

Global Supplier Standards Manual

2025

Shyft Group

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Purpose & Intent

The purpose of The Shyft Group, Inc. Global Supplier Standards Manual (this “**Manual**”) is to communicate Shyft’s requirements to suppliers of The Shyft Group, Inc., including its direct and indirect subsidiaries (individually or collectively referred to in this Manual as “**Shyft**”, “**our**” or “**we**”). You are in receipt of this Manual as a Shyft supplier (“**Supplier**” or “**you**”) of goods and/or services (either or both of which may be referred to hereinafter as “**goods**”). Suppliers must fully comply with this Manual.

Shyft strives for excellence through continuous improvement in the goods we procure, and, to this end, it is imperative that Shyft develop and maintain a close working relationship with Supplier. This Manual serves as the foundation for our working relationship with Supplier and is a means to communicate the policies, procedures, and guidelines under which Shyft transacts business.

This Manual is supplemental to and does not otherwise modify or amend Shyft’s Purchasing Terms and Conditions, available at [shyftTermsConditionsPurchase-june2022.pdf](#).

This Manual is a controlled document subject to ongoing, unilateral revision by Shyft. To the extent revised, the most current version of this Manual can be found on Shyft’s website (<https://theshyftgroup.com/corporate-responsibility/supplier-info/>) or Supplier can request a copy from your Shyft contact. Printed or downloaded copies of this Manual are considered an uncontrolled document and may not constitute the latest version.

1.0 Supplier Code of Conduct

Shyft’s commitment to integrity and social responsibility extends to its diverse supply base. To ensure that Supplier conducts business with a high degree of integrity and in a socially and environmentally responsible manner, Supplier is required to adhere to Shyft’s Supplier Code of Conduct available at <https://theshyftgroup.com/corporate-responsibility/supplier-info/>.

2.0 Language

Shyft’s official language is English. All official communication with Shyft will be conducted in English. While some documents may be prepared in, or translated to, a non-English language and presented in multilingual format, such presentation is for information purposes only and the English language version will govern.

3.0 Supply Chain Management

Shyft's supply chain organization contributes to manufacturing excellence in quality, total cost, and delivery to Shyft's customer. The supply chain management function supports Supplier's on-time delivery of high quality goods and Shyft's shipment of high quality finished goods at a competitive cost to its customers.

Continuous improvement in our global supply chain systems is a competitive advantage for Shyft. This advantage is created through the engineering and design of business processes, which are enabled through effective application of lean technologies. To fully leverage the potential of these innovative systems and processes, the knowledge and capabilities of Supplier must be flexible and capable of meeting our replenishment and quality requirements.

Total supply chain management is achieved through the execution of comprehensive, common business processes and systems, including, but not limited to:

- ISO 9001 standards
- IATF16949 standards
- AIAG guidelines (www.aiag.org)

Supplier is required to maintain the following key supply chain practices:

- Delivery of quality goods
- On-time delivery of goods
- Immediate, proactive communication when potential issues in meeting demand and/or product quality requirements are identified
- Prompt investigation and resolution of any quality related issues

3.1 Supplier Performance Management

Shyft utilizes performance scorecards with its suppliers to provide monitoring of supplier performance. Proactive collaboration and open communication between Shyft and Supplier are imperative. Supplier's performance will be reviewed during formal business reviews, project reviews, on-going communications, and at the time of sourcing of new business.

Shyft may identify specific areas for Supplier's improvement, which may involve a collaborative effort between Supplier and Shyft.

Supplier must (i) comply with all applicable requirements specified on the purchase order

and data package/drawings; and (ii) provide Shyft with objective evidence to demonstrate such compliance. This requirement extends to all goods procured by Shyft.

3.1.1 Scorecard Performance

Shyft monitors the following for supplier performance:

- Incident rate based on the number of incidents in a calendar year
- PPM (parts per million) based on receipts vs. rejected parts
- Supplier on-time delivery
- Open corrective actions initiated in a month
- Past due corrective actions
- Incident causing production interruption
- Warranty/field actions

Notwithstanding the foregoing, Shyft may monitor any other data it deems appropriate including, for example, the number of supplier corrective action requests (“**SCAR**”) issued as part of our overall performance measurement.

Please contact your Shyft contact for details related to site-specific measurables.

3.2 Sub-Tier Supplier Quality

Supplier is responsible for ensuring its sub-tier suppliers comply with all requirements. Supplier shall ensure its sub-tier suppliers maintain a robust QMS system compliant with ISO 9001 standards. Shyft reserves the right to audit sub-tier supplier facilities at Shyft’s sole discretion.

