

***SUPPLIER
QUALITY & LOGISTICS
MANUAL***

Yazaki Europe Ltd.

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1 Glossary of terms

<i>APQP</i>	Advanced Product Quality Planning
<i>BOS</i>	Business Operating System
<i>CLP</i>	Classification, Labeling and Packaging
<i>EDI</i>	Electronic Data Interchange
<i>EH&S</i>	Environmental Health and Safety
<i>ELV</i>	End of Life Vehicle Legislation
<i>GQRS-C</i>	Global Quality Reporting System-Components
<i>IMDS</i>	International Material Data System
<i>IS</i>	Initial Sample
<i>KPI</i>	Key Performance Indicator
<i>MDS</i>	Material Data Sheet
<i>OEM</i>	Original Equipment Manufacturer
<i>PO</i>	Purchase Order
<i>PTC</i>	Porto Technical Centre
<i>PPAP</i>	Production Part Approval Process
<i>PPM</i>	Parts Per Million
<i>PSW</i>	Part Submission Warrant
<i>REACH</i>	Registration, Evaluation and Authorization of Chemicals
<i>Shall</i>	Mandatory requirement
<i>Should</i>	Recommendation
<i>SICR</i>	Supplier Initiated Change Request
<i>SoC</i>	Substance of Concern
<i>SD</i>	Supplier Development
<i>SVHC</i>	Substances of Very High Concern
<i>SQE</i>	Supplier Quality Engineer
<i>SQA</i>	Supplier Quality Assurance Engineer
<i>SQIP</i>	Supplier Quality Improvement Plan
<i>PTC-TDC</i>	Porto Technical Center - Technical Documentation Center
<i>YEL</i>	Yazaki Europe Limited
<i>S-Y</i>	S-Y Systems Technologies

2 Scope

The requirements defined in this Supplier Quality & Logistics Manual apply to all suppliers of production parts / materials and / or services to YEL manufacturing plants or service centre locations.

3 Purpose

- 3.1. The purpose of the YEL Supplier Quality Manual is to clearly define the quality system procedures and disciplines to ensure and maintain a successful and professional relationship between YEL Purchasing and suppliers.
- 3.2. These expectations are Yazaki specific and are based upon and in addition to the following International / Global Standards (latest editions): ISO9001, ISO/TS16949, ISO14001, OHSAS18001, ISO/TS Core Quality Tools (APQP, PPAP, FMEA, SPC and MSA), OEM/Customer Specific Requirements as well as European Parliament Directive 2000/53/EC on ELV, Regulation (EC) No. 1907/2006 on REACH, and Regulation (EC) No. 1272/2008 on CLP plus all revisions to the legislation that affect products in the supply chain.

4 Management Systems requirements - Third Party Certification

4.1 Quality / Environmental / Health & Safety Management System

YEL Purchase policy is wherever possible to only purchase products & services from suppliers that hold third party accreditation for their Quality, Environmental and Occupational Health & Safety Management Systems. Ultimately, all suppliers will be required to hold Third Party Certification to latest editions of **ISO/TS 16949**, **ISO 14001** and **OHSAS 18001**.

A timing plan shall be submitted if any of above certification has not yet been obtained. Note that not being certified has a negative impact on the YEL scorecard performance. In the case of a certificate suspension decision from the supplier's third party accreditation body, YEL shall be informed by the supplier within 30 days of the decision. Until such time, **all suppliers of YEL shall be third party registered to ISO9001** (latest edition) by an accredited third party certification body as a minimum/ mandatory requirement.

Certificate management - Overview:

An overview of the certification status of all active sites supplying to Yazaki plants shall be maintained by the supplier and submitted to the SQE along with copies of the valid Third Party Certificates (pdf format preferred).

Remark to ISO/TS 16949 certificates:

ISO/TS certificates are considered as valid only if provided by an **IATF recognized certification body**. Non compliant suppliers shall provide a timing/transition plan to move as soon as possible to an approved IATF certification body - official list at www.iatfglobaloversight.org/certBodies.aspx.

Only acceptable exceptions to the above are:

- Suppliers specifically nominated and approved by OEM, which must be supported with a copy of the latest assessment / approval report.
- Suppliers who are committed to third party certification and who have undergone a satisfactorily second party audit carried out by YEL qualified auditor(s), in accordance with Customer Specific audit / auditor requirements.

