



**MASONITE**

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# **Masonite Supplier Policy**

**April 1, 2018**

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### **Purpose**

The purpose of this policy is to define the requirements for doing business with Masonite and its affiliates. This policy is to outline processes used to ensure that our supply base is continually improving to prevent quality and delivery disruptions, provide the lowest cost, and top level service. Implementation of the processes outlined in this policy will not only reduce risk of supply chain disruptions, but will also help Masonite and its suppliers to increase our competitive industry position and ensure our continued success.

Suppliers are also encouraged to visit [Masonite.com](http://Masonite.com) for up to date information including our Supplier Policy.

### **Scope**

The requirements of this policy apply to all suppliers of finished goods, production materials (raw or components), as well as outside processes where applicable. Products and processes not incorporated into finished goods sold by Masonite are typically not covered by this policy. Any questions regarding the applicability of the requirements contained in this policy should be directed to your Masonite representative for resolution.

### **Responsibility**

It is the responsibility of the supplier to review, understand, and satisfy the requirements of this policy and any other applicable requirements as part of the acceptance of purchase orders from Masonite. The supplier should obtain any referenced documents to ensure full compliance with all applicable requirements.

# **SECTION A:**

# **SOURCING GUIDELINES**

## Supplier Selection & Approval Guidelines

Masonite Global Sourcing will select strategic suppliers who offer the best product while looking at total cost of ownership that includes but is not limited to service, quality and cost to Masonite. Once a supplier has been selected, a cross-functional team consisting of appropriate Masonite and supplier personnel will be formed to work together and have regular follow-up meetings to ensure that key targets are achieved.

The decision to select a supplier can include many cross-functional team members. Final selection is based on the results of the information required during the selection process. Some suppliers will be accepted with conditions that must be addressed before award of business. Further analysis, including the use of Dunn & Bradstreet, may be used in the financial viability decision.

## Sub-contractor Management

Supplier may not engage with any subcontractor without the prior written authorization of Masonite. It is the responsibility of the supplier to manage the quality of all sub-contractor operations that have been approved by Masonite. All requirements described in the quality guidelines (Section B) are also to be applied for sub-contractors. All documents and audit reports must be kept available by the supplier and/or submitted for Masonite evaluation upon Masonite's request.

### 1. Non-Disclosure Agreement (NDA)

Supplier is to ensure they have a current, up to date signed Masonite NDA on file while doing business with Masonite. If supplier does not have a current, signed NDA on file, contact Masonite Global Sourcing for a copy.

### 2. Request for Quote (RFQ)

All RFQ's will typically contain all necessary documents for full quotation, including:

- Engineering drawings
- Technical specifications
- PPAP submission requirements
- Physical samples when available

The supplier must contact Masonite Global Sourcing in the event the RFQ materials are illegible, unclear, or missing key information that is necessary for quotation. Later amendments or changes to supplier's commercial proposals, due to any reason, will not be accepted. All commercial negotiations are to be addressed only with Masonite Global Sourcing.

### 3. Supplier Business Survey

The Supplier will be required to complete and return a copy of [Supplier Business Survey \(GLS-FORM-QMS-003\)](#) to Masonite Global Sourcing. Among other things, the survey requests information regarding environmental performance, labor practices, and human rights. The survey results are expected to accurately reflect the current state of the supplier's capability and business. Upon receipt of this survey, the Masonite team will review and may require additional information or may require an on-site assessment.

### 4. Purchase Orders (PO's)/Terms and Conditions (T&C's)

Masonite's product specific requirements may also be communicated on PO's. Product drawings called out on PO's may specify characteristics that affect the fit, form, and function of the product. Each PO should be followed by an acknowledgement from the supplier confirming for each part number, the price agreed, quantity and delivery date. Product configuration will be specified by the prints, in addition to the configuration specified by the part number. Acceptance of the PO is an acceptance of the standard Terms and Conditions of the PO. PO terms and conditions will be available upon request from Masonite Global Sourcing.

