



# CGT SUPPLIER Quality Manual





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The manual does not replace or supersede any existing agreements or contracts between CGT and its suppliers. In case of any discrepancies or conflicts, the terms of existing agreements or contracts shall prevail.

Suppliers acknowledge and agree to the terms outlined in this disclaimer by accessing and using this manual.

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# 1. INTRODUCTION

## 1.1. About CGT

CGT is an indispensable partner to the polymer product and coated fabrics industry. Approximately 1200 employees engage and service diverse and unique markets throughout the world: from our global headquarters in Cambridge, Ontario, Canada to our production facilities in China, Texas and France. CGT addresses the global demand for our products which enable greater flexibility in response to the needs of our marketplace worldwide. Through our dynamic proprietary process and creative culture, we deliver timely and innovative solutions that transform the performance, quality, and sensory experience of coverstock surfaces.

We formulate custom thermoplastic sheeting using our customized capabilities to finish and combine with world-class engineering, design, production, sales, and support. With a flexible operational footprint that enables us to target the highest level of quality and meet the most aggressive timeline.

CGT holds certifications for various Management Systems, indicating its commitment to quality, health, safety, and environmental standards:

- Quality Management System (ISO 9001)
- Automotive Quality Management System (IATF 16949)
- Occupational Health and Safety Management System (ISO 45001)
- Environmental Management System (ISO 14001)
- Trusted Information Security Assessment Exchange (TISAX)

Additionally, CGT is accredited under the Laboratory Management System (ISO 17025).



## 1.2. Objective

The objective of this manual is to provide a framework for the selection and ongoing evaluation of the suppliers based on their ability to meet the quality, health, safety, environmental and information security requirements of CGT.

## 1.3. Scope

This manual applies to all current and potential suppliers of CGT.

## 1.4. Maintenance

The Director of Purchasing oversees the upkeep of this manual. Any supplier can propose changes to enhance this manual with justifiable reasons. The proposed modifications in the manual undergo a review process involving relevant stakeholders at CGT. Once approved, the updated manual is accessible to all stakeholders through its publication on the CGT website.

## 1.5. Normative Reference

The requirements of the following documents were reviewed while establishing this manual:

- Quality Management System (ISO 9001)
- Automotive Quality Management System (IATF 16949)
- Occupational Health and Safety Management System (ISO 45001)
- Environmental Management System (ISO 14001)
- Quality Management System of CGT
- Health, Safety and Environmental Management System of CGT
- Information Security Management Systems (ISO-27001)
- Trusted Information Security Assessment Exchange (TISAX)



## 1.6. Acronyms and Terms

Acronyms	Terms
<b>CGT</b>	Canadian General Tower Ltd.
<b>QMS</b>	Quality Management System
<b>OHS</b>	Occupational Health and Safety
<b>EHS</b>	Environmental, Health and Safety
<b>QHSE</b>	Quality, Health, Safety and Environment
<b>APQP</b>	Advance Product Quality Planning
<b>FMEA</b>	Failure Mode Effects Analysis
<b>SPC</b>	Statistical Process Control
<b>PPAP</b>	Production Part Approval Process
<b>MSA</b>	Measurement System Analysis
<b>IMDS</b>	International Material Data System
<b>RFQ</b>	Request for Quote
<b>PO</b>	Purchase Order
<b>RMA</b>	Return Material Authorization
<b>CoC</b>	Certificate of Conformance
<b>CoA</b>	Certificate of Analysis/Authentication
<b>SC</b>	Significant/Special Characteristic
<b>CC</b>	Critical Characteristic
<b>NCR</b>	Nonconformity Report
<b>SCAR</b>	Supplier Corrective Action Request
<b>R&amp;R</b>	Repeatability and Reproducibility
<b>RPN</b>	Risk Priority Number
<b>NIST</b>	National Institute of Standards and Technology
<b>8D</b>	Eight Disciplines of Problem Solving

**2.**

# **Quality, Health, Safety, and Environmental Requirements**





In our steadfast dedication to excellence and responsible business practices, we specify the following requirements for our suppliers for quality, health, safety, and environmental performance:

## 2.1. Quality Requirements

- Suppliers must conform to specified quality standards for the products or services provided;
- Certification to ISO 9001 is desired for suppliers in commercial business, IATF 16949 for those in the automotive sector, and ISO 17025 for calibration service providers;
- CGT expects continual improvement in product and service quality.

## 2.2. Health and Safety Requirements

- Suppliers must prioritize the health and safety of their employees and interested parties;
- Compliance with relevant OHS regulations is mandatory;
- Suppliers must communicate health and safety hazards pertinent to the products and services offered to CGT;
- Certification or conformity with ISO 45001 standards is desired.

## 2.3. Environmental Requirements

- Suppliers are expected to minimize their environmental impact and adopt sustainable practices;
- Certification or conformance with ISO 14001 is desired;
- Suppliers are required to communicate significant environmental aspects, along with their impacts and controls relevant to the products and services provided to CGT;
- Sustainable sourcing, waste reduction, and energy conservation practices are encouraged.

## 2.4. Information Security Requirements

Suppliers are expected to have Information Security Management Systems in place to manage risk related to the security of data owned or handled by the company. Certification to ISO-27001 or TISAX is preferred.

By aligning with these requirements, suppliers contribute to a collaborative effort to ensure the highest standards of quality, health, safety, and environmental responsibility within our supply chain.