- All suppliers shall maintain or obtain third party certification as mentioned above, (unless above exceptions are agreed). YEL reserves the right, whenever deemed necessary, to carry out its own assessments on suppliers and / or their subcontractors (by agreement with the supplier).

4.2 Environmental Compliance - Green Purchasing

The supplier shall take responsibility to ensure compliance to all relevant environmental legislation (both applicable to the regions where goods are produced and/or sold, as well as any additional requirements from OEMs), including, where necessary, investigations within the supply chain to assure that all requirements are met and communicated effectively. Confirmation will be requested from central supplier environmental contact through related checklists (EU/ELV, SoC, REACH/SVHC) and shall be submitted to Yazaki PTC-TDC Dept.

Feedback from the supplier applies to all sites of the supplier organization and shall be communicated internally as such.

4.3 Corporate Social Responsibility - YEL Code of Conduct

Corporate Social Responsibility and ethical standards are very important and part of Yazaki's Corporate Vision to remain a company that is trusted and respected by society and a good neighbor.

In this respect, YEL developed a `Code of Conduct` which defines the general rules on ethical behavior in conducting our day to day business internally and with outside parties. This `Code of Conduct` is also based on the standard of Social Accountability International (SA 8000).

Being our supplier involved in OEM projects, we also expect our suppliers, and their subcontractors, to be in compliance with OEM / customer standards and regulations, like Ford `Global Working conditions`, Daimler AG `Code of Sustainability` as well as other standards, international laws and regulations.

Note that `Guidance on Social Responsibility` is now also specified in the ISO 26000 reference standard.

Refer also to YEL letter `Compliance to YEL Code of Conduct` posted at YEL Supplier Portal / Supplier Communications:

www.yazaki-europe.com/supplier/purchasing_communications.html

5 New Parts/Products

- 5.1. For each new part / product, the supplier must submit initial samples (I.S.) with a complete report and supporting documents in accordance with requirements of ISO/TS16949, related AIAG manuals APQP & PPAP (latest edition) and any other OEM/Customer specific requirements specified during contract release. The report must contain Yazaki part number, technical engineering level and clear and complete supplier identification data. PPAP packages must be complete, accurate and up to date for the parts in question at all times.

The suppliers of proprietary or other parts must provide documented evidence of formal OEM / customer approval of initial samples, which clearly demonstrates conformance to YEL requirements, including a signed PSW. Where PSW's must be updated on a regular basis, according OEM requirements e.g. annual lay-out Ford, Chrysler, etc., suppliers will be notified by Yazaki TDC to submit free of charge PPAP updates. Initial Samples must be sent as scheduled and always before the start of volume production. Samples must be identified with "Initial Sample" labels and accompanied by

appropriate documentation. YEL Core Purchasing, SQE or TDC may define samples delivery to the relevant YEL `Pilot Plant`.

- 5.2. For all Yazaki designed parts and upon request of YEL, APQP must be applied. APQP / Project Management might be tracked via the **SupplyOn platform** (www.supplyon.com). Supplier shall register to SupplyOn platform if required. Projects will be kicked off by the SQE who specifies APQP and PPAP requirements. Additionally, a process, full system audit or PSO (Process Sign Off) may be carried out by the SQE before initial sample submission, in order to validate the process and product (in accordance with ISO/TS16949 / Core Tools AIAG / APQP Product / Process latest requirements). See also Section 22.

Information about `Roll out of SupplyOn Application Project Management Communication` is available at YEL Supplier Portal / Supplier Communication: www.yazaki-europe.com/supplier/purchasing_communications.html

- 5.3. Initial - and SoC samples, (see 5.5 below), shall be in compliance with requirements with first submission to YEL. Supplier will be requested for corrective actions including resubmission if any deviation is recognized by SQE or TDC.
- 5.4. Material packaging is part of the PPAP and as such to be agreed and validated during project phase, prior to PSW approval.