## 5. Product Revisions

Any revisions to the product requirements must be communicated through Masonite Global Sourcing and/or Supplier Quality Engineering, or through revision levels called out on Purchase Orders. It is the supplier's responsibility to review Purchase Orders to ensure that up-to-date revisions of product requirements are utilized in their manufacturing. In case of non-compatibility, it is the supplier's responsibility to request from Masonite Global Sourcing an updated specification. The supplier is not allowed to deliver previous revision level parts, except by written agreement from Masonite.

## 6. Payment Terms

Masonite standard payment terms are 2%30 Net 75. If alternate terms are requested/required, the supplier must first discuss with Masonite Global Sourcing for approval.

## 7. Price Escalation Policy

Whenever one of Masonite's suppliers is requesting a price increase, the notification period will be 90 days from date of formal/written notification of the requested increase.

These 90 days will allow Masonite and its supplier to follow the below steps:

- Supplier will need to provide clear justification for the increase (data driven, cost breakdown, commodity index details...)
- Supplier will define/propose opportunities to offset part/all the price increase.
- Masonite team will define options/alternatives.
- Meeting(s) between the supplier and Masonite Global Sourcing will be organized within 30 days of receipt of all documentation. These meetings may integrate Masonite Leadership Team members whenever the topic would require.
- Price increases can only be approved by the Productivity Council through the Masonite Global Sourcing Team.

## 8. Conflict Minerals Reporting

The legal requirement regarding Conflict Mineral reporting is found in Section 1502 of the "Dodd-Frank Wall Street Reform and Consumer Protection Act" which identifies certain "Conflict Minerals" as financing armed conflict in the Democratic Republic of the Congo (DRC) and its surrounding countries. These Conflict Minerals are defined to be gold, tantalum, tin, tungsten and their derivatives. To comply with these legal requirements, Masonite **must** obtain accurate information from you and our other suppliers about whether raw materials, components or other parts ("Goods") contain conflict minerals that are necessary to the functionality or production of those products. If any Conflict Minerals are present and required for the functionality or production of our products, we must trace them to their source to determine whether or not they directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country. If Conflict Minerals are determined not to finance or benefit these armed groups, those Conflict Minerals are said to be "DRC conflict free." Masonite requires suppliers of products to complete a Conflict Minerals declaration form.

In addition, if you provide products to Masonite that include finished components or parts procured from sub-tier suppliers, you must request similar information regarding the presence and source of Conflict Minerals from those suppliers.

The completed Conflict Minerals declaration form must cover all products that you, your subsidiaries and your affiliates provide to Masonite. This form is required to be filled out each calendar year unless otherwise specified by Masonite.

## 9. Compliance with Laws/Customs Compliance

Masonite requires that all suppliers comply with applicable international, federal, state, provincial, and local laws, rules, regulations, and ordinances in connection with the design, manufacture, sale, delivery, and use of the products. Masonite expects the supplier's full cooperation and support in responding to any and all inquiries from the various government agencies that oversee import and export regulatory manners, including presentation of objective documentation to support the vendor's compliance with the applicable laws and regulations. Masonite custom compliance requirements are outlined in the **Supplier Guidelines for Custom Compliance (GLS-POL-QMS-003)**.

## 10. Logistics

Supplier will comply with below guidelines for shipping Domestic or International if the shipment **is not** prepaid. Any additional questions contact Masonite Global Sourcing and/or Masonite Logistics Department.

- Domestic Collect (including Canada)
  - Full Truckload – Masonite routes shipments via transportation management system (TMS); refer to **Masonite TMS Vendor Routing Instructions (GLS-FORM-QMS-025)**.
  - LTL – Routing is provided by 3<sup>rd</sup> party; refer to **Masonite Vendor Routing Instructions (GLS-FORM-QMS-026)**.
- International Collect
  - Discuss transportation options with Masonite Global Sourcing to determine most cost effective shipping method.

## 11. Packaging

Packaging requirements will be called out on Masonite specific requirement as referenced in product specifications, drawings, PO's and/or supply chain agreements. Supplier must comply with such requirements, according to the production needs of each Masonite site (e.g. batch sizes, etc.). Any questions contact Masonite Global Sourcing.