3.3 Environmental Stewardship

Shyft champions an environmentally sustainable future, committed to advancing clean, green commercial transportation. Shyft is dedicated to a future where our purpose-built technology and cross-brand collaboration drive innovations that make transportation more eco-friendly and efficient. Shyft’s commitment to providing high-quality, durable products that meet our customers’ needs extends to our supply base. We actively pursue opportunities to recycle and recover materials that might otherwise end up in landfills, aligning with our sustainable goals. As a part of Shyft’s supply base, we expect Supplier to share our commitment to sustainability and fully support the initiatives set forth in Shyft’s Sustainability Report, available at <https://theshyftgroup.com/sustainability-report/>.

3.4 Conflict Minerals and Mercury or Mercury Containing Compounds

Shyft is committed to working closely with our supply chain to ensure we fully comply with the requirements set forth in Section 1502 of the Dodd-Frank Act. The term “**Conflict Minerals**” is defined as columbite-tantalite (coltan), cassiterite, gold, wolframite, tantalum, tin, tungsten, and any other mineral or its derivatives determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo (“**DRC**”) or an adjoining country. The term “**3TG**” is defined as tantalum, tin, tungsten and gold and their compounds.

Shyft has implemented the Organization for Economic Co-operation and Development (“**OECD**”) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and is utilizing the conflict minerals reporting template (“**CMRT**”) owned by the Responsible Minerals Initiative (“**RMI**”), for exercising due diligence within our supply chain. Shyft does not knowingly source any goods containing Conflict Minerals and we continue to work on our due diligence process in order to verify that the goods we source do not contain Conflict Minerals.

We require that our suppliers commit to responsible sourcing of 3TG used in the production of goods supplied to us. We expect Supplier to have in place policies and due diligence measures that will enable Shyft to reasonably assure that goods supplied to us containing 3TG are DRC conflict free. Supplier is required to perform due diligence to determine the source of any 3TG contained in the goods that Supplier supplies to Shyft. Supplier’s due diligence must include, where applicable, completion of the RMI Conflict Minerals reporting CMRT.

Shyft’s Conflict Minerals Policy can be found on Shyft’s website (<https://theshyftgroup.com/corporate-responsibility/supplier-info/>).

Further, Supplier shall ensure that mercury or mercury containing compounds are not intentionally added or in direct contact with hardware or supplier furnished goods.

3.5 Order of Precedence for Technical Documents

In the event of a conflict in requirements between technical documents, the following order of precedence shall govern:

- Purchase Order

- Drawings and supplements to drawings
- Specifications

3.6 Specification Revision Levels

Goods supplied to Shyft shall be produced in accordance with the latest revision level of the specifications and standards referenced in the data package/drawing, except for when the purchase order or other relevant documents specify usage of an earlier revision level. Note that the revision level printed on the purchase order pertains to the part number and is not necessarily the same revision level as the parent drawing.

3.7 Supplier Quality Program/System Requirements

Suppliers shall develop, document, implement and maintain a quality system, at a minimum, in compliance with ISO 9001 and be able to provide their quality system documentation as requested by Shyft. Objective evidence of compliance shall be on file verifying that an appropriate quality system exists and is being maintained. Procedures and records shall be made immediately available to Shyft upon request.

Shyft reserves the right to conduct an onsite QMS risk or quality assessment.

4.0 Design/Validation/Application Approval

4.1 Part Design Process

Shyft utilizes SOLIDWORKS as its primary design program. Drawings will be provided to Supplier in SOLIDWORKS format. All new and revised drawings will be sent to Supplier by its Shyft contact.

4.2 Deviation Process

If, at any time, Supplier requests authorization to ship goods to Shyft which deviate from the current drawing or purchase order, Supplier must submit a deviation request to its Shyft contact. This request must be submitted on Shyft's standard deviation and change request form and clearly state part number and quantity, reason for deviation request, proposed start date, and applicable validation testing results.

Once received, Shyft Quality will review Supplier's request with engineering and/or any other applicable internal Shyft departments to determine if the deviation will be approved or rejected and if an engineering change is appropriate or needed.

An approved or rejected deviation will be sent back to Supplier. If an engineering change is needed, the Engineering Change Order number will be noted on the deviation.

All goods shipped to Shyft under an approved deviation must include the deviation request number, clearly visible on all four (4) sides of each box/shipping container of goods.