A `**Packaging Specification**` template is available at the YEL Supplier Portal / Supplier Quality and Development documents: www.yazaki-europe.com/supplier/purchasing_documents.html

- 5.5. In case of report incompleteness, the PPAP submission will be rejected.
- 5.6. For each new part a MDS according to IMDS requirements shall be submitted to YEL via IMDS database and in PPAP documentation. The supplier must submit 4 samples to PTC Laboratory for **SoC compliance testing**. This activity will be coordinated by the respective SQE. The supplier must be aware of updates to the IMDS Candidate List and ensure that information submitted is correct, and comply with the recommendations of the IMDS system. For all parts supplied, the supplier must automatically provide any changes to MDS.
- 5.7. YEL will respect supplier's confidentiality / expertise concerning data covering proprietary parts, and it is accepted that in these circumstances suppliers cannot share all information / data with YEL. However, if problems or concerns arise, the supplier must be prepared to provide YEL with all relevant information that is necessary to review and eliminate such concerns.
- 5.8. In addition to compliance demonstration of performance and specification / engineering requirements, PPAP documents must prove / state conformance to EH&S, Environmental, Directive 2000/53/EC on ELV, and local / national and customer requirements. See also above 4.2 and 5.6 reference SoC testing.
- 5.9. SQE will notify supplier with a documented approval or rejection of the IS and PPAP submission. In the event of rejection, Yazaki Core Purchasing department will be notified for consideration in tool payments.
- 5.10. All new parts/products requirements are applicable for projects managed by the S-Y joint venture.

Record Retention

Document Type	Examples	Shall be maintained for
APQP and PPAP documentation	Technical specifications, drawings, process flow charts, FMEA, control plans, manufacturing instructions, ...	the length of the time that the part (or family of parts) is active for production and service requirements plus one calendar year unless otherwise specified by Yazaki
Quality Performance records	Control charts, inspection and test results, product audits, lay-out inspection, functional testing, ...	
Product Safety related records		A minimum of 20 years from the date of manufacture

The above time periods shall be regarded as minimum. Retention periods longer than those specified above may be specified in the procedures of the supplier. These requirements do not supersede statutory and regulatory requirements.

6 Modified Parts

- 6.1. For YEL nominated (design) parts, no modifications will be accepted without YEL written approval. This applies to all modifications suggested or requested by supplier, YEL and OEM.
 For non-YEL nominated parts, supplier shall inform YEL in writing according to the **SICR process** (see 6.5) with appropriate documentation about any modification, prior to first shipment of parts.
 In all cases a new PSW shall be submitted.
 For any **modification affecting the material of supplied components**, 4 samples must be sent to PTC for SoC testing (see 5.6 above).
- 6.2. A modification may be due to any of the following which could affect fit, form or function:
- A. Part modifications:
 - Dimensions
 - Raw material (see 6.1 above)
 - Technical specification (performance / test method)
 - B. Change of supplier (Material or service)
 - C. Process change:
 - New tool
 - Tool modification
 - Process modification
 - New process / technology
 - D. Plant change:
 - Production / Tool transfer to a different plant
- 6.3. The supplier is responsible for any modification (independent from originator of the change) affecting the product they supply.
- 6.4. YEL must also be informed in advance with **submission of a SICR form sheet** when parts manufactured by suppliers subcontractors and also when a modification (refer 6.3.) is proposed in response to a subcontractor request. The SICR form is available at

the YEL Supplier Portal / Supplier Quality and Development documents:
www.yazaki-europe.com/supplier/purchasing_documents.html

6.5. Process steps :

- A. Submission of SICR form, duly filled out, at least 30 days prior to implementation date to following address: **SICR@yazaki-europe.com** including detailed information explaining the change / modification. See also specific info at YEL Supplier Portal / Supplier Communications: www.yazaki-europe.com/supplier/purchasing_communications.html
- B. SICR info will be analysed upon receipt. Depending on the modification type, additional samples might be required at Yazaki Pilot plant for functional testing (see 5.1) and at PTC Lab for SoC tests (see 5.6). Coordination by respective SQE.
- C. Provision of a change implementation schedule to affected YEL sites.
- D. Provision of evidence about security stock level to ensure parts delivery during any change related production down time. In the event of irreversible modifications, the security stock must be validated together with YEL plant prior to implementation of the modification, and records kept and made available to YEL (if required).
- E. Identification of new / changed part level. Whenever a change occurred packaging of the next three consecutive deliveries into YEL plants must be identified with an orange or otherwise agreed label.

