

# GLOBAL SUPPLIER EXPECTATIONS MANUAL



**Electrical Components  
International**

# CONTROLLED DOCUMENT

Document Code no.: NA-GSEM-01

Initial Documentation Date: September 20<sup>th</sup>, 2021

Last Date Rev: **October 13<sup>rd</sup>, 2021**

Rev: 1

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## **PURPOSE:**

Electrical Components International (ECI) is continually striving to improve the quality of its products; this requires a corresponding level of improvement in quality of the components, parts and materials provided by its suppliers. ECI's goal is to produce Harnesses with no defects, hence Suppliers are expected to provide defect-free components in a timely manner to fully support production schedules.

The purpose of the Global Supplier Expectations Manual is to provide clear expectations for all current or potential suppliers to ECI. Suppliers are expected to acknowledge receipt and compliance with this procedure on an annual basis.

No statement in this manual is meant to imply that ECI will accept anything less than 100% defect-free components. The Global Supplier Expectations Manual must be used as a guide for supplier expectations in all situations.

Current version of this Global Supplier Expectations Manual can be downloaded from Supplier Quality Issue Care System (SQICS) platform.

Product Technical Specification and Engineering Drawing/Model Specifications will supersede any expectations laid out in this Global Supplier Expectations Manual if conflict arises.

If a situation occurs that is not covered by the Global Supplier Expectations Manual, the responsible Supplier Quality Engineer (SQE) will be the main point of contact for getting questions answered and situations resolved. The SQE has the authority to request information, including process data, above and beyond the stated requirements in the Global Supplier Expectations Manual if it is deemed pertinent to protect the interests of ECI.

## **SCOPE:**

This manual applies to all current or potential suppliers of purchased components or materials to ECI.

## SECTION 1: PURCHASING AND DELIVERY EXPECTATIONS

**Responsiveness:** Suppliers are expected to be responsive and flexible when responding to fluctuations in demand, and production changes. Suppliers must provide excellent and timely communication, service, and provide resolution as it is necessary.

**Flexibility:** Suppliers are expected to be agile and adaptable to respond to short term changes in demand or supply situations of other external disruptions, to align within the supply chain for better overall performance. Willing to negotiate, grants reasonable time, supplier's input is key for resolution. Is the ability or willingness of the supplier to provide additional effort or support whenever unusual circumstances arise.

**Responsibility:** Supplier's responsibility is evaluated to ensure proper contract performance, and perform improvement plans to ensure continuous progress.

**Competitiveness:** Overall contribution of the cost competitiveness or financial impact of the product to the finished good selling price.

**Service:** Accurate and quick responses, value added activities, information turnaround, meeting promised dates, flexibility.

**Contracts:** Contracts are in place, agreements are followed, adherence to supplier development booklet.

**Billing Accuracy:** Accuracy on billing both in time (agreed payment terms) and money (agreed price) wise.

Notes: Requested information in this section of the booklet is meant to include quotes, approvals, samples, tracking numbers, (P)PAP, UL/CSA and/or ISO certifications, product drawings and specifications, packaging drawings and specifications, labeling instructions, certificates of origin and/or environmental (RML, RoHS, REACH) documents. These requests may be done by anyone at ECI.

## SECTION 2: SUPPLIER MANAGEMENT

### **2.1 Quality Management System:**

Current and potential suppliers must demonstrate their financial viability and that its facilities, processes, and Quality Management System (QMS) meet the standards required to sustainably deliver quality components and products.

Current and potential suppliers to Electrical Components International must operate within a comprehensive Quality Management System properly implemented. Suppliers shall provide written confirmation and objective evidence of third-party certification to an active version of IATF 16949 for ECI's automotive customers, ISO:9001 or other similar certifications for non-automotive customers. Suppliers (for ECIs automotive customers) who are not IATF 16949 (latest issued) certified must have a working plan to become compliant to IATF 16949 available for review unless the supplier has an approved Supplier Quality Certification Exemption from ECI waiving such plan. Certified suppliers up for ISO:9001 or IATF 16949 certification renewal must submit current certificate to ECI once available and upon request. Also, suppliers must notify in written to ECI within 24 hours if for whatever reason their certificate will be suspended by their registrar. Distributors must obtain ISO:9001 or IATF 16949 certificates from their manufacturers and submit to ECI as stated above.

In support of these assessments, it is expected that suppliers actively manage the quality of their sub-tier suppliers. Suppliers should allow and facilitate ECI visits and audits of sub-tier suppliers when required.

## **2.2 SUB-SUPPLIER CONTROL:**

1. Suppliers must obtain written authorization from ECI Supplier Quality prior to changing any sub-supplier or material via the ECI supplier change request process.
2. Suppliers shall ensure all subcontractors are in compliance with ISOTS:16949 (for Automotive products) or ISO:9001 (for Non-Automotive products) requirements and any/all ECI specific expectations as applicable.
3. Suppliers shall ensure ECI has access to subcontractor facilities, working areas and records as applicable to enable verification that sub-suppliers are complying, and when investigating concerns.
4. Suppliers are fully responsible for the quality and delivery of materials purchased to produce product for ECI.
5. Each supplier is responsible for the control and continuous improvement efforts of sub-suppliers. That responsibility as well applies to sub-suppliers nominated or directed by ECI.