**3.**

# **Social Responsibility, Confidentiality and Code of Conduct**



### 3.1. Social Responsibility

The social responsibility of suppliers encompasses their commitment to ethical and sustainable business practices that positively impact various stakeholders, including employees, communities, and the environment.

Suppliers are encouraged to engage in ethical sourcing by ensuring the integrity of their supply chains. This involves avoiding the use of conflict minerals, supporting fair trade practices, and promoting transparency in sourcing activities.

Suppliers must respect and uphold human rights in their operations. This includes ensuring that their activities do not contribute to discrimination, harassment, or any form of human rights violations.

Suppliers should adopt environmentally sustainable practices to minimize their ecological footprint. This includes compliance with local environmental regulations, resource conservation, pollution prevention, waste reduction, and responsible energy and emissions management.

### 3.2. Confidentiality

Suppliers shall recognize that information pertaining to products, processes, and services provided by CGT constitutes its intellectual property and is considered strictly confidential. Without prior written permission from CGT's authorized personnel, suppliers are prohibited from disseminating CGT's intellectual property to any third party. All suppliers are obligated to execute a confidentiality agreement with CGT, thereby acknowledging and accepting the confidentiality stipulations detailed in the Non-Disclosure Agreement (NDA).

### 3.3. Code of Conduct

As a valued partner and supplier to CGT, we expect all individuals and entities involved in our supply chain to adhere to the highest standards of ethical and responsible business conduct. By engaging in business with us, you agree to abide by the Supplier Code of Conduct. Please refer to the "Supplier Information" page on the company website for details of the Supplier Code of Conduct.

# 4. Supplier Selection, Monitoring and Development



## 4.1. Suppliers Selection Process

CGT selects new suppliers based on specific requirements and merit. CGT aims to identify and work with “Best in Class” suppliers. CGT is committed to developing, expanding and promoting purchases from minority-owned businesses. All suppliers are expected to commit to and implement plans to support cost reductions.

The supplier selection process is based on certification or compliance with QHSE standards, continual improvement, supplier diversity, technological innovation, and price competitiveness.

A decision is made upon completing the selection process, and the supplier is selected. The new supplier gets official recognition and is added to the Approved Supplier List, marking the start of a mutually beneficial partnership.

The supplier selection process at CGT includes:

### 4.1.1. Initial Evaluation

The supplier selection process at CGT starts with the Purchasing Department sending the Supplier Evaluation Form to potential suppliers. To ensure a thorough assessment, all suppliers are required to diligently complete the Supplier Evaluation Form and furnish copies of any Quality, Health, Safety, and Environmental (QHSE) certifications they may hold.

### 4.1.2. Credit Rating

CGT has the right to review the credit rating of potential suppliers to assess their credit-worthiness and financial stability. This evaluation helps determine the level of financial risk associated with engaging in business transactions with a particular supplier.

Implementing a supplier credit rating requirement is a strategic approach to managing financial risk and ensuring the financial health of the supply chain. It aligns with prudent financial management practices and contributes to the overall stability of business operations.

### 4.1.3. Status of Certification

Certification to a QMS is one of the key requirements for supplier selection. Unless otherwise specified by CGT, the following sequence should be applied to achieve this requirement:

- Certification to ISO 9001 through third-party audits unless otherwise specified by the customer;
- Conformance to ISO 9001 through second-party (supplier) audit conducted by CGT;





- Waiver to ISO 9001 certification/compliance if the supplier does not perform any process that adds value to the product or material.

In addition to the above requirements, the suppliers of automotive products have to meet the following requirements with the ultimate objective of achieving IATF 16949 certification:

- Certification to ISO 9001 through a third party and compliance to other customer-defined QMS requirements (such as Minimum Automotive QMS for Sub-Tier Suppliers or equivalent) through second-party audits;
- Certification to IATF 16949 or VDA 6.3 through third-party audits.

Accreditation or compliance with ISO 17025 or equivalent is required for the suppliers providing calibration services. Services of equipment manufacturers can also be used for calibration services. Certification or conformance with ISO 14001 and ISO 45001 requirements shall be an added advantage.

#### 4.1.4. Suppliers on Trial Status

In certain instances, particularly with raw material suppliers, an additional step in the selection process may involve requesting samples for a trial. This trial period allows for a comprehensive evaluation of the materials in real-world scenarios.

The trial process for selecting potential suppliers involves a systematic and controlled evaluation period to assess the supplier's capabilities, product quality, and overall compatibility with the CGT's requirements. This trial phase mitigates risks and ensures that the selected supplier consistently meets expectations.

Based on the trial results, which encompass aspects such as overall performance, reliability, and alignment with long-term goals, a well-informed decision is reached regarding the continuation or termination of the supplier relationship. If the trial is successful, the supplier is engaged in contract negotiations to define the terms and conditions of a long-term partnership, including pricing, delivery schedules, and quality assurance measures. Upon completion of a successful trial period the supplier may be added to the Approved Supplier list.

#### 4.1.5. Onsite Evaluation

An onsite evaluation of potential suppliers can also be conducted if required. The onsite evaluation is a comprehensive process conducted to thoroughly assess and scrutinize the capabilities, facilities, and overall suitability of prospective suppliers. This evaluation typically involves a visit to the supplier's premises by a cross-functional team representing various relevant departments such as purchasing, operations, product development and quality assurance. The primary objectives of this onsite evaluation are to gather firsthand information to make informed decisions regarding a potential partnership with the supplier.



