Global Procurement

Global Supplier Quality Manual

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Introduction

For more than 100 years, we have been a global leader in energy resilience, delivering solutions critical to sustain and improve life. Starting in 1920 with the first modern generator, the Kohler Automatic Power & Light, we have always reliably met the world's energy needs while planning for the future. Building on the legacy of Kohler Energy, Rehlko is positioned to give individuals, businesses and communities the resilience they need to keep building a brighter future, together.
At Rehlko, we innovate relentlessly because we know we don't just offer energy solutions - we are creating an energy resilient world for a better future.

Rehlko Mission Statement
We're redefining energy resilience with cleaner solutions – for individuals, businesses and communities. Rehlko's mission is to create an energy-resilient world that improves lives and communities. Our solutions give individuals, businesses, and communities the resilience they need to keep building a brighter future, together.

Suppliers are considered as an integral part of the business. The capabilities of our suppliers support the fulfillment of the Rehlko mission and the achievement of company objectives. Relationships with our suppliers are built on total quality principles and practices to achieve the best performance, delivery, service and total cost.

As such, all suppliers must abide by the policies set forth in the Global Supplier Quality Manual (SQM). Rehlko recognizes that our businesses are different and, in many cases, have unique supplier quality requirements which are market specific. Rehlko Business Units and local organizations at their discretion may be more restrictive in implementation of the supplier policies and supporting procedures but in no case less restrictive.

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1.0 - Introduction

1.01 Rehlko Quality Policy

At Rehlko, we don't just meet expectations – we strive to exceed them.
Our goal is to design, build, and deliver with purpose, guided by our values of Curiosity, Trust, Pace, and Excellence. Through continuous improvement and a relentless focus on quality, we aim to create products and services that earn our customers' confidence—every time.

1.02 Purpose

This Global Supplier Quality Manual [SQM] establishes minimum quality requirements for all suppliers of production materials, products and services to the family of businesses owned directly or indirectly by Rehlko.

The requirements within this manual are provided as a supplement to, and do not replace or alter the terms or conditions within Rehlko supply and purchase documentation or engineering drawings and/or specifications. Business Units at their discretion may be more restrictive in implementation of the supplier policies and supporting procedures but in no case less restrictive.

The manual establishes general policy; however, when needed, suppliers may obtain additional information from the Global Procurement or Quality contact(s).
If conflicting interpretations arise, this order of precedence applies:

1. Supply and Purchase Agreement and/or Purchase Order
2. Specification or Drawing
3. Global Supplier Quality Manual
4. Business Unit Supplier Quality Requirements Supplements and appendices which can be found at:
    a. Power Systems & Home Energy: https://www.rehlko.com/power-systems-suppliers
    b. Engines: https://www.rehlko.com/engines-suppliers

Suppliers are responsible for reviewing the applicable supplement(s).

1.03 Scope

Applies to all suppliers of materials, products or services to Rehlko.
Suppliers must ensure that their suppliers also support compliance throughout the supply chain.

1.04 Responsibilities

The global, regional and local Procurement and Quality departments are responsible for SQM implementation and have authority to ensure all suppliers meet and fulfill requirements.

Suppliers are responsible for ensuring that products and/or services provided meet established requirements and assume full responsibility for the quality thereof. Approval and verification by Rehlko of supplier's facilities, systems, records and product does not absolve the supplier of the responsibility to provide conforming product, nor shall it preclude subsequent rejection by the customer.

1.05 Expectations

Rehlko has the following expectations of all global suppliers. The supplier shall:

1. Provide 100% conforming parts/services with 100% on-time delivery.
2. Strive to continuously improve product quality and manufacturing productivity to meet increasing competitive pressure in our global economies.
3. *(If involved in importing goods to the United States of America),* follow U.S. Customs security guidelines for C-TPAT. Rehlko is a participant in the joint initiative between U.S. Customs and businesses to enhance homeland security via tighter controls on entering cargo.
4. Follow the laws and security guidelines of other countries as applicable.
5. Be responsible to assure that material is radiation free when required. Suppliers will not ship any radioactive materials unless specifically pre-approved.
6. Conform with the California Airborne Toxic Control Measure (ATCM) (CARB Rule) regarding composite wood products when applicable.
7. Conform with RoHS (Restriction of Hazardous Substances Directive) and REACH (Registration, Evaluation, Authorization & Restriction of Chemicals) when applicable.
8. Conform with the ISPM15 wood packaging regulations when applicable.
9. Review, sign, return and abide by the Supplier Code of Conduct; submit to third-party Social Responsibility audits as deemed necessary by Rehlko.
10. Provide all documentation and information in the language(s) directed by Rehlko to ensure documents are transferable and understood within all Rehlko facilities. This requirement is for all requests for records and documentation submitted to Rehlko as specified in this manual. This requirement can only be waived by the Business Unit and/or Location receiving the documentation.
11. Support Rehlko in addressing internal and external failures related to the supplier's product/service to include financial reimbursement and assisting customers.
12. Embrace electronic communication with Rehlko as an intended benefit to both parties. Rehlko supports two electronic methods of sending data: via Electronic Data Interchange (EDI) and via the Internet. Using one of these two methods enables exchanging Planning Schedules, Inventory Position, Purchase Orders, Purchase Order Changes and Invoices, for example. Rehlko has adopted the SAP Ariba procurement management system software, which includes a supplier quality module.
13. Demonstrate quality planning to foster continuous improvement, defect prevention and process optimization. Quality Planning methods for direct materials are detailed by the Rehlko Business Units (BUs).
14. Provide a key contact list. Supplier shall promptly notify Rehlko Purchasing and Quality of any changes to the key contact list.
15. Document the processes used for equipment maintenance, including preventive maintenance records, scheduling, identification, and storage, and shall perform maintenance in accordance with such plans.

