



COPQ Cost Recovery Events and Costs

| <i>New Product Launch</i> | <i>Manufacturing Process</i> | <i>Delivery</i> | <i>Warranty</i> | <i>Customer Issue</i> |
|--|---|---|--|--|
| <ul style="list-style-type: none"> ▪ Any costs incurred as result of supplier failing at PPAP Submission, Run@Rate, Process Readiness, etc. | <ul style="list-style-type: none"> ▪ Lots rejected at Receiving Inspection ▪ Downtime ▪ Sorting/Rework ▪ Overtime ▪ Line speed Reduction ▪ Additional manpower ▪ Line changes due to material availability ▪ Equipment breakage ▪ Additional outside processing or inspection ▪ Tooling and fixturing for rework ▪ Premium costs paid to support production ▪ Material and Process Value Added losses ▪ Accuride/KIC personnel traveling to support problem resolution at supplier | <ul style="list-style-type: none"> ▪ Any costs incurred as result of supplier late delivery (i.e. premium freight inbound or outbound or any customer penalties) ▪ Part identification and labeling ▪ Shipping document errors | <ul style="list-style-type: none"> ▪ Warranty claims ▪ Green Run failures ▪ Recalls | <ul style="list-style-type: none"> ▪ Rework at customer premises ▪ Replacement of material at customer ▪ Charges from customer ▪ Internal containment to prevent quality issues at customer, such as quarantine, added inspection, certification of product, etc. ▪ Third (3rd) Party Inspection ▪ Expedited freight ▪ Recall activities |

| <i>Item</i> | <i>Description</i> | <i>Cost</i> |
|-------------------------------------|---|---|
| ADMIN. FEE | NCM Notification (with or without 8D/CAPA) Warranty Admin Fee | \$150 \$1,000 |
| MANAGEMENT FEE** | OE Customer Incident due to Vendor (CIV) | \$5,000 |
| CONTAINMENT | Material Sorting, Rework managed by Accuride/KIC Local Third (3 rd) party or company personnel Third (3 rd) party Company mandated by Supplier | \$75/hr \$0 |
| DEFECTIVE MATERIAL | Returned or Scrapped Parts (without relevant debit note from Finance) | Real Cost |
| MATERIAL and PROCESS VALUE ADD LOSS | Material scrapped caused by component failure including process cost | Real Cost |
| MAJOR PROBLEM MANAGEMENT ACTIVITIES | All involved Accuride/KIC Personnel Costs including Travel and Expenses | Real Cost |
| NEW PRODUCT LAUNCH MANAGEMENT | All involved Accuride/KIC Personnel Costs including Travel and Expenses in case of a PPAP Submission Failure due to Supplier | Real Cost |
| WARRANTY | Accuride/KIC Warranty Costs including all costs re-charged by Customers | Real Cost |
| DELIVERY | Labeling issue or Shipping Notice Error Premium Freight costs due to Supplier Production Loss Expedited Freight from supplier or to customer | \$100 Real Cost Real Cost |
| OTHER COSTS | Other Costs due to Supplier | Real Cost |