7 Deviations / Concessions

- 7.1 Deviations / Concessions will only be considered for a specific quantity of parts or a specific time frame and must be documented and signed by a YEL SQE.
- 7.2 **Deviation:** Is the written request from a supplier to knowingly manufacture parts which in some way, do not conform exactly to specification (i.e. supplier cannot produce parts according to specification and requests YEL for deviation approval).
- 7.3 **Concession:** Is the written request from a supplier to ask YEL to accept and use parts already made / in transit, which do not conform to specification, and which the supplier has only become aware of after manufacture.
- 7.4 Deviations / Concession shall be communicated by using the **CDAR** form (Component Deviation Approval Request). The CDAR form is available at the YEL Supplier Portal / Supplier Quality and Development documents: www.yazaki-europe.com/supplier/purchasing_documents.html
- 7.5 The YEL decision on a Deviation / Concession will be given in writing at all times.
- 7.6 Representative samples should be submitted with the CDAR form to the responsible SQE who will further co-ordinate with related Engineering Dept. and SQA of the YEL user plant.
- 7.7 If YEL accepts the Deviations / Concessions, each delivery must be identified with a label "Deviation / Concession 'X'".

8 Counterfeit electronic components:

Distributors/Suppliers of electronic components shall provide evidence of genuine components prior to supplying Yazaki. Based on the receiving Yazaki manufacturing plant requirements, supplier must submit minimum evidence, but not limited to, pictures of component packaging, packaging label and component marking. The affected Yazaki plant can verify the evidence provided with the original component manufacturer (OCM) and all related costs (warranty field cost, revalidation, etc.) will be charged in case any deficiency is detected.

Distributors/Suppliers are obliged to demonstrate capable component management to avoid any infiltration of counterfeit components at any time.

9 Logistic requirements - Packaging

Logistic requirements (section 8-12) are specified by YEL Supply Chain Management Dept. and are also available at YEL Supplier Portal / Supplier Quality and Development documents:

www.yazaki-europe.com/supplier/purchasing_communications.html

9.1 Primary product packaging

Primary product packaging or Standard Pack Size (SPS) is the packaging in which the individual products (e.g. bags of connectors, reels of terminals, grommets, etc.) are packed per item number. This definition holds the obligation for the supplier to pack each defined SPS solely into the defined primary product packaging unit.

9.1.1 It is only allowed to pack 1 item number into the defined primary packaging unit (no mixed boxes).

9.1.2 In case of SPS changes, the supplier needs to inform the new SPS quantity & box dimensions (CM) & weight (KGM) to YEL Supply Management department.

9.1.3 All goods, except spools of wire should have carton of good quality as primary product packaging (SPS) unless returnable packaging is mutual agreed.

9.1.4 The primary product packaging must enable stacking compatibility.

9.1.5 The primary product packaging must provide adequate protection to ensure that goods reach Yazaki in perfect condition, under normal traveling conditions. The goods must arrive in good condition: No handwriting on boxes, no holes in boxes, no squeezed boxes (because cartons are too big for the packed goods or cartons are not fitting to have stackable pallets).

9.1.6 The boxes must be modular in order to guarantee a maximum fill rate of the pallet and the pallet footprint must be covered at every layer. The top of the pallet must also be flat and cartons properly closed.

9.2 Transport packaging

Transport packaging is the packaging in which the primary product packaging (SPS) are transported to Yazaki.

9.2.1 All modular carton loads must be secured to the pallet with plastic banding and/or clear plastic stretch wrap. Under no circumstances is steel banding, nailing, stapling or gluing acceptable.

9.2.2 Cartons of the same part number must be grouped on one pallet. A homogeneous pallet should be the standard. If the order volume per shipment and item nr. does not enable full homogeneous pallets, then mixed part numbers on one pallet are allowed.

9.2.3 The pallet types which need to be used is 1200 x 800 mm (EURO Pallet format).



9.2.4 All shipments to all Yazaki affiliates have to be made on wooden pallets which are heat treated (fumigated) and marked in accordance with ISPM 15 standard.