1.06 Supplier Receipt and Acceptance of the Quality Manual Content

Prior to being awarded business from Rehlko, all new suppliers must read the Rehlko Global Supplier Quality Manual as well as the Supplier Quality Requirements Supplement and confirm agreement they will comply with its content and requirements.

The manual may be updated periodically by Rehlko. To verify revision level or obtain the latest version of this document refer to Global Supplier Quality Manual at https://www.rehlko.com/conducting-business. Suppliers are responsible for obtaining and using the current revision of this document. Should a supplier be unable to comply with any revision, the supplier must immediately notify Rehlko in writing of the details and reasons.

2.0 - Key Quality Requirements

2.01 Quality System Requirements

Suppliers must establish, maintain and demonstrate quality systems with supporting procedures to ensure that products and services always conform to Rehlko purchase agreements and specifications.

All suppliers must complete and submit a supplier profile and provide their quality manual for review. A site audit by Rehlko representatives may be required prior to awarding business.

The supplier shall demonstrate capability to attain appropriate internationally recognized standards certifications as required for the product/process involved. Examples include UL, UL GS, NSF, CSA, ASTM, CE, CCC, SAI, ISO, NF, ASME, IAPMO, ASSE, Lacey Act., ROHS, REACH and CARB.

.01 Requirements for Suppliers of Production Material, Non-Production Material and Services

Suppliers shall be required to show proof of an effective quality management system. In cases where a supplier's quality system is determined by Rehlko to be inadequate, the supplier must provide an action plan and timeline for Rehlko approval.

.001 Traceability Requirements

The supplier's quality system shall ensure that products are traceable to raw materials or components used in the manufacturing process, production operation, date of manufacture, revision level and records of evaluation of conformance. All product shipped to Rehlko shall always have positive identification to address traceability via lot numbers, date codes or other means as applicable. Exceptions are expected and must be approved by Rehlko Supplier Quality.

.02 Change in Status

Rehlko prefers suppliers of production materials with proof of certification to recognized quality systems by an accredited registrar. In the event a supplier's quality registration status changes or is suspended, the supplier must notify all Business Units and locations to which product is supplied, within (48) hours. In this case, the supplier may be audited by Rehlko and/or be required to provide documentation explaining the status change including a plan for corrective action.

2.02 Record Retention Requirements

Process Control/Product Control/Quality records shall be maintained so they remain legible and are available for review upon request and may be in any media such as electronic or hardcopy. Records shall include accurate, updated and complete quality data.

Retention of Material Safety Data Sheets (MSDS) or applicable international documentation, certificates of analysis (C of A), process documentation, and other information as applicable is required. Records shall be kept for defective components and assembly processes to highlight problem areas and trends.

Records of production materials shall be maintained for a minimum of seven (7) calendar years, or per the accepted industry standard requirements, or per customer requirements whichever is greater.

Metallurgical and PPAP samples shall be retained for a minimum of one (1) year, preserved under controlled storage conditions to maintain integrity, and documented with full traceability to heat/lot and PPAP records in alignment with AIAG requirements for evidence retention and customer-specific expectations.

Records of non-production materials and services shall be maintained for a minimum of three (3) calendar years, or per the accepted industry standard, or per customer requirements, whichever is greater.

2.03 Warranty

Suppliers must have the capability of supporting life cycle requirements of the product. Suppliers are expected to demonstrate reliability that meets or exceeds Rehlko requirements.

Suppliers must participate in reducing the number of warranty concerns. The supplier must track and analyze the causes of warranty claims and use the information to improve processes and product quality. Suppliers shall provide Rehlko with technical assistance, field support, and financial support to rectify any substantiated nonconformances. This will support enhanced customer satisfaction and continued business for Rehlko and suppliers.

Rehlko will ensure a process for the return of the sample part(s).

3.0 - Supplier Approval/Qualification

Each Business Unit maintains a supplier selection and sourcing process to evaluate and identify potential sourcing partners. Suppliers must be capable of meeting quality, delivery, cost and continuous improvement objectives and are evaluated for such.

3.01 New Vendor Qualification

All suppliers must register and provide their quality manual for review. The Supplier Registration is completed through "Suppliers" section of Rehlko.com website or equivalent - https://www.rehlko.com/suppliers.

Along with a business assessment (reference check, credit analyses, etc.) and a review of the quality manual and supplier profile results, candidate suppliers may also be subjected to a self-assessment questionnaire and an onsite evaluation in accordance with business unit procurement procedures to assess supplier effectiveness in key functional areas such as procurement, engineering, manufacturing and quality. In addition, the supplier must have appropriate regulatory approvals (ASTM, CSA, UL, IAPMO, NSF etc.) as required for the product/process involved.

