SUPPLIER
QUALITY & LOGISTICS
MANUAL

Yazaki Europe Ltd.
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1 Glossary of terms

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

The requirements defined in this Supplier Quality & Logistics Manual apply to all suppliers of production parts, materials and 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 latest editions of the following International and Global Management Standards: 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 environment legislation including but not limited to 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

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.

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. All suppliers of YEL shall be third party registered to ISO9001 (latest edition) by an accredited third-party certification body. YEL reserves the right, whenever deemed necessary, to carry out its own assessments on suppliers and / or their subcontractors (by agreement with the supplier).

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 the IATF site http://www.iatfglobaloversight.org/certBodies.aspx

Certificate Management - Yazaki Supplier Portal:
Suppliers are required to manage their certificates of all active sites (Manufacturing locations, Sales offices & Logistic/ Warehouses/ Distribution centers) in the Yazaki Supplier Collaboration Portal. Latest versions of Management System certificates shall be uploaded in this portal, as a minimum ISO9001, ISO/TS 16949, ISO14001 and OHSAS 18001 certificates, other certificates are optional. Automatic system messaging to Supplier users is activated once certificate expiry dates are entered.
For further details refer to the ´YEL Certificate Manual´ posted at the Supplier Portal > Purchasing Documents http://www.yazaki-europe.com/supplier/purchasing_documents.html

4.2 Environmental Management / 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.

In order to collect the necessary environmental information acceptable to our customers, YEL requires that suppliers report all product environmental information through the International Material Data System directly. YEL´s IMDS Company ID# is 2335.

YEL primary acceptance criteria are based on IMDS Recommendation 001. Suppliers must follow all rules listed in the latest version of IMDS Recommendation 001 at the time of MDS submission to YEL. Due to increasing customer demands for strict adherence to IMDS recommendations, YEL at its discretion can request clarifications and corrections to previously submitted and accepted IMDS data.

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 our letter ´Compliance with YEL Code of Conduct´ posted at the Supplier Portal > Purchasing Communications:
http://www.yazaki-europe.com/supplier/purchasing_documents.html

4.4 Conflict Minerals

Supplier is required to check and report if any material, part, sub-component, component, semi-finished or finished product supplied to YEL, either directly or via third parties, contain any metals Tantalum, Tungsten, Tin, Gold originating from the Democratic Republic of Congo and its adjoining countries. For more information see http://www.conflictfreesourcing.org/

Supplier will proactively undertake due diligence and continuous monitoring of our supply chain to avoid direct or indirect procurement of Conflict Minerals.
If Supplier becomes aware of the usage of metals that have been derived from Conflict Minerals in any goods supplied to YEL, it shall immediately notify YEL. Such notification shall include any tracking information to specify which goods may contain these metals.

Refer also to letter “Conflict Minerals” posted at the Supplier Portal > Purchasing Communications: http://www.yazaki-europe.com/supplier/purchasing_communications.html

5 New Parts/Products

5.1. For each new part / product or first time buy for YEL, 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 free of charge. 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 updated PPAP documentation free of charge. 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 http://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 including Run-and-Rate) may be carried out by the SQE before initial sample submission, in order to validate the process and product (in accordance with ISO/TS16949 and any other OEM / Customer specific requirement. See also Section 22.

5.3. Initial- and SoC samples, see 5.5 below, shall be in compliance with the 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: http://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 recommendations shall be submitted to YEL via IMDS system and the information of MDS ID number shall be stated in the PPAP documentation. The supplier shall submit samples free of charge 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 GADSL 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. Data exchange and review shall be covered by the general NDA between Yazaki and the Supplier.

5.8. 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.

5.9. **Records Retention Table**

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Examples</th>
<th>Shall be maintained for</th>
</tr>
</thead>
<tbody>
<tr>
<td>APQP and PPAP documentation</td>
<td>Production part approvals, APQP records, Technical specifications, drawings, process flow charts, FMEA, control plans, manufacturing instructions, ...</td>
<td>the length of the time that the part (or family of parts) is <strong>active</strong> for production and service requirements <strong>plus one calendar year</strong> unless otherwise specified by Yazaki or any OEM specific requirements</td>
</tr>
<tr>
<td>Quality Performance records</td>
<td>Control charts, inspection and test results, product audits, lay-out inspection, functional testing, ...</td>
<td></td>
</tr>
<tr>
<td>Product Safety related records</td>
<td>Safety relevance and conformity, Critical Characteristic</td>
<td>A minimum of <strong>20 years</strong> from the date of manufacture</td>
</tr>
</tbody>
</table>

The above time periods shall be considered as minimum. These requirements do not supersede any 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 the **SICR process** (see 6.5) with appropriate documentation about any modification, 90 days prior to first shipment of parts. In all cases a new PSW shall be submitted. For any **modification affecting the material of supplied components**, a new MDS shall be submitted to YEL via IMDS system and samples shall be sent by the supplier to PTC for SoC testing free of charge. See also 5.6.

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
- Pick-up location change

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 or any OEM request via sub-tiers. The SICR form is available at the YEL Supplier Portal / Supplier Quality and Development documents: http://www.yazaki-europe.com/supplier/purchasing_documents.html

6.5. Process steps:

A. Submission of SICR form, duly filled out, at least 90 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:
   http://www.yazaki-europe.com/supplier/purchasing_communications.html

B. SICR info will be analyzed 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). Please contact the YEL 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 Design Engineer and 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: http://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: http://www.yazaki-europe.com/supplier/purchasing_documents.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, depending on the shipping conditions and components material e.g. for sea-freight conditions, environmental effects could require additional packaging material as VCI (Volatile Corrosion Inhibitor) plastic bags etc. 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 Pallet dimensions (L x W) shall be 1200 x 800 mm (EURO pallet format). For US supplied shipments US Block pallets 48 x 40 inch (1219 x 1016 mm) or 48 x 45 inch (1219 x 1143 mm) are accepted. Above applies unless different agreed in the PPAP product packaging standard.