## **2.3 Audits:**

Upon request of ECI and approval by Supplier, a 3rd party representative, agreeable to Supplier, Customers and/or ECI will be entitled to visit any product related location of the Supplier and to conduct audits based on IATF 16949 and VDA standards (in the case of suppliers for ECI's automotive customers) and ISO:9001 for ECI's non-automotive customer base. This right shall also include audits at the Supplier's sub-supplier's locations. The Supplier shall provide the necessary resources for the performance of this task. Supplier will require adequate advanced notice of audits and some processes may be considered proprietary to Supplier.

## **2.4 Integrity Guide for Suppliers, Contractors and Consultants ("Guide")**

ECI is committed to unyielding integrity and high standards of business conduct in everything we do, especially in our dealings with ECI's suppliers, contractors, and consultants (collectively "suppliers").

ECI bases supplier relationships on lawful, efficient, and fair practices, and expects its suppliers to adhere to applicable legal requirements in their business relationships, including those with their employees, their local environments, and ECI. The quality of our supplier relationships often has a direct bearing on the quality of our customer relationships. Likewise, the quality of our suppliers' products and services affects the quality of our own products and services.

To help ECI suppliers understand the ECI commitment to unyielding integrity and the standards of business conduct that all ECI suppliers must meet, ECI has prepared this Guide. The Guide is divided into two sections:

- Responsibilities of ECI Suppliers
- How to Raise an Integrity Concern

Suppliers should carefully review this Guide. Suppliers are responsible for ensuring that they and their employees, representatives and sub-suppliers comply with the standards of conduct required of ECI suppliers. Please contact the ECI account manager you work with if you have any questions about this Guide or the standards of business conduct that all ECI suppliers must meet.

#### **2.4.1 Responsibilities of ECI's Suppliers**

ECI will only do business with suppliers that comply with applicable legal requirements. Suppliers that transact business with ECI are expected to not only comply with their contractual obligations under any purchase order or agreement with ECI, but also adhere to standards of business conduct consistent with those described in this section of the Guide. A supplier commitment to full compliance with these standards is the foundation of a mutually beneficial business relationship with ECI. ECI requires and expects that each ECI supplier shall comply with all applicable legal requirements. Unacceptable practices by a ECI supplier include:

- Minimum Age. Employing workers younger than the required minimum age under applicable law.
- Forced Labor. Using forced, prison or indentured labor, or workers subject to any form of compulsion or coercion.
- Environmental Compliance. Lack of commitment to observing applicable environmental laws and regulations. Actions that ECI will consider evidence of a lack of commitment to observing applicable environmental laws and regulations include:
  - Failing to maintain and enforce written and comprehensive environmental management programs which are subject to periodic audit.
  - Failing to maintain and comply with all required environmental permits.



- Permitting any discharge to the environment in violation of law, issued/required permits, or that would otherwise have an adverse impact on the environment.
- Health and Safety. Failure to provide workers a workplace that meets applicable health and safety standards.
- Code of Conduct. Failure to maintain and enforce company policies requiring adherence to lawful business practices, including a prohibition against bribery of government officials.
- Business Practices and Dealings with ECI. Offering or providing, directly or indirectly, anything of value, including cash, bribes, or kickbacks, to any ECI employee, representative or customer or government official in connection with any ECI procurement, transaction or business dealing. Such prohibition includes the offering or providing of any consulting, employment, or similar position by a supplier to any ECI employee (or their family member or significant other) involved with an ECI procurement. ECI also requires that a ECI supplier not offer or provide ECI employees and representatives with any gifts, other than gifts of nominal value to commemorate or recognize a particular ECI supplier business transaction or activity. In particular, an ECI supplier shall not offer, invite or permit ECI employees and representatives to participate in any supplier or supplier sponsored contest, game, or promotion.
- Business Entertainment of ECI' s Employees and Representatives. Failing to respect and comply with the business entertainment (including travel and living) policies established by ECI and governing ECI's employees and representatives. Business entertainment should never be offered to an ECI employee or representative by a supplier under circumstances that create the appearance of an impropriety.
- Collusive Conduct and ECI Procurements. Sharing or exchanging any price, cost or other competitive information or the undertaking of any other collusive conduct with any other third-party supplier or bidder to ECI with respect to any proposed, pending, or current ECI procurement.
- Intellectual and Other Property Rights. Failing to respect the intellectual and other property rights of others, especially ECI. In that regard, an ECI supplier shall:
  - Only use ECI's information and property (including tools, drawings and specifications) for the purpose for which they are provided to the supplier and for no other purposes.