Based on favorable evaluation of the above information, a supplier can be listed as approved for business with Rehlko. Supplier approval is site specific and achieved when the supplier (site) satisfies the minimum requirements. Two types of approval may be granted:

- Approved
- Conditional -- subject to specific corrective actions on a mutually agreed timeline; Conditional approval enables Rehlko to contract with a supplier that is pending a site survey and/or corrective action from site survey. It is not to exceed 6 months.

If after six (6) months, a supplier has not satisfied approval requirements, the supplier may be removed as an Approved Supplier.

If a supplier is not approved, no contract or receipt of material or services are allowed until corrective action is taken to enable the supplier to achieve Conditional status, as a minimum.

3.02 New Vendor Qualification

Rehlko reserves the right to perform periodic on-site appraisals of the supplier's facility, quality systems, records, and product ready for shipment. Suppliers shall have a process to ensure compliance with all applicable government safety and environmental regulations. All applicable social responsibility expectations must be satisfied. The supplier's personnel, gauging, and test facilities shall be made available as required for surveillance.

- New Suppliers: Assessed prior to Rehlko ordering production materials or services. A satisfactory capability rating or development plan is a prerequisite to the order.
- Current Suppliers: Assessed by Rehlko to establish capability prior to placement of new business.

The audit form would be shared prior to the visit with expectation that all questions can be answered.

4.0 - Part Approval

Parts or components being sourced must be approved for production by the Business Unit. It is the supplier's responsibility to meet all applicable specifications. Suppliers are not authorized to begin shipment of production quantity material to Rehlko prior to part/process approval. Small quantities of parts for reliability/engineering testing, and sample needs are the only exception. A drawing/specification review will be conducted prior to the production part approval process.

The Business Unit will approve parts via one of the following:

4.01 Production Part Approval Process (PPAP)

The Production Part Approval Process (PPAP) certifies that suppliers can consistently and repeatedly produce products that meet all drawing requirements.

Any new products or any product/process changes are subject to PPAP submission, as well as Supplier Deviation and Change Requests as outlined in section 6.0 of this manual. Rehlko will identify the PPAP submission level requirements.

Upon receipt of the PPAP submission, Rehlko will review and assign status as follows:

Approved: The part or material, including all sub-components, meets all drawing requirements. The supplier is authorized to ship production quantities of the product.

Conditional Approval: Permits shipment of parts or material for production requirements on a limited time or piece quantity basis. Conditional approval will only be granted when the supplier has:

1. Clearly defined the non-compliances preventing approval; and
2. Prepared an action plan agreed upon by Rehlko. PPAP re-submission is required to obtain a status of "approved". If the product does not meet specifications, a Supplier Deviation Request (SDR) or equivalent is also required.

Conditional approval can be extended. If additional time is required, it is the responsibility of the supplier to contact the appropriate Supplier Quality Engineer (SQE) with an expected completion date.

Rejected: The PPAP submission does not meet requirements based on the production lot from which it was taken and/or accompanying documentation. The submission process shall be corrected to meet requirements.

4.02 Product & Process Qualification

In rare circumstances when a proper PPAP is not possible, product and process may be approved at the discretion and under strict control of the SQE. In these exceptional cases, clear approval requirements will be communicated to the supplier by the SQE. Additional approval by other Business Unit team members may be required.

4.03 Supplement

For further information regarding PPAP requirements, refer to the Supplier Quality Manual Supplement (see section 1.02 for links)

5.0 - Corrective Action

Suppliers to Rehlko are responsible to provide conforming products and services. If quality issues occur, the supplier is required to determine root cause and corrective action to resolve the issue and to ensure no recurrence. Suppliers will support Rehlko with technical assistance and field support to rectify any substantiated non-conformance. Rehlko reserves the right to recover justified expenses from suppliers for performance failures related to quality and delivery issues.

5.01 Non-Conformance and Disposition

Nonconforming materials or services may be identified at any point in the process including incoming inspection, use, consumption, assembly or packaging. Nonconformances can also be discovered during surveillance, validation, at the end customer or through warranty claims.

Suppliers will be notified through communication of a Defective Material Report (DMR) or a Supplier Corrective Action Request (SCAR) upon the detection of non-conforming material and/or service (or when late delivery results in a line shutdown condition).

Non-conformances discovered at Rehlko may be handled in the following ways and at the discretion of the Rehlko Group/Business Unit and/or facility [refer to the Suppler Quality Manual Supplement for further details and clarifications]:

- Rejection of the entire lot and return to the supplier
- Sorted, screened or reworked at Rehlko facility; Supplier resource(s) and or third-party may be required to support rework.
- Deviation. Product cannot be shipped or consumed prior to deviation approval.

Supplier of suspect material must provide a disposition within (2) business days. If no response received, Rehlko will disposition the material. Supplier shall ensure that no quality compromise will be made when dispositioning suspect or nonconforming product. There shall be no shipment of suspect products to Rehlko without an approved deviation. If supplier agrees that material is nonconforming, a Return Material Authorization (RMA) must be processed within (2) business days.

