tools of Lean Six Sigma are used to implement quality improvements and focus production and product life-cycle efforts on preventing defects, streamlining processes, and controlling risks to quality and schedule. Implementing these improvements provides the lowest, practical total cost of ownership to AM General's customers. AM General improves operational processes, eliminates waste, and controls quality costs to achieve long-term improvements, wherever possible.

11.2.3 Supplier Improvement Process

AM General personnel may assist when (possible and practical) to assure that immediate containment and effective corrective actions are put into place in a timely manner. The goal is to systematically flow down AM General's proven processes and associated supplier interaction to review supplier performance, identify root causes in quality issues and implement permanent solutions to improve AM General's manufacturing approach.

OUR GLOBAL REACH

100+
YEARS OF INDUSTRY
EXPERIENCE

1.5 Million
VEHICLES PRODUCED

#1
LIGHT TACTICAL
VEHICLE PROVIDER

70+
COUNTRIES

HUMVEE® reach