During the onsite evaluation, the team focuses on several key aspects:

- **QMS Effectiveness**

The team assesses the effectiveness of the supplier's QMS, ensuring it aligns with industry standards and the organization's quality requirements. This includes reviewing documented procedures, quality control measures, and adherence to relevant certifications.

- **Organizational Structure**

The onsite visit provides insights into the supplier's organizational structure, including key personnel, management practices, and communication channels. Understanding the supplier's structure is crucial for effective collaboration and communication.

- **Production Capabilities**

Evaluating the supplier's production capabilities involves assessing manufacturing processes, equipment, and technology. This step ensures that the supplier can meet the required production volumes and maintain product quality.

- **Development Capabilities**

The team examines the supplier's capabilities in terms of research, development, and innovation.

- **Logistics and Supply Chain Management**

Assessing the supplier's logistics and supply chain management ensures that they can meet delivery timelines, handle inventory efficiently, and manage the transportation of goods effectively.

- **Compliance with Standards and Regulations**

The team verifies the supplier's compliance with industry-specific standards, regulations, and certifications. This includes environmental, health, safety, information security and quality standards.

- **Communication of Expectations**

During the onsite visit, the team communicates the organization's expectations, standards, and requirements to the supplier. This helps establish clear guidelines for the partnership.

The insights gathered from the onsite evaluation contribute to the overall supplier selection process, enabling the organization to make informed decisions based on firsthand observations and assessments.



## 4.2. Supplier Communication

Supplier communication is critical to effective supply chain management and business relationships. It involves the exchange of information, expectations, and feedback between CGT and its suppliers. Clear and transparent communication with suppliers is essential for fostering collaboration, ensuring the smooth flow of goods and services, and maintaining a positive and mutually beneficial partnership.

Clear and open communication with suppliers helps build trust, reduces the likelihood of misunderstandings, and contributes to a more resilient and responsive supply chain. It is a key factor in creating successful, long-term supplier relationships.

Supplier shall communicate and get acknowledgment of any potential supply chain disruption through formal written communication channels in advance to CGT.

Effective communication channels are essential for maintaining a transparent, collaborative, and efficient supply chain. The supplier can choose appropriate communication channels such as emails, phone calls, meetings (in-person/virtual) and Electronic Data Interchange (EDI). The choice of communication channel often depends on the nature of the message, the urgency of communication, and the preferences of both parties. A combination of these channels ensures a versatile and comprehensive approach to communication.

The key aspects of supplier communication include but are not limited to:

- Forecasting and Planning
- Ordering and Fulfillment
- Status of QHSE Certifications
- Feedback and Performance Evaluation
- Legal and Other Requirements
- Problem Solving and Corrective Actions
- Innovation and Continual Improvement
- Technology Integration
- Price Negotiations and Terms
- Contractual Agreements
- Certificate of Analysis or Conformity (COA/COC)
- Safety Data Sheets (SDS)



## 4.3. Supplier Performance Evaluation

### 4.3.1. Performance Matrix

The Supplier Performance Matrix is a structured evaluation framework at CGT to assess the performance of suppliers within a supply chain. This matrix systematically measures suppliers against predefined key performance indicators (KPIs) and criteria to determine their effectiveness in meeting the CGT's requirements. The matrix serves as a valuable tool for supplier management and decision-making processes.

Key elements of a Supplier Performance Matrix include:

- Quality
- Delivery
- Cost Management
- Supply Chain Performance

### 4.3.2. Performance Matrix

Maintaining quality and other certifications is one of the key requirements of CGT. Quality certifications demonstrate a supplier's commitment to meeting specific standards and ensuring the quality and consistency of their products or services.

The requirement for suppliers to maintain quality certifications is driven by the need for standardized quality practices, compliance with industry regulations, and the assurance of consistent, high-quality deliverables. It serves as a foundation for building strong, reliable, and enduring business relationships with CGT.

## 4.4. Supplier Development

Supplier development is a strategic and collaborative process to improve suppliers' capabilities, performance, and overall value contribution within a supply chain. This initiative involves working closely with suppliers to enhance their processes, systems, and practices, ultimately benefiting both the supplier and CGT.

Supplier development is a proactive approach to building stronger, more resilient supply chains. It aligns with the principles of collaboration, transparency, and mutual growth, contributing to CGT's and its suppliers' overall success.

The supplier development process will be initiated for suppliers scoring below 70% in the quarterly scorecard.



Here are key aspects of supplier development:

- **Objective**

The primary objective of supplier development is to strengthen the supplier's capabilities to meet and exceed the performance expectations of CGT.

- **Collaboration**

It involves collaborative efforts between the CGT and the supplier. This partnership approach fosters mutual understanding and shared goals.

- **Continual Improvement**

Supplier development emphasizes continual improvement, encouraging suppliers to continually enhance their processes, technologies, and quality management systems.

- **Communication**

Open and transparent communication is crucial. CGT communicates expectations, provides feedback, and collaborates with suppliers to identify improvement opportunities.

- **Training and Support**

Supplier development may involve providing training, resources, and support to suppliers. This can include sharing best practices, offering technical assistance, or facilitating access to relevant technologies.