5.02 Supplier Response

Supplier must take immediate action upon receipt of a supplier corrective action request including direct contact with Supplier Quality as specified – unless the request states 'information only' Supplier must acknowledge receipt of a corrective action request and provide a containment plan within 24 hours which includes short term action to prevent further shipment of non-conforming materials. A complete plan for permanent corrective action implementation must be submitted within 15 business days. In the case root cause analysis extends beyond 15 days then every effort must be made to accelerate the analyses and full transparency of investigation activities is expected to be shared with Rehlko regularly.

- Identify and initiate a short-term containment plan to prevent additional non-conformance at Rehlko. This may include the inventory at Rehlko facilities, in the distribution system, at the supplier and in supplier production.
- Identify a short-term corrective action plan with timing to replace non-conforming material with conforming material.
- The containment actions, short-term corrective actions and date implemented must be documented in writing by the supplier and communicated to Supplier Quality as prescribed in the corrective action request.

Supplier must provide response to a corrective action request to their proper contacts (ex: Buyer and SQE). The response must include or document:

- Definition and verification of the non-conformance root cause including supporting data and/or study results.
- Verification of permanent corrective action including supporting data, implementation dates and updated APQP documentation.
- The lot number/effectivity date for the long-term corrective action implementation date must be identified. Any updates to the corrective action plan, such as completion dates, must be communicated to Rehlko.

5.03 Supplier Containment

Rehlko has defined 2 containment levels to contain defective product and to protect the company from receiving additional non-conforming material.

.01 Containment Level 1 (Default level for all DMR/SCAR)

Containment Level 1 is initiated when Rehlko determines that the supplier's normal process controls have failed to prevent nonconforming product from escaping, and additional inspection is required at the supplier.

For this level, Rehlko requires that a supplier put into place a redundant inspection process at the supplying location. The supplier is responsible to sort for a specific non-conformance, execute corrective action, and ensure Rehlko does not receive any additional non-conforming parts/material. The redundant inspection is required in addition to Supplier's normal production process controls, and is executed by the supplier's employees.

Containment Level 1 may be applied under the following conditions:

- Repeated nonconformances for the same issue
- Supplier controls not effective in preventing escapes
- Major disruption to Rehlko operations (line disruption, shortage risk)
- Early production or launch risk requiring additional verification
- Significant issue detected internally at Rehlko prior to reaching the customer

Required Actions:

- Establish a separate containment process at the supplier's facility within 24 hours of notification of Containment Level 1.
- Create standardized inspection instructions.
- Provide floor space and proper tooling to execute standardized inspection instructions.
- Purge supply chain of suspect material in transit and at all storage locations to confirm identification of breakpoints of non-conforming material.
- Identify individual parts, material, and containers, as agreed upon by Rehlko, to have traceability of parts certified for production.
- Certify all shipments of material to Rehlko during this period.
- The supplier must document the (CL1) inspection results daily and provide at a minimum weekly status updates to Rehlko.

Exit Criteria:

- Root cause of the issue was identified and verified to be resolved.
- Defect free shipments are received by Rehlko facility for a period of time or material quantity to be specified by the SQE.
- The initiator of corrective action must approve the exit of CL1 prior to stopping the CL1 activity.
- If the exit criteria are not met in the agreed upon timeline or if the CL1 process is deemed ineffective, the Supplier will be placed in Containment Level 2.
- Updated Control Plans, PFMEAs, Work Instructions, and other relevant documents must

be submitted as objective evidence that corrective actions have been implemented and standardized. All documentation shall be aligned for consistency and traceability to prevent recurrence in similar processes or product families.

.02 Containment Level 2 (Third-Party Containment & Problem Resolution – 3CPR)

Containment Level 2 is initiated when Containment Level 1 activities are ineffective, or when risk to Rehlko or the end customer requires independent verification.

This is a Rehlko requirement that includes the same processes as Containment Level 1, with an additional inspection process by a third-party inspection and rework company representing Rehlko's interests specific to the containment activity. The third-party will be selected by the supplier, approved by Rehlko and paid for by the supplier. This level of containment would be utilized as a last resort action.

Containment Level 2 may be applied under the following conditions:

- Failure to meet Containment Level 1 exit criteria within agreed timing
- Continued shipment of nonconforming material under Containment Level 1
- Issue has reached the end customer or field
- High severity issues involving safety, regulatory, or critical functional impact
- Lack of confidence in the supplier's containment process
- Rehlko determines that independent inspection is required

Required Actions:

- Containment Level 1 activity must continue along with Containment Level 2.
- Provide a Purchase Order (PO) to the third-party company.
- Material must be provided to the third-party inspector.
- Establish a separate containment process at the supplier's facility or at a third-party inspection and rework company within 24 hours of notification of CL2.
- Create standardized inspection instructions for CL2.
- Provide floor space and proper tooling to execute standardized inspection instructions for the CL2 third-party inspection and rework company.
- Identify individual parts, material, and containers, as agreed upon by Rehlko, to have traceability of parts certified for production.
- Only CL2 material must be delivered to Rehlko.
- The third-party will document the (CL1 and CL2) inspection results daily and provide at a minimum weekly status updates to Rehlko.