9.2.5 The pallets must sustain a dynamic weight of 300 kg.

10 Logistic requirements - Labeling

10.1 Primary product packaging

10.1.1 Each primary product packaging (SPS) must be labeled with an adhesive 1-dimensional bar-coded label according to the known standard in the European automotive industry e.g. Odette, VDA.

10.1.2 It must be always possible to scan the boxes from the outside of the pallet.

10.1.3 The Yazaki part number must be mentioned in the P-prefix field; Quantity must be mentioned in the Q-prefix field and should be the same for every delivery. For the quantity field (Q-prefix field) only the following units of measurement can be used: PCS (Pieces), MTR (Meter), KGM (Kilogram), LTR (Liter).

10.2 Transport packaging

10.2.1 If a Pallet load consists of a single part number (homogeneous pallet), a bar-coded pallet label of one of the above mentioned standards must be attached to adjacent sides of the Pallet. This will be a "low adhesion" label showing part number and total quantity of parts.

10.2.2 If multiple part numbers are being shipped within a Pallet, a mixed load bar-coded label must be attached to adjacent sides. This must be a "low adhesion" label.

10.2.3 The gross weight for the complete pallet should be easily visible.

11 Logistic requirements - EDI

11.1 It is required that the supplier is able to communicate according EDIFACT D99A respectively the communicated Yazaki standard.

12 Logistic requirements - Terms of Delivery

12.1 Delivery shall be executed according to the official and mutual agreed Incoterms (Incoterms 20XX of the International Chambre of Commerce).

12.2 The supplier is responsible for providing all necessary documents (Delivery Note, CMR, Invoice) in line with local, national and international legislation.

12.3 The preparation of export documents for non EU-Countries is mandatory according to the agreed Incoterms.

13 Logistic requirements - Cost of non-compliance

13.1 Documentation costs:

- Export declaration / EX1 document: 50,- € / shipment
- EUR.1 / ATR: 50,- € / shipment
- Web-Portal Booking: 10,- € / shipment

Yazaki would pass through all incurred expenses in terms of Repacking, Labeling or any further activities based on the local labor costs, but with a Minimum of 100,- €.

14 General Comments - Delivery and Packaging

- 14.1 The suppliers shall only deliver according to schedule, any costs related to early or late shipment i.e. special freight costs, over and under shipment will be charged to the supplier.
- 14.2 In any case of delivery concerns the supplier shall inform the Yazaki Purchasing Buyer and take appropriate actions to avoid material shortages at YELS plants. The supplier should also review & update the Contingency Plan if required. Being responsible for line stoppages at YELS plants has a negative impact on the YEL ScoreCard performance.
- 14.3 Whenever an engineering change occurs the next three consecutive deliveries into YELS have to be identified with an orange / otherwise agreed label. See also 6.5.E
- 14.4 Whenever a quality concern has occurred, the next three separate O.K. deliveries must be identified with an extra green label.

15 Treatment of Complaints / Rejections

- 15.1 The supplier is responsible for the quality of parts delivered at all times. He is also responsible for delivery of the correct parts, to the correct YELS user location. The supplier's responsibility is not only for his individual part, but also for any concerns/ rejections / recalls etc. with YEL products which have been produced using suppliers defect / suspect product and are related to those defect / suspect product.
- 15.2 Whenever a quality concern has occurred, the cartons of the next three separate O.K. deliveries must be identified with an **extra green label**.
- 15.3 Treatment of quality & logistic complaints / rejections
- The supplier shall apply the eight disciplines (8D) root cause analysis problem solving methodology and have evidence of official training on problem solving techniques. The supplier shall provide to YELS facilities an 8D report which must be in the English language, and which upon closure, clearly defines and verifies corrective actions implemented to eliminate the root cause. This process shall be carried by the supplier using the web-based **GQRS-C** portal (https://gpdb.yazaki-europe.com/sm_apps). User Manuals are posted in the portal, if necessary, further guidance / advice on the correct use of this system can be obtained from the SQA and/or SQE.
- 15.4 Responsiveness / Pro-Activeness
- Suppliers are selected because of their competence, qualification and particular commodity experience in an automotive environment. This includes that suppliers must be responsive and proactive for the entire life of the product.
- Design and Development phase:
Suppliers must assist YEL project teams to find the best technical solutions at competitive prices, without compromising the required level of quality.
- Production phase:
Suppliers must be committed to provide the necessary resources to resolve quality concerns as top priority.
- Post production phase:
Suppliers must be committed to support and take responsibility for any concerns occurring after production phase i.e. field claims, warranty concerns.
- 15.5 Immediate Corrective Action

The supplier shall name a 'Champion' for each supplier manufacturing location. When YEL and associated companies receive products from more than one supplier manufacturing location, the supplier shall name a European coordinator to assist communication.