- **Performance Enhancement**

The focus is on improving various aspects of supplier performance, including quality, on-time delivery, cost efficiency, innovation, and overall responsiveness. Establishing key performance indicators (KPIs) and metrics to measure and evaluate the supplier's performance. This data-driven approach allows for objective assessments.

- **Risk Management**

Addressing risks within the supply chain and working collaboratively with suppliers to mitigate potential disruptions or challenges. This includes identifying and proactively managing risks related to quality, logistics, and other critical areas.

- **Capacity Building**

Enhancing the supplier's capacity to handle increased demand or new challenges. This may involve suppliers' investments in technology, training of personnel, or process improvements.

- **Innovation**

Encouraging innovation and creativity within the supplier's operations. This could involve jointly exploring new technologies, materials, or processes that bring added value to the supply chain.





- **Quality Management Systems**

Ensuring that suppliers have robust quality management systems in place. Supplier development may include helping suppliers obtain and maintain relevant certifications and standards.

- **Long-Term Relationship Building**

Establishing long-term relationships with suppliers. Supplier development is not a one-time initiative but a continuous process that evolves as the business landscape changes.

- **Performance Recognition**

Recognizing and rewarding suppliers for achieving performance improvements. This positive reinforcement reinforces a culture of continual improvement.

#### 4.4.1. Second Party or Supplier Audits

The second party audit is a valuable tool for CGT to strengthen its supply chain by evaluating the QMS of its suppliers and identifying the issues affecting CGT to meet its quality requirements and expectations of its customers. Second party audits are conducted for suppliers scoring below 70% in the quarterly performance evaluation.

Second party audits are crucial in ensuring that suppliers meet the CGT's performance requirements. The second party audits typically involve a visit to the supplier's premises by a cross-functional team of CGT, such as representatives from purchasing, operation, quality assurance, and product development. The second party audits can also be assigned to an external auditor representing CGT.

CGT defines the scope and criteria of the audit. This may include quality standards, contractual obligations, regulatory requirements, or specific industry requirements. Second-party auditors assess the effectiveness of the supplier's processes, systems, and controls in meeting the specified criteria. This includes evaluating quality management systems, production processes, and adherence to other performance requirements communicated to suppliers.

If nonconformities or areas for improvement are identified during the audit, the supplier is required to implement corrective actions. The auditing party may work collaboratively with the supplier to develop improvement plans.

The findings of second party audits help the CGT and the supplier continually improve their processes and systems over time.



#### 4.4.2. Corrective Actions

Supplier corrective actions refer to the measures taken to address and rectify issues, discrepancies, or nonconformities identified in the products, services, or outsourced processes. This process ensures that the supplied products or services meet the specified quality requirements and adhere to contractual agreements.

Implementing effective supplier corrective actions is essential for maintaining a robust supply chain and ensuring that products or services consistently meet quality standards. It contributes to building strong and collaborative relationships with suppliers based on a commitment to continual improvement and mutual success.

The root cause analysis and corrective action are required from the supplier in case of non-conformity in supplied products or services. CGT reviews the root cause(s), actions, corrective action(s), and the effectiveness of the actions taken. Corrective actions are shared with relevant stakeholders if required.

In case the part of the corrective action requires sorting of supplied product at CGT premises, the supplier shall be responsible for payment of the sorting and associated costs. Cost recovery will be process through the DMR (Discrepant Material Report), to complete the process the supplier must provide a RMA# (Return Material Authorization).

#### 4.5. Control of Sub-Suppliers

CGT requires their suppliers to identify and communicate to CGT if the products and services are subcontracted within their supply chain. The requirements of this manual are equally applicable to sub-suppliers for the effective management of an extended supply chain, minimizing risks, and ensuring the consistent delivery of high-quality products and services. This control contributes to the supply chain network's overall resilience and reliability.

**5.**

# **Product, Service and Process Requirements**



## 5.1. Manufacturing or Service Requirements

Clear communication, well-defined expectations, and mutual commitment to quality and efficiency contribute to successful partnerships with suppliers of both products and services.

Manufacturing and service requirements for suppliers vary based on the characteristics of the products or services being procured. Here are key considerations for both manufacturing and service requirements:

### 5.1.1. Manufacturing Requirements for Suppliers

- **Product Specifications**

Detailed specifications outlining the quality, design, materials, and performance criteria of the products to be supplied. These specifications are covered in CGT Product Material Specification (PMS).

- **Quality Standards**

Adherence to specific quality management standards per CGT quality guidelines and requirements for inspections and testing during manufacturing. Suppliers shall support any additional quality inspection and sorting deemed necessary due to product nonconformity.

- **Production Capacity**

The supplier's ability to meet the required production volumes within specified timeframes. CGT can provide an estimated annual forecast for review.

- **Lead Times**

Clear expectations regarding lead times for order fulfillment, including manufacturing, packaging, and delivery. Any delays or extensions in lead time shall be communicated in written and acknowledged.

- **Supply Chain Management**

Demonstrated capabilities in supply chain management to ensure a consistent flow of raw materials and components.

- **Customization Capabilities**

Ability to customize products based on unique specifications or requirements provided by CGT.



- **Regulatory Compliance**

Adherence to industry-specific regulations and compliance with safety, environmental, information security and other relevant standards.

- **Continual Improvement**

Commitment to continual improvement in manufacturing processes, efficiency, and product quality.