Exit Criteria:

- Root cause of the issue was identified and verified to be resolved.
- Defect free shipments are received by Rehlko facility for a period of time or material quantity to be specified by the SQE.
- The initiator of corrective action must approve the exit of CL2 prior to stopping the CL2 activity.
- If the exit criteria are not met in the agreed upon timeline, the Supplier will be placed in new business hold and could result in de-sourcing the Supplier.
- Updated Control Plans, PFMEAs, Work Instructions, and other relevant documents must be submitted as objective evidence that corrective actions have been implemented and standardized. All documentation shall be aligned for consistency and traceability to prevent recurrence in similar processes or product families.

5.04 Cost Recovery

Rehlko reserves the right to recover administrative costs incurred due to quality issues on purchased product. A nominal charge for each DMR, SCAR and Deviation may be levied to offset these costs (see Section 13 of this manual for definitions).

Quality spills that cause significant disruption to Rehlko Operations or high warranty shall be evaluated for cost recovery. In these cases, specific costs incurred will be itemized and recovered.

6.0 - Supplier Deviation Requests and Supplier Change Requests

Rehlko applies a risk-based approach to supplier change management. Not all changes require prior approval. Suppliers are expected to notify or obtain approval based on the potential impact to form, fit, function, safety, regulatory compliance, appearance, or manufacturing process capability.

6.01 Issues Requiring a Supplier Deviation Request

The supplier shall notify all applicable Business Units and locations to which their product is supplied in writing as soon as they suspect the product to be shipped does not conform to design requirements. The supplier shall notify their supplier quality and purchasing contacts, in writing, prior to any change in process or modification of tooling. Product must not be shipped until disposition is received.

All requests for deviation must include the reasons why the product has deviated from specification, i.e. the supplier must demonstrate an understanding of the inputs that caused the nonconformance.

Once the approved deviation is obtained, if required by the deviation requestor, the supplier shall identify all shipping papers, boxes, and pallets with the deviation number.

When the deviation expires, no additional product can be shipped until product meets print requirements. If needed, the supplier may request a deviation extension.

Should the supplier be able to supply conforming product prior to the deviation expiration date, it is the responsibility of the supplier to contact their supplier quality and purchasing contacts to determine what, if any, submittal data or paperwork is required. Additional data may be necessary depending on the severity of non-conformance.

Any supplier shipping product to Rehlko prior to obtaining an approved deviation may be required to sort product at the Rehlko or have the product returned at the supplier's expense. If sorting is required to be done at Rehlko due to production needs and the supplier is not able to provide support within the required timeframe, Rehlko or a third-party will complete the sort and the supplier will be responsible for all charges incurred.

Supplier should supply the date, purchase order number, and/or lot number of the first shipment of product that meets print requirements.

6.02 Supplier-Initiated Change Requests

Rehlko wants our suppliers to be active in the development of new products which leads to a successful launch for our customers. Rehlko wants our suppliers to identify issues and concerns prior to product launch. Rehlko will discourage any supplier request for change for at least 6 months after PPAP approval.

All proposed changes to supplied production materials must be properly documented and approved in writing by Rehlko prior to implementation. If uncertain whether a request is required, the supplier shall consult the related procurement or supplier quality contact.

Product and process changes having the potential of affecting form, fit, function, safety, regulatory compliance, appearance, or manufacturing process capability require a formal "Supplier Request for Change" document or equivalent to be submitted to Rehlko for review and approval. As default, Part approval (PPAP) resubmission shall be required.

Examples of proposed changes that require approval include:

- Product design changes (dimensions, materials, performance, appearance)
- Manufacturing location changes
- Tooling changes that affect part characteristics
- New or changed sub-suppliers affecting product characteristics
- Process changes affecting validated parameters or capability
- Changes affecting key or critical characteristics
- Inspection/test method changes that impact acceptance criteria

6.03 Submitting the Deviation or Change Request

A Supplier Request for Change form, must be completed and submitted to the appropriate contact for approval by the Business Unit and locations. (see section 1.02 for links)

6.04 Rehlko Initiated Changes

Rehlko business units may use various methods to request a change in specifications. It is the supplier's responsibility to review and agree to the change and resubmit a PPAP package. Suppliers must inform Rehlko Purchasing of inventory of parts which may not meet the new requirements.

Refer to the Suppler Quality Manual Supplement Section 2.0 for your applicable business unit for further details around the change process. (see section 1.02 for links)

7.0 – Supplier Scorecards

7.01 Quality Component

Rehlko uses a Scorecard system to monitor supplier performance in various areas, including quality. Scorecards are a tool for both Rehlko and the supplier to identify areas of opportunity to improve performance. The scorecard may be used as a reference when making strategic decisions, thus it is important for suppliers to monitor their scorecards and immediately take action to address any areas that require attention.

If supplier performance does not improve, a Supplier Improvement Plan (SIP) will be initiated. The supplier will be responsible for developing and executing the plan, and supplier top management must provide confirmation of their commitment to the improvement plan proposed by Rehlko. The SIP will include defined performance targets. When the required performance level is achieved, the supplier will graduate from SIP; if targets are not met, the supplier will remain in SIP with an additional action plan assigned for the next year.

During SIP, suppliers will be monitored monthly on key quality indicators, as applicable. These may include PPM trend, SCAR status, Paynter chart review, identification and effectiveness of error-proofing, continuous improvement plans, in-house rejection trends, audit observations, and progress on action plans. Monthly SIP reviews will occur either at the supplier's location, at Rehlko, or virtually, led by the Rehlko supplier quality engineer.