Production flow interruption: In the event of non-conformities, the supplier must provide corrective actions necessary to ensure YEL production without interruption. These actions may include sorting, rework, containment, immediate replacement of defectives, and identification of `OK` parts / materials, and the presence of the supplier / suppliers personnel in the YEL user facilities affected. Suppliers must respond within 24 working hours (maximum) when notified of a concern.

Agreed containment action may include visits of specific supplier personnel to YEL user facilities to review / analyze the concerns. This is in addition to supplier personnel who may be carrying out sort / rework activities, as referred to above.

Suppliers shall provide YEL with an initial 8D root cause analysis report using the Yazaki GQRS-C web based system, identifying containment actions (3D) within 24 working hours. The appropriate YEL SQA personnel responsible for handling the concern must review and approve the proposed supplier actions.

15.6 Permanent Corrective Action

Suppliers must provide YEL with initial 8D root cause analysis report within 72 working hours, using the Yazaki GQRS-C web based system and follow this up within 10 working days (maximum) with 8D report detailing complete corrective action. A corrective action-timing plan (in conjunction with 14.5 above), must be submitted to the appropriate SQA personnel, who must approve the proposed plan / actions.

16 Customer Line Returns and Warranty Returns to YEL

16.1 If supplier responsibility is identified, customer line returns and warranty returns will be managed as quality incidents and reported in the GQRS-C portal. The same process applies as explained in section 15.

17 Repetitive Problems

17.1 A repetitive problem indicates that the corrective actions according to 8D report were not effective or not implemented. Moreover the effectiveness of the corrective action was not verified, as required by the 8D process.

17.2 In the case of repetitive problems YEL may request suppliers senior management to visit the YEL plant to propose and commit to a complete business action plan.

17.3 Supplier shall provide 100% inspection and identification of purchased parts until the problem is eliminated (Controlled Shipping), and if requested by YEL, must agree to a process audit at the relevant supplier facility.

18 Cost of Non-Quality

In the case of quality and supply concerns caused by suppliers and accepted as justified by the Supplier, all costs incurred at YEL for time, labor, materials, additional freight, lack of output, plus any other associated costs will be fully charged back to the

delinquent supplier. This will be based upon the data collected via the GQRS-C system (Cost Agreement) related to the length/magnitude of the concern/rejection.

19 Long Term Action Plan / Supplier Quality Improvement Plan (SQIP)

On a yearly basis (minimum), the Supplier must present to YEL SQE, a detailed plan for continuous improvement of their system, organization, etc., showing how Quality, Cost, Delivery and Environmental objectives are to be achieved.

Depending on the results of the Supplier's performance evaluation and the actual ScoreCard level, the SQE will require the Supplier to establish a SQIP. This SQIP shall include corrective actions to improve the overall performance and ScoreCard KPIs. The SQE will evaluate and specify further requirements accordingly.

20 Supplier Performance Evaluation / ScoreCard

20.1 Supplier Quality & Logistic Performance is measured using following KPIs:

1. PPM Performance (Defective parts per million)
2. Reactivity Performance (3D and 8D)
3. Rejection Performance
4. Documentation Performance
5. Delivery Performance
6. Line-stop Performance
7. Supplier Certification

Based upon a combination of all or some of the above KPI's, (as relevant / applicable), a monthly Supplier Status Level will be calculated and where necessary the Supplier will be informed via the **YEL Supplier Quality & Logistic Scorecard**.

Supplier Status Levels are shown in the table below:

SCORE	LEVEL	STATUS
> 85 - 100	A	Preferred
> 60 - 85	B	Acceptable
> 40 - 60	C	Probationary
0 - 40	D	Unacceptable

20.2 Key Performance Indicators

1. PPM Performance

Total number of defective parts in relation to the total number of parts received, converted to a base of 1 million.