4.3 Notification of Supplier Design/Process Change

Supplier is required to notify Shyft in writing prior to implementation, any process or design changes by utilizing the Shyft change request form and sending a completed form to its Shyft contact. This includes ancillary components of a system being provided to Shyft, including items such as connectors and fuses. Supplier must receive an approved change request form from Shyft prior to shipment of goods. Process/goods changes are subject to Production Part Approval Process ("**PPAP**") submissions and applicable testing as requested by Shyft in its sole discretion.

If Supplier revises its process or design without receiving Shyft written approval, Supplier shall be responsible for all applicable warranty, rework, and other costs incurred by Shyft for an unapproved change.

4.4 Preliminary Drawings & Specifications

Supplier must manufacture goods according to production-released specifications and drawings. Questions or requests for clarification should be directed to the appropriate Shyft contact.

Shyft follows established industry standards, including, for example, AIAG and SAE. Goods-specific requirements will be included on part drawings and supplemental specifications. In instances where Supplier is a subject matter expert, Shyft may require assistance to define requirements for the goods.

A source-controlled drawing provides a list of approved sources of supply and Supplier's

item identification for the item(s) that have been approved for use.

Supplier must follow Shyft requirements for specifications referenced in engineering drawings or standards, including, for example: part marking, welding, paint specification, and torque.

4.5 Product Testing

Supplier must provide documented evidence that testing has been performed and that the goods meet all specifications and test expectations as required by Shyft or all applicable government regulatory bodies. If Supplier's goods are not in compliance, Supplier will assist Shyft in remediating such non-compliance and bear all costs in doing so.

4.6 Application Approvals

Supplier must support Shyft Engineering's request to obtain proper product application approvals along with providing technical assistance utilizing an application approval sheet provided by Shyft Engineering. This document needs to be completed by Supplier and sent to Shyft Engineering for Shyft's approval of the use of Supplier's goods under specified conditions.

4.7 Installation Approvals

Supplier must provide Shyft with detailed installation instructions. Supplier will review Shyft's process for installing Supplier's goods and provide, in writing, Supplier's approval of such process.

Upon request from Shyft, Supplier must also provide training for Shyft production associates relating to proper installation of Supplier's goods. Supplier shall schedule training by contacting its Shyft contact at the respective Shyft location. It is Supplier's responsibility to ensure that installation processes for its goods are correctly followed by Shyft.

4.8 Training

With each new or revised good, Supplier must provide Shyft with an appropriate level of certified training to various technical personnel. This training may include, at Shyft's sole

discretion, “train the trainer” sessions or other certified training to conduct repairs or upgrades to goods. Shyft’s customers or, if different, end users of Shyft’s products may also require training as deemed necessary by Shyft, and Supplier will provide such training at no cost and as reasonably requested by Shyft.

Suppliers will support and participate as sponsors of corporate technical training initiatives. Sponsorship support is used for training displays and to improve the overall ability to support Supplier’s goods.

4.9 After Sales Support

Supplier will offer support to help trouble-shoot and to remedy field issues experienced by Shyft, its customers, or end users.

Supplier is expected to support Shyft’s customers after they have taken delivery of their vehicles, including Supplier’s allocation of capacity to produce and/or purchase goods or parts of goods consistent with time frames accepted as standard for vehicle manufacturing. Supplier will maintain goods availability for a minimum of fifteen (15) years after part is no longer used in production.

Prior to any discontinuance of a good, Supplier shall review its discontinuance plan with Shyft. If Supplier elects to discontinue supply of service goods, Supplier agrees to share technical specifications, prints, or drawings required by Shyft to fabricate or procure the goods elsewhere.

4.10 Technical & In-Field Support

Suppliers are an integral part of Shyft’s customer service process. In addition to providing quality goods, Supplier is required to provide technical support at no cost for new and existing goods. This technical support includes but is not limited to technical documents, drawings, specifications, troubleshooting and other information as may be deemed necessary by Shyft in its sole discretion.

Supplier is expected to participate, upon request, in periodic marketing promotions, including rallies and training events.

5.0 Shipping and Replenishment Performance

Supplier must provide 100% on time delivery of all goods required by Shyft according to

Shyft's purchase order ("**PO**") and any subsequent PO releases ("**release**"). Supplier is required to contact its Shyft contact immediately upon recognition of an issue if the PO requirements cannot be met. Supplier shall have a written process to identify and communicate to Shyft, via written communication, any potential problems that could impact Shyft operations as soon as they are identified.