- **Technology and Innovation**

Utilization of advanced technologies and a commitment to innovation within the manufacturing processes.

- **Cost Competitiveness**

Competitive pricing structures and a commitment to cost efficiency without compromising product quality.

- **Supplier Performance Metrics**

Establishment of key performance indicators (KPIs) to measure and track the supplier's performance in areas like on-time quality, delivery, cost management, and supply chain performance.

- **Tooling and Equipment**

Availability and maintenance of necessary tooling and equipment required for the manufacturing process. Ensure the availability of critical spare parts to support the manufacturing process.

- **Preservation of Product.**

The supplier shall preserve the product during internal processing and delivery in order to maintain conformity to requirements. As applicable preservation shall include Identification, handling, packaging, Storage and Protection.

The Supplier shall use an inventory management system to optimize inventory turns over-time and assure stock rotation, such as "First-in-first-out" (FIFO).

- **Production Part Approval Process (PPAP)**

Only suppliers of lamination services may be required to submit the PPAP. According to the latest revision of the AIAG Production Part Approval Process manual, suppliers providing bulk material are not to submit PPAP.





### 5.1.2. Service Requirements for Suppliers

- **Service Agreements**

Clearly defined service agreements outlining the expected service levels, response times, and performance metrics.

- **Qualifications and Expertise**

Evidence of the supplier's qualifications, expertise, and experience in delivering the required services.

- **Compliance and Regulations**

Adherence to industry regulations, certifications, and compliance with relevant legal requirements.

- **Communication Protocols**

Efficient and effective communication channels and protocols for addressing issues, providing updates, and handling feedback.

- **Training and Certification**

Ensuring that service personnel are adequately trained, certified, and possess the necessary skills for service delivery.

- **Problem Resolution Procedures**

Clearly defined procedures for identifying, reporting, and resolving issues that may arise during service delivery.

- **Technology Integration**

Capability to integrate with existing technologies or systems used by CGT.

- **Customer Support**

Availability and responsiveness of customer support, including helpdesk services and technical support.

- **Performance Reporting**

Regular reporting on service performance, including service quality, uptime, and customer satisfaction metrics.

- **Innovation and Continual Improvement**

A commitment to innovation in service delivery processes and continual improvement in meeting CGT's needs.



- **Data Security and Confidentiality**

Adherence to data security and confidentiality standards, especially for service providers dealing with sensitive information.

- **Cost Structure**

Transparent and reasonable cost structures for the services provided, with clear detailed breakdowns of fees.

## 5.2. Inspection, Measuring and Test Equipment (IMTE)

The control of monitoring and measuring equipment is crucial for ensuring the accuracy and reliability of measurements and tests performed by suppliers. This is particularly important where precise measurements are essential for quality control, regulatory compliance, and overall product or service performance.

By implementing robust control measures for monitoring and measuring equipment, suppliers contribute to the reliability and accuracy of the data generated during their processes, ultimately supporting the delivery of high-quality products or services to their customers.

Suppliers should have documented procedures for the calibration of monitoring and measuring equipment. These procedures should specify the methods, standards, and frequencies used for calibration. Suppliers may implement a risk-based approach to determine the criticality of monitoring and measuring equipment, guiding decisions on calibration frequency and intensity of control measures.

Suppliers should maintain records that demonstrate the traceability of their calibration equipment to recognized national or international standards.

Suppliers should immediately notify CGT and get acknowledgement of any changes in monitoring and measuring equipment that may affect the quality or conformity of the delivered products or services.



### 5.3. Product Identification and Traceability

The identification and traceability of products provided by suppliers are essential aspects of quality management and supply chain control at CGT. Ensuring that products can be clearly identified and traced throughout the production and distribution processes is crucial for quality assurance, regulatory compliance, and effective recall management.

Suppliers should have traceability systems in place that enable the tracking of products from their point of origin through various stages of production, distribution, and delivery to CGT. Each product should have a unique identifier, such as CGT Part #, Supplier Part #, Supplier Lot #, a serial number, batch number, or other distinctive marking.

If the supply chain involves multiple tiers of suppliers, traceability should extend to sub-suppliers. Suppliers should have visibility into the origin and quality of components or materials sourced from sub-suppliers.

Suppliers should maintain detailed documentation and records that link each product to its unique identifier. This documentation should include information about the production process, materials used, and quality control measures.

Suppliers should comply with relevant industry standards and regulatory requirements pertaining to product identification and traceability. By adhering to the identification and traceability requirements, suppliers contribute to a transparent and accountable supply chain, ensuring that products meet quality standards and can be traced back in the event of issues or recalls.

### 5.4. Product Verification and Validation

Verification and validation are critical processes in ensuring the quality and conformity of products provided by suppliers. These processes help confirm that products meet specified requirements, standards, and expectations.

CGT requires a Certificate of Analysis (COA) or a Certificate of Conformity (CoC) for all key materials that may affect final product quality.

CGT verifies and validates that the products align with the specified product specifications. Verification and validation activities at CGT include but are not limited to receiving inspection, testing, and verification of COA/CoC data against PMS specifications. Validation activities are performed on selected raw materials such as resins and plasticizers.

By systematically implementing verification and validation processes, CGT ensures that the products received from suppliers meet the required quality standards, comply with regulations, and align with product specifications. This contributes to the overall quality and reliability of the supply chain.