2. Reactivity Performance

Percentage of 3D reply given within first 24 hours (70%) and of 8D reply given within target date (30%).

3. Rejection Performance

Number of rejections per million parts delivered.

No of rejections per million parts delivered & total No of Rejections.

4. Documentation Performance

Percentage of requested documents vs. documents received (Drawings, Specifications, PSWs).

5. Delivery Performance

Percentage of deliveries on time.

6. **Number of line-stops** caused by the supplier

7. **Certification status**

Number of valid certificates (ISO9001, ISO/TS16949, ISO14001) of all active sites (includes Manufacturing locations, Sales offices & Logistic/Warehouses).

Further details and latest `Score Calculation Model` is available at YEL Supplier Portal/ Supplier Communication:

www.yazaki-europe.com/supplier/purchasing_communications.html

21 Quality Objectives - Quality Commitment - Zero Defects Philosophy

21.1 The minimum quality objectives are:

- PPM - Yearly improvements until zero defects achieved.
(yearly objective to be determined by SQE) 100% Delivery Performance
- 100% Reactivity in 8D response / containment actions (3D)
- 100% submitted documentation (Drawings, Specifications, PSWs)

21.2 The quality objective on parts used on future new projects i.e. projects in ramp-up prior to volume production, will be negotiated between SQE / Supplier at the relevant time, but the ultimate target / objective will still be Defect Free deliveries (unless otherwise specified by YEL or OEM).

21.3 Individual Quality Commitments might be set-up and agreed between the SQE and Supplier on a yearly basis. The Supplier will be notified by SQE.

22 Supplier Audits

Audits at supplier premises may be performed for following reasons:

- New Supplier
- New Supplier location
- New / additional business
- New process
- During APQP, before and or after PPAP/Product approval
- Poor performance
- After a major incident
- Other...

The supplier will be notified in advance by the Yazaki Auditor / SQE about any planned audit activity. The supplier is responsible to be well prepared for the audit, including self-assessment according Yazaki assessment questionnaires in advance, to assure the audit can be conducted in a proper way.

Yazaki reserves the right to charge the supplier for the expenses incurred if an unacceptable audit score level or preparation is detected during the on-site audit.

The related costs will be clearly communicated through Yazaki Purchasing.

23 Continuous Improvement

Suppliers to Yazaki are expected to drive continuous improvement activities throughout the whole organization.

Besides the basic standards of high level housekeeping / 5S, Visual Management, Mistake Proofing tools (Poke-Yoke) and good Problem Solving methods, it is also recommended to implement and maintain a Lean Management philosophy and



principles using tools such as Value Stream Mapping, SMED (Single Minute Exchange of Die), OEE (Overall Equipment Effectiveness), Kanban, Standardized Work, TPME (Total Productive Maintenance) etc. The respective SQE will verify the level of implementation during on-site visits / audits.

24 Confidential Disclosure Agreement

If for any reason during the approval / requalification process, YEL requires the Supplier to disclose proprietary or confidential information (see 5.7), YEL will request this in writing from the Supplier who may submit a Confidential Disclosure Agreement to YEL for official YEL signature.

25 YEL Supplier Portal

Refer to the YEL Purchasing website at www.yazaki-europe.com/supplier for YEL Purchasing Communication info, Supplier Documents and System links.

26 Revision History

Revision Level	Comments	Date
01	<p>New document. Complete update of previous version. Supersedes document Quality Agreement YELK-S-F28, Rev.5.</p> <p>Major updates in sections:</p> <ul style="list-style-type: none"> 4. Management Systems Requirements - Certificate Management - Environmental compliance - Social Responsibility 5. New parts - APQP/Project Management - Record Retention 6. Modified parts - SICR process 7. Deviations / Concessions - CDAR process 8. Counterfeit electronics components 9-14. Logistic requirements - Delivery - Packaging - Labeling 15. Treatment of Quality and Logistic claims- GQRS-C 19. Supplier Quality Improvement Plan - SQIP 20. Supplier Performance evaluation - ScoreCard 21. Quality Objectives - Zero defects philosophy 22. Supplier Audits 23. Continuous Improvement - Lean Management 25. YEL Supplier portal - Purchasing Communication and Docs 	16-Jan-2012