5.1 Shipping & Delivery

A PO or release will show either a ship date or a delivery date. A delivery date defines when the goods are to be ultimately received by Shyft. A ship date indicates the date which Supplier should ship the goods. In this context, the delivery date does not mean delivery to carrier, it means delivery to Shyft. Supplier is required to understand transit time and have goods ready for shipment to meet the delivery date on the release, inclusive of transit time. Supplier shall contact its Shyft contact if there are any questions as to which date is being transmitted.

Supplier is required to:

1. Control its processes to assure physical shipments correspond with Shyft's PO and releases.
2. Contact Shyft contact immediately if unable to fulfill the PO or release requirement. In this instance, Supplier will provide the following:
 - Date the goods will be available.
 - Plan to get back on schedule, including Supplier representatives assigned to resolve any delivery issues.
 - If an established window time is missed or any release schedule cannot be met, Supplier must contact its Shyft contact for agreement regarding the need to expedite delivery.
 - For expedited shipments, Supplier must obtain prior written approval from Shyft for the mode and carrier chosen. Every effort must be expended to reach agreement on expedited freight responsibility prior to shipment. If Supplier is responsible, the freight must be shipped "PREPAID", and Supplier may choose its logistics provider. Supplier is also responsible for tracking the in-bound freight to Shyft and advising as to shipment status.

Supplier will be held responsible for downtime and other associated costs (i.e. premium freight or charter costs) due to its inability to meet delivery requirements.

5.2 Goods Information Requirements

Supplier will provide to Shyft the following information primarily for initial purchases: part numbers, component breakdown, suggested stocking lists, product illustrations, packaging requirements for product preservation, and MSDS.

Upon request by Shyft, Supplier shall:

- Participate in packaging initiatives.
- Supply the weight and dimensions of the goods.
- Supply digital photos of goods suitable for presentation in sales and marketing material.
- Supply technical features of the goods.
- Provide markings to identify goods subject to shelf life or parts deemed hazardous.
- Provide the following information:
 - Bill of Material
 - Specifications (tolerances, torques, lubrication requirements, etc.)
 - Drawings (schematics, breakdowns, blowouts, part identification, etc.)
 - Aftermarket warranty
 - Recommended Service Parts Stocking Lists
 - Parts Manuals

5.3 Warehouse & Inventory Requirements

Supplier may manufacture overseas; however, it is expected to import goods to its own domestic warehouse or distribution center. Shyft will then pick up the goods at the named domestic facility. Shyft will determine on a case-by-case basis when this requirement is necessary and will direct Supplier to implement these requirements.

6.0 Quality Requirements

6.1 Product Quality Assurance

6.1.1 Sampling Plans

Supplier shall inspect characteristics in goods at levels necessary to achieve zero

defects.

6.1.2 Statistical Process Control (SPC)

Supplier is strongly encouraged to implement and maintain a sampling system utilizing statistical process control (“**SPC**”) techniques. Such statistical data must be comprehensive enough to adequately document quality conformance. The system shall be in accordance with an industry-recognized standard such as SPC through AIAG.org and shall address the criteria described in the selected standard.

6.1.3 Monitoring, Measuring and Test Equipment

Supplier is required to establish and maintain a documented calibration system for all measuring and test equipment (M&TE) such as gages, tools, jigs, fixtures, dies, and software used to produce and/or verify conformity to requirements. The system shall be in accordance with an industry-recognized standard such as Measurement Systems Analysis MSA through AIAG.org and shall address the criteria described in the selected standard.

For all non-calibrated measurement equipment, Supplier shall submit a Gage R&R of 10/2/2 to its Shyft contact for approval and resubmit as an annual, updated record. Alternative options may be allowed with documented validation of equipment and prior written approval from Shyft.

Supplier’s calibration standards shall be traceable to the National Institute of Standards and Technology (NIST). External sources for calibration shall have A2LA, ISO 17025 or equivalent certification. Calibration reports shall be maintained for all equipment used in the acceptance of goods by Supplier and shall include the actual measurement data derived during the process. Report records shall identify the Supplier representative performing the calibration.

6.2 Quality Documentation & Record Retention

Supplier shall have a system for establishing and maintaining control of records documenting product compliance to applicable procurement documents, drawings, specifications, and standards.

Supplier records shall provide traceability to specific goods (i.e. PO, date of inspection, drawing revision level/specification number) and use actual data (when required by

applicable specifications) to indicate acceptability of the goods. Records shall be maintained by Supplier for a minimum of ten (10) years after final shipment and available for review upon request.