## 5.5. Process Capability

Process capability is a measure of how well a process can consistently produce products that meet specified requirements. Assessing the process capability of products provided by suppliers helps ensure that suppliers' manufacturing or service processes are stable, predictable, and capable of meeting quality standards.

By evaluating and improving the process capability of products supplied by the suppliers, CGT can enhance overall quality, reduce defects, and ensure consistent adherence to specifications. This contributes to increased customer satisfaction and the overall effectiveness of the supply chain.

CGT expects suppliers of raw materials to ensure the capability of their manufacturing processes.

## 5.6. Control of Nonconforming Products/Services

Controlling nonconforming products and services is a crucial aspect of quality management in supplier processes. This involves implementing procedures to identify, segregate, and address products or services that do not meet specified requirements or standards.

By implementing a robust process for controlling nonconforming products and services, suppliers contribute to the overall quality and reliability of the products or services delivered to CGT. This process is integral to maintaining the reputation of both the supplier and CGT. Obsolete product shall be controlled in a similar manner to nonconforming product.

Suppliers shall establish clear criteria for identifying and disposing of nonconforming products or services. Conduct a thorough review and evaluation of nonconforming products or services to determine the root cause of the nonconformity. This may involve inspections, testing, and analysis. Develop corrective action plans to address the identified root causes of nonconformities. Root Cause Analysis and Corrective Action collaboration from the suppliers is expected for product topics affecting Series Production or Warranty Investigations.

Suppliers shall immediately communicate to CGT in writing and get acknowledgment in case of unintended shipping of nonconforming product to CGT is detected.



## 5.7. Changes in Manufacturing Processes and Services Provision

Changes in manufacturing processes and service provision by suppliers can impact the quality, efficiency, and overall performance of the products or services they deliver. Managing changes effectively is crucial to maintaining consistency, complying with standards, and minimizing disruptions.

Conduct a thorough risk assessment to evaluate the potential impact of the proposed changes on product quality, compliance, and overall performance. Implement verification and validation activities to ensure that the changes do not adversely affect product specifications. This may involve testing, inspections, and other validation methods.

Suppliers should notify CGT of any planned changes to their manufacturing processes. This notification should include details such as the nature of the change, reasons for the change, and the expected impact on product quality. Suppliers providing services should also communicate changes in service provision to CGT well in advance. Clearly articulate any modifications to service offerings, delivery schedules, or other aspects that may impact CGT.

Upon notification and approval of the proposed change by CGT and after change implementation PPAP submission is required unless otherwise specified. Follow guidelines for customer notification set forth in the latest version of the AIAG Production Part Approval Process Manual.

## 5.8. Control of CGT Property

The “control of CGT property” refers to the processes and procedures the supplier implements to manage and safeguard any property or assets provided by CGT. This can include physical items (such as laminators and perforators), intellectual property (such as product specifications), or confidential information entrusted to the supplier for various purposes. The objective is to ensure that customer property is handled responsibly, securely, and in accordance with agreed-upon terms.

Effectively managing and controlling CGT property is critical for building trust, maintaining strong customer-supplier relationships, and ensuring compliance with legal and ethical standards. It is a key aspect of quality management and good business practices.

# 6. Purchasing





## 6.1. Request for Quote (RFQ)

A Request for Quote (RFQ) is a formal document issued by a CGT to potential suppliers or service providers to solicit quotations for specific products or services. The primary purpose of an RFQ is to gather detailed information from suppliers, enabling the CGT to make informed decisions based on cost, quality, and other relevant factors.

## 6.2. Quotations

Quotations, commonly referred to as quotes or price quotes, are formal statements provided by suppliers or service providers in response to a request for quotation (RFQ) or a CGT inquiry. Quotations serve as formal proposals that allow CGT to evaluate and compare offerings from different suppliers. Quotations play a crucial role in the decision-making process, helping CGT make informed choices based on factors such as cost, quality, and the terms outlined in the quotations.

Once accepted, a quotation can serve as the basis for a formal agreement or contract between CGT and the supplier.

## 6.3. Purchase Orders (PO)

A purchase order (PO) is a legally binding document issued by a CGT to a supplier outlining the details of a transaction for the purchase of goods or services. It serves as an official request from the CGT to the seller to provide specified products or services at agreed-upon terms.

Purchase orders play a crucial role in formalizing the CGT-Supplier relationship and providing a clear record of the transaction. PO helps prevent misunderstandings, ensures consistency in the ordering process, and serves as a reference for both parties in case of disputes or discrepancies.

## 6.4. Changes in Purchasing Requirements

Changes in purchase requirements, often referred to as amendments or revisions, may occur during the procurement process due to various reasons such as alterations in project scope, quantity, time, product specification, changes affecting quality and unforeseen circumstances. When initiating changes in purchase requirements, it's crucial to follow a systematic approach to ensure clarity and compliance.

CGT effectively manages changes in purchase requirements, fostering transparency and maintaining strong supplier relationships. CGT communicates changes clearly, obtains necessary approvals if required, and keeps detailed records to ensure a smooth and accountable procurement process. CGT expects its suppliers to be accommodative and flexible to the changes requested by CGT.



CGT also requires its suppliers to communicate the changes in purchasing requirements, such as changes in quantity, delivery time and scope of services. Suppliers are required to communicate changes in advance and get written acknowledgment from CGT.