9.2.4 All shipments to all Yazaki affiliates have to be made on solid wooden pallets which are heat treated (fumigated) and marked in accordance with ISPM 15 standard. Pallets other than solid wood construction are to be reviewed and approved in the PPAP product packaging standard.

9.2.5 The static load must have the strength to stack three pallet units high of the same footprint and weight (when full) in storage or to a height of 3 m, whichever is greater.

9.2.6 The use of DO NOT STACK label is prohibited. Exceptional use of DO NOT STACK label have to be agreed and will not exempt the supplier from damaged product claims and will be grounds for a Problem Report.

9.2.7 Boxes must be designed to withstand a dynamic (in transit) load of 3 times the static load of the stacked pallet units. The stackability in the trailer is according to the weight of the pallet unit and the trailer height of 3000mm as follows:

- a) pallet unit < 350kg and height of pallet unit < 1000mm: 3 times
  Example: Pallet unit of 200kg, 900mm height => Dynamic load: 1800 kg
- b) pallet unit between 350 kg and 700 kg or height of pallet unit ≥1000 mm: 2 times
  Example: Pallet unit of 400kg => Dynamic load: 2400 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

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 Chamber 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

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 YEL 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

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 YEL 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 YEL 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 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 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 8D root cause analysis report within 10 working days with 8D report detailing complete corrective action. A corrective action-timing plan (in conjunction with 15.5 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

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 direct and indirect 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 Supplier Performance Evaluation / Supplier ScoreCard

Supplier Quality & Logistic Performance is measured against following KPI’s:
1. PPM Performance
2. Rejection Performance - Rejections per million (RPM)
3. 3D Reactivity Performance
4. 8D Reactivity Performance
5. Documentation Performance
6. Delivery Performance
7. Number of Rejections
8. Line-stop Performance
9. 3D Reactivity Performance of Customer Concern

Downgrading criteria: Certification Performance and subcategory fail (D level). The overall status (A, B, C, D level) is the sum of all KPI scores and considering the
downgrading:

<table>
<thead>
<tr>
<th>SCORE</th>
<th>LEVEL</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>85 ≤ Score ≤ 100</td>
<td>A</td>
<td>Preferred</td>
</tr>
<tr>
<td>67 ≤ Score &lt; 85</td>
<td>B</td>
<td>Acceptable</td>
</tr>
<tr>
<td>50 ≤ Score &lt; 67</td>
<td>C</td>
<td>Probationary</td>
</tr>
<tr>
<td>0 ≤ Score &lt; 50</td>
<td>D</td>
<td>Unacceptable</td>
</tr>
</tbody>
</table>

For detailed information, refer to the ‘YEL Supplier ScoreCard Manual’ posted at the Supplier Portal > Purchasing Documents:
http://www.yazaki-europe.com/supplier/purchasing_documents.html

20 Zero Defects Philosophy - Quality Objectives - Quality Improvement Plan

20.1 All suppliers are expected to drive Zero Defects Philosophy throughout their supply chain, aiming to deliver defect free material at the required time. The ultimate quality target can only be zero PPM.

20.2 Individual PPM Targets per project will be defined and specified, considering the product and technology as well as given customer requirements, in project specific documentation.

The quality objective on parts used on 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 (zero PPM).

20.3 Supplier Development / Quality Improvement Plan (QIP)

The supplier quality performance is monitored and is the base for deploying development activities to improve Quality, Cost, Delivery and Environmental objectives.

For suppliers defined as high impact and/ or with downward quality performance trends are expected to deliver a comprehensive quality improvement plan (QIP) for continuous improvement of their system, organization, etc., showing how Quality, Cost, Delivery and Environmental objectives are to be achieved.

Individual Quality Commitments with quality objectives are set-up by the SQE and agreed with the Supplier on a yearly basis, at a minimum.

21 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 submission of the self-assessment in advance in order to assure the audit can be conducted in a proper way. Audit format can be a Yazaki or any Customer specific assessment questionnaire.
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.

22 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.

23 Supplier Performance Deviation Management - Escalation process

The Supplier Performance Deviation Management procedure is a proactive 3-stage escalation process. It defines the process and actions for issuing and conducting reviews to suppliers delivering material or service with deviating performance (quality, commercial, logistic) to YEL Plants and Business Units.

For each of these levels, related letters are submitted describing the deviation and the required next steps. Each letter has to be acknowledged, confirmed and appropriate actions have to be submitted.
Level 1 review: Yazaki and Supplier representatives
Level 2 review: Management level
Level 3 review: Executive Management level

If the Supplier’s corrective action is unsuccessful and the performance level continues, passing the deadline determined in the Level 3 review, the Supplier’s long-term relationship with Yazaki will be assessed and may ultimately result into a New Business Hold status.

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 for YEL Purchasing Communication info, Supplier Documents and System links http://www.yazaki-europe.com/supplier
### Revision History

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<td>New doc numbering, supersedes document YELK-SMA-F28, Rev.1, 16-Jan-12.</td>
<td>1-July-2015</td>
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