6.3 Non-Conforming Material

Supplier is responsible for establishing controls to ensure goods not conforming to requirements are identified, segregated, dispositioned, and controlled to prevent inadvertent use. If it is determined non-conforming goods have been shipped to Shyft, Supplier must immediately notify its Shyft contact with part numbers, quantities, and shipped dates.

Supplier shipments found to be non-conforming without an approved deviation or other written authorization shall be rejected and may be returned for rework, repair, or replacement at Supplier's expense according to Shyft's vendor chargeback procedure. When material is reworked, Supplier is required to provide verification data such as inspection results to their Shyft contact.

Without limitation as to other rights or remedies of Shyft, at Shyft's discretion, Supplier will replace nonconforming goods with conforming goods. Supplier will also reimburse Shyft for: (i) all amounts paid by Shyft for rejected goods, and (ii) all costs incurred by Shyft in connection with nonconforming goods, including inspection, sorting, testing, evaluations, storage, and rework of rejected goods. Payment by Shyft for nonconforming goods will not constitute acceptance, limit, or impair Shyft's right to seek any remedy, or relieve Supplier of responsibility for any nonconformance.

6.4 Corrective Action

Supplier is responsible for implementing quality systems capable of identifying and resolving problems adversely affecting quality and correcting those conditions. Supplier shall quarantine nonconforming goods in stock or in process, determine root cause, institute measures to prevent recurrence and implement corrective action. Non-conforming material or quality system deficiencies detected by Shyft may require Supplier's response to a SCAR. Supplier will utilize industry-recognized problem-solving tools and knowledge to identify root cause and apply permanent/preventative corrective action(s).

6.5 Supplier After Sale Support Agreement (SASSA)

The SASSA is used to describe and document any field related activity due to Supplier's supply of non-conforming goods. The SASSA will define non-conformance and expenditures associated with field-related activities. Supplier is to work with Shyft to implement and outline the agreed upon remedy.

6.6 Advanced Product Quality Process (APQP)

Shyft reserves the right to involve Supplier in our APQP process for any good or system launch. Supplier will be contacted by Shyft to be involved in the initiation of APQP until production sign off (PPAP). Supplier shall participate in meetings or conference calls as scheduled and is required to implement and maintain APQP activities and documentation.

APQP activities with Supplier may include, but are not limited to, onsite visits, meetings, conference calls or the development of appropriate launch readiness documentation.

6.7 Production Part Approval Process (PPAP)

Supplier is responsible for submitting required PPAP documentation to Shyft as requested. Supplier shall perform PPAP for Shyft at no cost.

Shyft follows the AIAG PPAP manual. The submission level of PPAP and due dates will be determined by Shyft and shared with Supplier. Supplier must contact its Shyft quality representative if unable to comply with any PPAP requirements for further clarification or to work out an agreeable solution. Any deviation requested shall be submitted in writing to Shyft and thereafter approved or rejected, in writing, by Shyft before any PPAP documentation is submitted. Any approved deviation must be submitted with PPAP documentation.

Prototype parts must be verified to available specifications and dimensions prior to delivery to the extent that they meet intent of the design.

Supplier must have the capability or otherwise secure the resources necessary to carry out appropriate layout, testing and certification of supplied goods, prototype, production or service for PO requirements. Supplier must be able to demonstrate product acceptability prior to commencement of production.

PPAP part submission samples must be identified with a PPAP identification tag and shipped separately from production shipments.

Suppliers must keep records of all PPAP documentation for a period of ten (10) years and have them available for review upon Shyft's request.

6.8 Certificate of Compliance

When PPAP is not required as defined in Section 6.7, Supplier must complete a Certificate of Compliance (AIAG Part Submission Warrant or similar) for each good manufactured and maintained on file for each shipment. Certifications to support the sub level components need not be sent but must be maintained by Supplier and be readily available when requested by Shyft. Supplier shall certify that the materials and processes used in fulfilling the PO or releases meet all applicable specification requirements and that inspection/process and control/test data necessary to substantiate the Certificate of Compliance are on file and available for Shyft to review. The Certificate of Compliance, signed by an authorized representative of Supplier, will certify that goods have met all requirements of the PO including drawings and specifications at the prescribed revision level.

6.9 Painting as a Special Process

Painting and coating processes are considered special processes. At a minimum, Supplier must meet the requirements of control for these processes and such processes must be performed in accordance with applicable standards/specifications detailed on drawings. All records required by the detail or subordinate specifications shall be in place prior to any painting/coating process being performed on production or otherwise saleable goods.