## 6.5. Return, Refund and Replacement

Supplier return, refund, and replacement processes are critical to effective supply chain management. These processes ensure that CGT can address issues with products received from suppliers, leading to customer satisfaction and maintaining a positive business relationship.

Suppliers should have well-defined procedures for returning, refunding, and replacing nonconforming products. Additionally, having clear terms and conditions outlined in the purchasing agreement helps streamline the return, refund, and replacement.

Effective communication and collaboration between CGT and suppliers are crucial throughout these processes to ensure a quick resolution and maintain a positive business relationship.

# 7.

## **Delivery and Logistics Management**



## 7.1. Packaging

Packaging requirements for suppliers encompass the specific criteria and standards that suppliers must adhere to when preparing and presenting their products for shipment. These requirements are crucial to ensure the safe and secure transit of goods, prevent damage, and maintain product integrity.

Packaging must provide adequate protection to the product from physical damage, environmental factors (such as moisture or sunlight), and other potential hazards during transportation and storage. The strength of the packaging should be appropriate for the weight and nature of the product.

Packaging should be designed to allow for efficient nesting or stacking of products, optimizing space utilization during transportation and storage. Clear instructions for handling and unpacking should be provided on the packaging to guide logistics personnel and reduce the risk of damage during unloading.

Packaging should comply with relevant regulations and standards, including those related to safety, labelling, and environmental considerations. Suppliers may be required to follow sustainable packaging practices, such as using recyclable materials or minimizing excess packaging.

Suppliers should follow specific packing instructions provided by the CGT or industry standards. Clear and well-communicated packaging requirements contribute to a smooth and efficient supply chain, ensuring that products arrive at their destination in the desired condition. Collaboration between CGT and suppliers is essential to establish and maintain effective packaging standards.

The Supplier shall use an inventory management system to optimize inventory turns overtime and assure stock rotation, such as “First-in-first-out” (FIFO).

## 7.2. Product Marking & Labeling

Product marking and labelling requirements for suppliers encompass the specific criteria and standards that suppliers must adhere to when labelling and marking their products. These requirements are crucial for various reasons, including product identification, safety, compliance with regulations, and information transparency.

Clear and accurate labelling on products and packaging should include essential information CGT requires, such as product name, part #, QR or bar codes, weight, batch/lot/serial number, expiration date (if applicable), or other distinctive marking. Information should be easily readable and comply with relevant industry standards.



Here are examples of common marking and labelling requirements as applicable, depending on the nature of the product or material:

- Product or material identification
- Country of origin
- Barcoding or QR Codes
- Safety symbols and warnings
- Instructions for use
- Recycling information
- Certifications and compliance marks
- Lot numbers
- Manufacturer's name and address

Compliance with product marking and labelling requirements is essential for product identification, traceability, safety and regulatory compliance. Suppliers must stay informed about evolving standards and collaborate with CGT to ensure that labelling practices align with industry standards and legal requirements.

### 7.3. Certificate of Analysis/Conformity (COA/COC)

Certificate of Analysis/Conformity (COA/COC) requirements for suppliers refer to the specifications and criteria that suppliers must meet when providing documentation confirming their products' quality, safety, and compliance. These certificates serve as official assurances that the supplied products meet specified standards.

Almost every raw material or service that supports CGT finished goods, such as resins, fabric, additives, paints, finishes, perforation and lamination, requires COA/OC.

Here are examples of some common elements of COA or COC requirements for suppliers:

- Product Identification
- Batch or Lot Number
- Date of Issue
- Issuing Authority
- Statement of Conformity
- Reference Standards
- Test Methods and Results
- Quality Control Processes
- Regulatory Compliance
- Packaging Details
- Country of Origin
- Validity Period

Compliance with COA or COC requirements provides assurance that the supplied products meet defined standards and specifications. Suppliers should communicate effectively with their CGT to understand specific certification expectations and ensure that the certificates provided align with those requirements.



## 7.4. Shipping

Shipping requirements for suppliers encompass the specific criteria and standards that suppliers must follow when preparing and dispatching goods for transportation. These requirements are crucial for ensuring the safe and efficient delivery of the products to their destination. On-time delivery is one of the key requirements of CGT. On-time delivery is neither late nor early. Suppliers must communicate in advance any shipping delays in writing and get acknowledged by CGT representatives.

Here are common elements of shipping requirements for suppliers:

- **Shipping Documents**

Provide all necessary shipping documents, such as packing lists, commercial invoices, and bills of lading. Ensure accuracy and completeness to facilitate customs clearance and regulatory compliance.

- **Customs Documentation**

If shipping internationally, comply with customs documentation requirements. Include information on the nature of the goods, their value, and their country of origin.

- **Weight and Dimensional Accuracy**

Accurately declare the weight and dimensions of each package. This information is crucial for determining shipping costs and ensuring proper handling during transportation.

- **Shipping Insurance**

Consider obtaining shipping insurance to cover potential loss or damage during transit. Provide information on insurance coverage and procedures to CGT if applicable.

- **Timely Delivery**

Adhere to agreed-upon delivery schedules and timelines. Communicate proactively with the logistics provider to ensure timely and efficient transportation.

- **Transportation Mode and Carrier Selection:**

Choose appropriate transportation modes (e.g., air freight, sea freight, trucking) based on the nature of the products and delivery requirements. Select reliable carriers with a track record of timely and secure deliveries.