# SECTION B:

# QUALITY GUIDELINES

(In the section there are 2 documents that require sign-off as acceptance)



## 1. Masonite Quality Policy

Offering quality products and services is critical to achieving Masonite's vision to be the best provider of building products in the eyes of our customers, employees, shareholders, suppliers and communities.

It is the policy of Masonite to utilize a process approach to produce quality products the first time, every time. We will utilize best in class business management systems comprised of both Lean Manufacturing Principles and Quality Management Systems to achieve our business goals. Our aim is to provide an unparalleled quality experience to our customers by engaging our people across the enterprise to deliver high quality products and services consistently. Quality is a priority for all Masonite employees, and we hold ourselves accountable to providing our customers with products and services which meet or exceed their expectations each and every day.

Masonite expects all suppliers to acknowledge and comply with the requirements contained in the Supplier Quality Guidelines (Section B) of this Supplier Policy. Suppliers are to review and signoff the **Supplier Confirmation of Guidelines (GLS-FORM-QMS-021)** and **Code of Conduct (GLS-FORM-QMS-017)** forms located at the end of the Supplier Quality Guidelines (Section B) and submit it via e-mail to the appropriate Masonite Supplier Quality Engineer.

## 2. Supplier Quality Policy

General supplier requirements are contained within this Masonite Supplier Quality Policy (Section B). Supplier compliance with these guidelines is a requirement of doing business with Masonite. Performance of suppliers in meeting these requirements will be assessed on an ongoing basis, and will be a factor in supply strategy.

## 3. Production Part Approval Process (PPAP)

Masonite's PPAP process is used to determine whether all of Masonite's engineering material specifications and drawing requirements are properly understood by the supplier and that the supplier's manufacturing process has the potential to produce products that consistently meet all Masonite specifications at the quoted production rate. How and when PPAP is applied is defined by case by case bases through a risk management process. Qualification **may be** required before shipping material that falls under one of the following criteria:

- New supplier
- Supplier site location change
- New product at existing supplier site
- New or modified die/mold/tooling for components
- Change in raw material or raw material source
- Re-engaging with supplier after more than one year of not supplying the component
- Design change of an existing component
- Other unique situations that are different from qualified conditions

Suppliers are required to proactively contact Masonite Global Sourcing and/or Supplier Quality Engineering if any of these situations are planned or imminent so that appropriate planning and activity can take place to minimize the risk to Masonite and our customers. For further details around the Masonite PPAP process refer to **Production Part Approval Process (PPAP) (GLS-PROC-QMS-001)**.

## 4. General Requirements

### a) Audits

Suppliers are required to allow Masonite representatives access to their manufacturing and storage facilities when a product is being manufactured or stored. Masonite will conduct process and or product audits at the supplier's facility as needed.

Additional audits maybe conducted to review and verify contracts. Supplier is required to provide Masonite all requested supporting documentation as verification of meeting contract guidelines. Audits may also be conducted to review Supplier's environmental management, performance in the area of human rights (including human trafficking and slavery), and labor practices.

**b) Non-Conformance and Corrective Action Response**

Shipping a non-conformance product is not acceptable. All such incidents will negatively affect the supplier's performance metrics.

Discovery of a non-conformance product will result in a non-conformance notification and will typically result in the issuance of a Non-Conformance Report (NCR). Masonite requires suppliers to implement containment actions necessary to maintain production delivery schedules within 48 hours from the time such an incident is reported to the supplier. Masonite's non-conformance requirements are outlined in [Supplier Non-Conformance Procedure \(GLS-PROC-QMS-005\)](#)

The supplier is responsible for all expenses incurred as a result of the non-conformance. The supplier is expected to proactively notify Masonite Supplier Quality of a non-conforming product if the supplier becomes aware of such before it is identified by Masonite personnel.

**c) Process Improvements**

Out-of-control or unstable processes (that have assignable causes) and processes that do not meet Masonite's process capability requirements must be identified and corrected by the supplier. Suppliers shall identify whether the poor process capability is the result of large variation or the result of an un-centered distribution.

Suppliers shall review all critical characteristics, identify critical-to-quality process parameters that affect those characteristics, and adequately monitor those process parameters. Masonite's process capabilities requirements are outlined in [Supplier Process Capability \(GLS-PROC-QMS-002\)](#).