6.10 Surveillance

6.10.1 Government Source Surveillance (GSS)

The items and supporting quality documentation covered by PO may be subject to government source surveillance/inspection and/or witnessing of tests prior to shipment from Supplier's facility. Shyft customer(s) reserve(s) the right to add source surveillance to any purchase order at any time throughout the period of performance.

6.10.2 Customer Source Surveillance (CSS)

The items and supporting quality documentation covered by PO may be subject to Shyft source surveillance/inspection and/or witnessing of tests prior to shipment from Supplier's facility. Shyft reserves the right to add source surveillance to any purchase order at any time throughout the period of performance at no cost to Shyft.

6.11 Age Control – Shelf-Life Material

For goods that are time or age sensitive, Supplier goods must be clearly marked with manufacture date and/or expiration date. For those goods where part marking is not reasonable due to size or nature, the manufacture/expiration date shall accompany or be affixed to the goods. If expiration date is not marked on the goods, the shelf-life information shall be supplied to Shyft. Goods will not be accepted if useable life is unreasonably deteriorated.

7.0 Supplier Corrective Action Requests (SCAR)

7.1 SCAR Requirements

SCAR's will be issued for non-conforming goods, noncompliance to Shyft Supplier Standards Manual, incorrect paperwork and packaging or invalid information when material arrives at Shyft's dock.

When a SCAR is issued, Supplier must complete an industry recognized problem-solving exercise and report validated root causes with corrective actions and systemic solutions noted as applicable.

Return Material Authorization (RMA) number shall be provided to Shyft within two (2) business days of initial request.

7.2 SCAR Communication

Upon receipt of a SCAR, Supplier is required to complete the document per the timeline described below.

If Supplier believes the SCAR is inaccurate or unsubstantiated, Supplier must immediately dispute the issue, following which Shyft's Supplier Planner or Quality Engineer may agree with the dispute, reject the dispute and return the SCAR to Supplier, or override the dispute to allow the SCAR to progress through the system.

Supplier is required to assign an internal champion to address all SCAR-related issues and to provide timely and accurate responses to the issues that have been identified via the SCAR.

Supplier's SCAR champion must track Supplier's SCAR performance, drive corrective action for all SCAR's and communicate improvement plans to appropriate Supplier personnel (e.g., Account Manager, Customer Service Manager, Materials Manager, etc.).

7.3 SCAR Supplier Response Expectations

Supplier is required to meet the SCAR response timeline outlined below, unless other timing has been agreed to in writing by Shyft.

Supplier shall have two (2) business days following receipt of the SCAR to complete:

- Step 1 – Supplier Team Members supporting Problem Owner: Supplier to identify its internal team that is working on solving the issue associated with the SCAR.
- Step 2 – Problem Definition: Supplier must document the scope of the issue based on Supplier's investigation and data collection.
- Step 3 – Immediate Containment: Supplier must acknowledge the issue and provide containment actions to be taken at Shyft, Shyft's customers, and Supplier's site.

Supplier shall have ten (10) business days following receipt of the SCAR to complete:

- Step 4 – Root Cause: Supplier to provide plan to find and validate root cause of the issue.
- Step 5 – Permanent Corrective Action Plan(s): Supplier to document, with Shyft's written approval, a permanent corrective action plan(s) with detailed timeline.

Supplier shall have thirty (30) business days following receipt of the SCAR to complete:

- Step 6 – Permanent Corrective Action to be implemented.

Supplier shall have ninety (90) business days following receipt of the SCAR to complete:

- Step 7 – Supplier to regularly update Shyft regarding effectiveness of permanent corrective action prior to closure, at Shyft's discretion, of the SCAR.

7.4 Supplier Chargebacks

Supplier is subject to chargebacks from Shyft for Supplier issues. The intent of chargebacks is not to be punitive, but to mitigate losses incurred by Shyft because of Supplier's performance. Chargebacks are a means to enforce business discipline and drive accountability within Shyft's supply chain.

7.4.1 Chargeback Appeal Process

Supplier may appeal a chargeback request within ten (10) business days of its receipt of the same. The failure of Supplier to appeal a chargeback request with such timeframe will be deemed to be Supplier's acceptance of the chargeback and result in automatic debit equal to the chargeback amount. Supplier must send any appeal to its Shyft contact and include objective evidence that Shyft's chargeback request is unfounded. If Shyft and Supplier are not able to reach agreement regarding Supplier's appeal within six (6) weeks of its receipt of Shyft's chargeback request, the chargeback request will be deemed final and will result in an automatic debit of the chargeback amount.