8.0 - Management of Rehlko-Owned Tooling Assets

8.01 General Requirements

This section establishes the requirements for the identification, protection, maintenance, preservation, storage, transfer, and disposition of Rehlko-owned tooling assets located at supplier facilities. Suppliers are responsible for safeguarding these assets and ensuring they remain functional and available to support Rehlko production and service requirements.

8.02 Scope

These requirements apply to all Rehlko-owned manufacturing, inspection, testing, assembly, tooling, gauging, fixtures, molds, dies, and related assets used to support production or service requirements.

8.03 Ownership of Assets

All tooling, gauges, fixtures, molds, dies, patterns, spare components, and related manufacturing assets funded, purchased, or owned by Rehlko shall remain the property of Rehlko regardless of physical location.

The Supplier acknowledges that these assets are maintained within their facility solely to support the manufacture, inspection, testing, assembly, validation, and servicing of Rehlko products.

Rehlko-owned tooling assets shall not be modified, transferred, relocated, disposed of, or otherwise removed from their intended use without prior written authorization from Rehlko.

8.04 Ownership of Assets

The Supplier shall establish documented procedures for the identification and control of all Rehlko-owned assets.

At a minimum:
- Rehlko asset identification numbers shall remain attached and legible.
- Tool identification, cavity identification, engineering revision level, and other traceability markings shall be maintained.
- Tooling inventories shall be periodically verified.
- Asset locations shall be controlled and documented.
- Missing assets or identification markings shall be reported to Rehlko immediately.

8.05 Tooling Care & Prevention

The Supplier shall establish documented procedures for the cleaning, preservation, handling, and protection of all Rehlko-owned tooling.

When removed from production, tooling shall be cleaned and inspected prior to storage.

The Supplier shall ensure:
- Tooling is protected from physical damage.
- Machined and precision surfaces are protected from contamination.
- Critical tooling features remain free from deterioration.
- Tooling is maintained in a production-ready condition.
- Tooling is stored in a clean and controlled environment.

Special care shall be taken to protect critical tooling surfaces and features, including:
- Cutting surfaces
- Forming surfaces
- Cavities and Cores
- Slides & Inserts
- Wear surfaces
- Datum and gauging surfaces

8.06 Corrosion Prevention

Suppliers shall implement corrosion prevention practices to protect tooling from oxidation, rust formation, pitting, and surface deterioration.

Prior to storage, the Supplier shall:
- Clean all tooling surfaces.
- Remove process residues and contaminants.
- Apply approved rust preventative materials or corrosion inhibitors.
- Protect exposed steel surfaces from environmental exposure.
- Cover or package tooling as necessary to prevent corrosion.

The Supplier shall periodically inspect stored tooling for:
- Rust
- Corrosion
- Surface oxidation
- Pitting
- Moisture accumulation

- Deterioration of protective coatings

Conditions that may adversely affect tooling performance, dimensional capability, product quality, or service life shall be reported to Rehlko.

8.07 Cooling System Prevention

Tools utilizing cooling circuits, including injection molding, compression molding, and die casting tooling, shall be protected against internal corrosion, contamination, freeze damage, and scale formation.

Prior to storage and extended periods of inactivity, the Supplier shall:
- Drain all cooling circuits.
- Drain manifolds, piping, fittings, and hoses.
- Blow out all cooling channels using compressed air or an equivalent process.
- Verify removal of residual moisture.
- Apply corrosion inhibitors to internal circuits where appropriate.
- Inspect cooling systems for blockage, leakage, or excessive contamination.

Prior to production restart, cooling systems shall be verified for functionality and integrity.

8.08 Preventive Maintenance

The Supplier shall maintain a documented preventive maintenance program for all Rehlko-owned tooling.

Maintenance frequencies shall be determined using factors such as:
- Tool hits
- Cycle counts
- Production volume
- Operating hours
- Historical tool performance
- Manufacturer recommendations
- Tool criticality

Preventive maintenance activities shall include inspection of tooling components, wear surfaces, cooling systems, alignment features, safety devices, and other critical features as appropriate.

Maintenance records shall include:
- Asset identification
- Maintenance activity performed
- Date completed
- Tool condition assessment
- Repairs completed
- Components replaced
- Next scheduled maintenance event

Suppliers shall maintain Rehlko-owned tooling in a condition capable of consistently producing conforming product and supporting approved production requirements.

8.09 Planned Major Refurbishments

When significant tooling refurbishment, rebuilding, or replacement is anticipated, the Supplier shall notify Rehlko and provide appropriate supporting documentation, including tooling condition, maintenance history, proposed scope of work, timing, and estimated costs where applicable. Refurbishment activities requiring Rehlko review or approval shall not proceed until written authorization is obtained.

8.10 Emergency Refurbishments

If tooling damage, excessive wear, catastrophic failure, or other unforeseen conditions place production continuity, product quality, delivery performance, or customer requirements at risk, the Supplier shall immediately notify Rehlko.

Emergency notifications shall include:

- Description of the issue.
- Affected tooling identification.
- Root cause, if known.
- Impact on production and delivery.
- Interim containment actions.
- Estimated repair or refurbishment requirements.
- Recovery timing and production restart plan.