**d) Deviation**

A supplier is never permitted to ship a product that deviates from the design documents, drawing, material specification, or design intent without an approved deviation. If a non-conforming product is found, the supplier may petition Masonite Supplier Quality Engineering to initiate a deviation request. Masonite's deviation requirements are outlined in the [Supplier Product Deviation Procedure \(GLS-PROC-QMS-006\)](#).

Although the supplier may be requesting a deviation, the supplier should immediately begin preparations to reproduce the material. Until the deviation is approved, the supplier should not assume that the deviation request will be approved, and the supplier should remain committed to shipping material to meet the PO requirements as soon as possible with material that meets specifications.

Only an approved deviation will authorize the shipment of a non-conforming product.

**e) Maintenance**

The supplier shall maintain all facilities, manufacturing machines, tools, measuring devices, and other equipment in such a manner that the supplier can support Masonite production requirements, and the quality of material, parts, or assemblies manufactured for Masonite are not degraded in any way. Preventative maintenance of equipment should be in line with manufacturer's instructions and recommendations.

**5. Supplier Credit Requests (SCR)**

When Masonite incurs costs for items such as defective material, late shipments, or administrative costs associated with repeat offenses, a credit for related costs may be initiated against the responsible supplier. Supplier credit may be applied for delivery of non-conforming products and quality incidents caused by the supplier's non-conforming products or breach of contract. Masonite's credit process is outlined in the [Supplier Credit Policy \(GLS-POL-QMS-002\)](#).

**6. Code of Conduct**

The Masonite [Supplier Code of Conduct \(GLS-FORM-QMS 017\)](#) is attached below for signature or can be obtained through Masonite Global Sourcing and/or Supplier Quality Engineering.

### Reference Documents for Signature



GLS-FORM-QMS-021  
Supplier Confirmation



GLS-FORM-QMS-017  
Masonite Code of Cor

### Referenced Documents for Review

The following Policies, Procedures and Forms make up the core of Masonite's Supplier Policy. An uncontrolled copy of the latest version will provided by Masonite Supplier Quality Engineering to the supplier.

GLS-PROC-QMS-001 - Production Part Approval Process  
GLS-PROC-QMS-002 - Supplier Process Capabilities  
GLS-PROC-QMS-004 - Gauge Accuracy Procedure  
GLS-PROC-QMS-005 - Supplier Non-Conformance  
GLS-PROC-QMS-006 - Supplier Product Deviation

GLS-POL-QMS-002 - Supplier Credit Policy  
GLS-POL-QMS-003 - Supplier Custom Compliance Policy

GLS-FORM-QMS-003 - Supplier Business Survey  
GLS-FORM-QMS-004 - Process Capability  
GLS-FORM-QMS-005 - Control Plan  
GLS-FORM-QMS-008 - 8D Form  
GLS-FORM-QMS-009 - Product Deviation Form  
GLS-FORM-QMS-016 - Supplier Credit Request  
GLS-FORM-QMS-017 - Code of Conduct  
GLS-FORM-QMS-019 - Bulk Material Checklist  
GLS-FORM-QMS-020 - Appearance Approval Report  
GLS-FORM-QMS-021 - Supplier Confirmation of Guidelines  
GLS-FORM-QMS-022 - Custom Compliance Checklist  
GLS-FORM-QMS-024 - CTPAT Supply Chain Security Questionnaire  
GLS-FORM-QMS-025 - TMS Vendor Routing Instructions  
GLS-FORM-QMS-026 - Vendor Routing Instructions

**Revision History**

Rev Date	Description of Change	Requestor
2/28/18	Original	D Sowers

**Document Approvals**

Approved By	Title or Function	Date
Robert Lewis	SVP. General Counsel & Corporate Secretary	4/9/18
Mike Leggett	VP Global Logistics, SIOP and Customer Service	4/9/18
Mike Romano	Director Global Supply Chain Engineering/Quality	4/9/18
Eric Febles	Director Global Sourcing	4/9/18
Kedar Revankar	Director Global Indirect Sourcing & Logistics	4/9/18
Fred Meyerhoffer	Director Global Trade & Customs Compliance	4/9/18