- **Handling Hazardous Goods**

Clearly indicate if the shipped material is hazardous. Follow established protocols for handling and packaging such goods to prevent accidents or damage.

- **Notification of Delays or Issues**

Promptly communicate with CGT in writing and get acknowledgement of any delays, issues, or disruptions in the shipping process. Provide alternative solutions or mitigation plans as needed.





- **Security Measures**

Implement security measures to protect shipments from theft or tampering. This may include using tamper-evident seals or securing cargo to prevent unauthorized access.

- **Proper Handling Labels**

Clearly label packages with handling instructions, especially if the products are sensitive or require specific care during transportation.

- **Return and Reverse Logistics**

Provide instructions for return shipping and reverse logistics if applicable. Include necessary documents for returns and communicate return procedures to the buyer.

- **Communication with Logistics Providers**

Maintain open communication with logistics providers to ensure smooth coordination and address any issues that may arise during transit.

- **Compliance with Incoterms**

Adhere to the agreed-upon Incoterms (International Commercial Terms) to clearly define the responsibilities of the buyer and seller in the shipping process.

By diligently following shipping requirements, suppliers contribute to a streamlined and reliable supply chain, ensuring that products reach their destination in optimal condition and within the specified timeframe. Effective communication with logistics partners and CGT is essential for successful shipping operations.

## 7.5. Contingency Planning

Contingency planning is an ongoing process that requires regular review and adaptation to changing circumstances. By proactively addressing potential risks, the purchasing department contributes to the overall resilience of the CGT's supply chain.

The CGT procurement team identifies potential risks and disruptions that could affect the procurement process. These may include supplier failures, natural disasters, geopolitical events, economic fluctuations, or other unforeseen circumstances.

Suppliers are expected to maintain safety stocks to support CGT inventory and avoid any supply risk.

Suppliers must immediately communicate in writing and get acknowledgement from CGT for any risk of late delivery due to supply chain disruption, procurement delays and other unforeseen circumstances.

# 8. Cost and Payment



## 8.1. Cost Expectations

Effective communication and collaboration between buyers and suppliers are essential to establishing and meeting cost expectations. The goal is to create a fair and mutually beneficial pricing arrangement that supports a long-term and sustainable business relationship.

The cost expectations are a crucial aspect of the procurement process and are typically established through negotiations, contracts, or other forms of communication between CGT and its suppliers.

CGT expects its suppliers to actively pursue cost-saving opportunities through effective quality control, innovation and other measures and extend those savings to CGT.

## 8.2. Payment Terms

Negotiating fair and reasonable payment terms is crucial for CGT in building strong and sustainable relationships with suppliers. It helps establish a clear understanding of expectations and promotes transparency in financial transactions. CGT chooses specific terms depending on the nature of the products and services supplied and industry norms. Any reduction in favourable payment terms is appreciated.

## 8.3. Freight Terms

It's essential for CGT to clearly define and agree upon the freight terms in purchase contracts or agreements. The selected terms impact various aspects, including logistics, risk management, and overall supply chain efficiency.

Freight terms are communicated in purchasing contracts and quotes. Suppliers shall communicate in written and get acknowledged for any impacts to freight requirements.

# 9. Annexure

## 9.1. Quality Policy

### "I CAN"

CGT is committed to:

**I**nnovative polymer products, designs and technical solutions

**C**ustomer, shareholder, employee and other stakeholder satisfaction

**A**cting in a socially and environmentally responsible manner

**N**ew ideas, continual improvement in product and processes by setting and regularly reviewing progress towards company objectives



## 9.2. Environmental, Health & Safety Policy Commitment

CGT and its Team Members are committed to fulfilling the needs of our Customers, Shareholders, Community and other Stakeholders. We provide innovative polymer products, and technical solutions while operating in an Environmentally, Safe and socially responsible manner.

CGT promotes Environmental, Health and Safety awareness, Sustainability and responsibility throughout its entire organization, and regards the protection of our Team Members and our Environment as our utmost Corporate priority. We will adhere to the highest standards for the safe and environmentally-sensitive operation of our facility, and we will continuously strive to align our business with the expectations of both our families and our community.

To demonstrate our ongoing commitment to the Environment and Workplace Health and Safety, CGT will continue to:

- require team members to work in accordance with the requirements of all applicable environmental and health and safety legislation, as well as with other requirements to which the organization subscribes which relate to its environmental aspects, risks and opportunities, and objectives and targets
- continually improve its safety and environmental performance through team member training, communication, regular management systems audits, and periodic review of its EHS policy statement and its framework for setting and reviewing EHS objectives and targets
- make efforts to conserve and protect the environment in which the organization operates including sustainable resource use, and climate change mitigation and adaptation
- take all reasonable care to prevent spills, fires, and accidental discharges and improve procedures for responding quickly and appropriately if there is such an occurrence
- practice pollution prevention by identifying and improving systems for the re-use, re-purposing and recycling of CGT products and process scrap
- promote the exploration of new business partnerships and emerging pollution prevention technologies, products and services to improve environmental and safety performance
- promote a cooperative approach to solving health and safety challenges, sharing responsibility between our company, our supervisors, our union local, and our team members
- respond in a responsible manner to concerns of the Public, Regulatory Agencies and groups or individuals interested in, or affected by, the Environmental, Health and Safety performance of this organization
- report regularly on EHS performance matters to senior management and company's stakeholders





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