The Supplier shall work collaboratively with Rehlko to evaluate corrective actions, refurbishment requirements, and temporary production solution necessary to restore production capability as quickly as possible.

8.11 Rehlko Access and Retrieval Rights

Rehlko reserves the right to inspect, audit, and verify the condition, maintenance, and inventory of Rehlko-owned tooling.

8.12 Tool Transfer and Program Completion

Upon program completion, extended inactivity, or at Rehlko's request, the Supplier shall return all Rehlko-owned tooling in a production-ready condition.

Prior to shipment, the Supplier shall:

- Clean all tooling.
- Complete required maintenance activities.
- Apply rust preventative protection.
- Protect all cavities, cores, punches, inserts, and critical surfaces.
- Drain all cooling systems.
- Blow out cooling channels, manifolds, and hoses.
- Secure loose components and spare details.
- Package tooling to prevent transportation damage and corrosion.
- Provide maintenance and tooling history records upon request.

Any known damage, missing components, corrosion, excessive wear, unauthorized modifications, or conditions affecting tool functionality shall be disclosed to Rehlko prior to shipment.

The Supplier shall maintain tooling in a condition that allows the asset to be returned to production with minimal restoration effort while ensuring continuity of manufacturing and product quality.

9.0 - Packaging, Labeling, & Handling

In-process and finished products shall be appropriately packaged to protect from damage. Packaging shall meet all applicable shipping laws, codes, and regulations. All shipments shall be packaged or placed in a new container unless otherwise specified. Packing slips shall be attached to the carton exterior in shipping envelopes. All packaging must be qualified to International Safe Transit Association (ISTA) test standards as appropriate.
Wood packaging must comply with ISPM15 regulations.

The supplier shall ensure that all Rehlko packaging is clean and free from dirt, debris, foreign materials, and damage. All returnable packaging and dunnage that is not clean and free from dirt, debris, foreign material and damage may be subject to rejection.

Packaging shall be labeled in accordance with all Rehlko standards, unless otherwise specified. The packaging and labeling shall meet Rehlko specifications or requirements. Each shipment shall be marked with the Rehlko part number, manufacturing part number, quantity, lot number, Rehlko site name, address, gross weight in pounds, and any other specified requirements as applicable. Suppliers shall notify Rehlko when labelling methods or documents will be changed related to Codes, Standards, and/or Regulatory requirements.

Supplier shall identify items(s), and/or package(s) container(s) of shelf-life material with the manufacture date or the expiration date along with any special storage and handling conditions, in addition to the normal identification requirements. If not otherwise specified, a minimum of 75% shelf-life must be remaining upon receipt at Rehlko.

Product is to be shipped in standard specified quantities, in approved packaging, for every shipment. Any exceptions require specific approval from Rehlko.

When applicable, barcode labels for US bound products shall comply with ANSI MH10.8M or AIAG standards and are to be in Code 39. Details for applicable barcode label requirements can be found under "Conducting Business" section of Rehlko Suppliers website (see section 1.02 for links).

10.0 - Product Characteristics

Rehlko specifies the use of symbols to identify product key characteristics that affect Safety, Legal, Codes and Standards regulations, consequential damage, fit, form, function, appearance, and customer attachment points. These characteristics shall be identified on drawings prior to quote and identified with unique symbols. Symbols may vary by Business Unit procedure.

Refer to the Supplier Quality Supplement for your respective Business Unit on requirements for each characteristic.

Discussions with the supplier shall be held early in the process to review, jointly discuss and agree on customer and significant characteristics. Any concerns by a supplier on the ability to meet the requirements shall be communicated as early as possible.

Features not labeled as a key characteristic are considered normal characteristics. If discrepant, the characteristic is likely to have a minor effect on function or appearance. Features classified as normal must conform to specification.

Assignment of key characteristics does not reduce the importance of any other characteristic on a drawing. Every tolerance is absolute and shall not be exceeded regardless of classification.

Refer to the Supplier Quality Manual Supplement Section 6 for specific detail.

11.0 - Government, Safety, Compliance and Environmental Regulations

All purchased materials shall satisfy current governmental, compliance and safety constraints on restricted, toxic and hazardous materials; as well as environmental, electrical, and electromagnetic considerations applicable to the countries of manufacture and sale. The supplier must follow U.S. Customs security guidelines for C-TPAT if involved in importing goods to the United States of America.

Rehlko specific requirements may exceed general requirements.

12.0 – Sub-Tier Supplier Management

Tier 1 Suppliers of Rehlko are fully responsible for the quality of their sub-tier supply base. During product development, Rehlko Supplier Quality will verify that all Tier 1 Suppliers have robust sub-tier management plans in place. Expectations are:

- Tier 1 to have *basic knowledge* of the sub tier processes (Tier 1 does not have to be an expert);

- verification that all specifications are understood and being met at all tier levels – ask Rehlko for clarification if needed; and

- all sub-tiers must have a quality system in place – PFMEA, Control Plan, process audits, 5S, standard work instructions, part handling, preventive maintenance, PPAP, etc. All sub-tier process approvals are the responsibility of the Tier 1;

Even in situations where use of a sub-tier has been directed or consigned, the Tier 1 supplier has ultimate responsibility to ensure the final product is completely conforming. Any concerns must be escalated to Rehlko as soon as possible for resolution.

For critical or complex projects, Rehlko reserves the right to request on site verification of sub-tier supplier processes. In these cases, Rehlko will work though the Tier 1 Supplier to make arrangements.

As a Tier 1 suppler, think about Rehlko's quality expectations of you – do not accept anything less from your sub-tiers.

13.0 - Glossary/Appendix

13.01 Terms

Supplier Approval – Pre-award process to determine capability and compatibility to support Rehlko long-term plans and vision.

Supplier Development – Proactive program for development and continuous improvement.

- Joint improvement projects
- Identifying tools for continuous improvement
- Supplier training
- Supplier conferences

Certificate of Analysis (C of A) – A quality record received from a supplier that indicates the results of specified tests on products performed before shipment. It may also indicate performance of the process used to make the purchased goods or products.

C-TPAT (CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM) --
For further information on the areas of focus please visit the C-TPAT website:
http://www.customs.gov/xp/cgov/import/commercial_enforcement/ctpat/foreign_manuf/security_recommendations.xml

EDI – Electronic Data Interchange --
Electronic transmission of purchase orders and invoices; (not facsimile transmission)
The transfer of data between different companies using networks, such as the Internet. As more and more companies get connected to the Internet, EDI is becoming increasingly important as an easy mechanism for companies to buy, sell, and trade information.

LEP (Leading Edge Procurement) --
Planning techniques used to control assets (inventory) such that processes optimize availability of material inventories at the manufacturing site to only what, when & how much is necessary. LEP processes include consignment, dock-to-shop and demand/pull. The supplier may apply 'Just-in-Time' (JIT) manufacturing where product is "pulled" along to finish rather than conventional mass production "push" system. Application of tools such as Kanban (Japanese: signal) signals a cycle of replenishment for production and materials and maintains an orderly and efficient flow of materials throughout the entire manufacturing process.

Production Part Approval Process (PPAP) --
When required by the business unit or facility, supplier may be asked to obtain part or component part approval via PPAP submission. The purpose of part approval is to determine if the suppliers understand all Rehlko requirements and if supplier processes demonstrate the capability to consistently produce parts that satisfy the requirements. For further information, see AIAG and Group/Business Unit requirements.

AIAG: Automotive Industry Action Group (http://www.aiag.org/)

ISPM15: International standards calling for wood packaging material to be either heat treated or fumigated with methyl bromide and marked with an approved international mark certifying treatment https://www.ippc.int/servlet/CDSServlet?status=ND0xMzM5OSY2PWVuJjMzPSomMzc9a29z

Regulations for the importation of wood packaging materials to the U.S. --
The regulations now incorporate international standards calling for wood packaging material to be either heat treated or fumigated with methyl bromide and marked with an approved international mark certifying treatment. For more information, please see web site at http://www.aphis.usda.gov/ppq/swp/import.html

Business Group – Organization of related Business Units. Refer to www.rehlko.com under Businesses to review the Industrial Energy Systems, Powertrain Technologies, and Home Energy Groups if applicable.

Business Unit – Divisions or legal entities of the Rehlko. Refer to www.rehlko.com as subcategories under each Business Group (i.e. Power Systems, Engines, Home Energy, etc.).

Defective Material Report (DMR) – Information only defect notification sent to the supplier to document defective material issues.

Supplier Corrective Action Request (SCAR) – Notification of corrective action requirement from supplier. SCAR's usually require an initial reply within 24-hours of issuance.

13.02 Quality Records

- Supplier Corrective Action Request (SCAR)
- Defective Material Report (DMR)
- Supplier Defective Material Report (SDMR)
- Product Key Characteristics Classification Symbols:
    - Product key characteristics are identified on drawings prior to quote and identified with unique symbols. Symbols may vary by group/sector/local procedure with such terms as customer/major or significant/critical.

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Approval: Juliana Van Winkle [Director of Supplier Quality]
Todd Rydzewski [Director of Purchasing]

Revision History:

REV #	CHANGE	AUTHOR	DATE
1.0	Initial release	L. McAdam	08/30/2005
1.1	Enhancement of 11.0 Supplier Request for Change (SRC)	L. McAdam	11/14/2008
2.0	Re-arranged sections about Supplier Change Request Added a new section for advanced containment Detailed definition of PPAP process	Global Procurement Council Global Quality Council	06/20/2013
2.1	GPI# changed from 3009 to 2004.	B. Fenner	01/27/2014
3.0	Updated SQM to reflect current Rehlko SQ practices used across all Business Units, added cost recovery section 5.05, revised Section 12 content	G.C. Wilson et al	02/01/2020
4.0	Updated weblink of Engines, Power Systems & Residential Power Supplier Group	G.C. Wilson et al	05/16/2022
5.0	Overhaul for Kohler vs. Rehlko. Updated per new Rehlko policies. Add Sections from the various Supplier Quality Requirement Supplements.	J. Yosick J. Larson	06/29/2026
6.0	Complete rewrite of Section 8. Added detailed requirements for ownership, identification, preservation, maintenance, refurbishment, audits, storage, transfer, and protection of Rehlko-owned tooling assets. Removed GPI # - not relevant for Rehlko.	J. Yosick	08/24/2026