- Take appropriate steps to safeguard and maintain the confidentiality of ECI's proprietary information, including maintaining it in confidence and in secure work areas and not disclosing it to third parties (including other customers, subcontractors, etc.) without the prior written permission of ECI.
  - Only transmit ECI's information over the Internet on an encrypted basis.
  - Observe and respect all of ECI's patents, trademarks and copyrights and comply with such restrictions or prohibitions on their use as ECI may from time to time establish.
- Export Controls and Customs Matters. The transfer of ECI's technical information to any third party without the express, written permission of ECI. Failing to comply with all applicable export controls' laws and regulations in the export or re-export of ECI technical information, including any restrictions on access and use applicable to non-U.S. nationals, and failing to ensure that all invoices and any customs or similar documentation submitted to ECI or governmental authorities in connection with transactions involving ECI accurately describe the goods and services provided or delivered and the price thereof.
  - Use Sub-Suppliers or Third Parties to Evade Requirements. The use of sub-suppliers or other third parties to evade legal requirements applicable to the supplier and any of the standards set forth in this Guide.

The foregoing standards are subject to modification in the discretion of ECI. Please contact the ECI account manager you work with if you have any questions about these standards and/or their application to particular circumstances. Each ECI supplier is responsible for ensuring that the supplier and its employees and representatives understand and comply with these standards. ECI will only do business with those suppliers that comply with applicable legal requirements and reserves the right, based on its assessment of information then available to ECI, to terminate, without liability to ECI, any pending purchase order or contract with any supplier that does not comply with the standards set forth in this Guide.

## **2.4.2 How to Raise an Integrity Concern**

Each ECI supplier is expected to promptly inform ECI of any integrity concern involving or affecting ECI, whether the concern involves the supplier, as soon as the supplier has knowledge of such integrity concern. An ECI supplier shall also take such steps ECI may reasonably request to assist ECI in the investigation of any integrity concern involving ECI and the supplier. An integrity concern may be raised by an ECI supplier by contacting (i) cognizant ECI management or (ii) ECI's legal department via telephone at 314-300-7842 or via mail at Electrical Components International, Inc., Attn: General Counsel, 1 City Place Drive, Suite 450, St. Louis, MO 63141, USA.

Please forward concerns promptly and be prepared to provide relevant facts, including, but not limited to, dates of occurrence, parties involved, and location. ECI will promptly review and investigate the concerns.

Please know ECI forbids retaliation against any person reporting an integrity concern. Please contact the ECI legal department if you feel retaliated against because you reported a concern.

## **2.5 Record of Retention:**

The Supplier is obligated to document and maintain Production Part Approval Process (PPAP)/PAP/FPA packages, annual layout and validation records, tooling records, traceability records, engineering records, corrective action records, quality performance records and inspection and test results. In minimum the listed documents shall be archived over at least 15 years after the production has been terminated for automotive product and 5 years for general market products and tooling scrap authorization has been granted. Records shall be available to ECI upon request.

The above time periods are considered "minimum". All retention times established by ECI's suppliers shall meet or exceed the above requirements and any governmental requirements.

## **2.6 Annual Re-Qualification (Components and Suppliers):**

The Supplier shall re-qualify its components in case of changes and regularly at least once a year. A qualification-monitoring program must be maintained to ensure and demonstrate that the delivered components meet all the agreed requirements. Re-qualification documentation shall be archived by Supplier and shall be made available to ECI upon request.

In case that the Supplier does not have design responsibility the Supplier shall perform a layout inspection, verifying all characteristics as specified in the respective drawing or specification on a regular basis, at least once a year. Suppliers with PPAP documentation over one year old are required to re-PPAP as directed by the Buyer's receiving site Supplier Quality department. Supplier will provide annual PPAP documents upon request per a Supplier product family part number schedule.

Suppliers who once were approved by ECI but with no activity for 12 months or more (from last shipment received at ECI) shall be re-qualified (as new supplier) and sent through the appropriate approval process.

## **2.7 Production Approval Process Package (PAP (FPA)) / Production Part Approval Process (PPAP)**

ECI requires its Suppliers and Distributors to use PAP (FPA)/PPAP and to maintain quality historical records of their processes and products. The part must receive PAP (FPA)/PPAP approval before shipments are received at ECI. If the Supplier does not submit the PAP (FPA)/PPAP, material will be rejected, and the corresponding charges will be made. For all automotive components PPAP Package must be submitted per PPAP AIAG Guideline at current edition.

Note: Suppliers and Distributors must be able to provide PPAP in the different levels as stated in the AIAG PPAP requirements, PPAP level will be indicated in the PO submitted by ECI Purchasing.

### **The PAP (FPA)/PPAP is required under the following circumstances:**

- New part for an ECI facility
- Revision change
- Manufacturing facilities change, process change
- If ECI has not received material from a particular manufacturing location for more than 1 calendar year.
- Regulatory at least once a year

**PAP (FPA)/PPAP package to include:**

- a) Certified Print: The print must be a released drawing signed and dated by the Supplier. Actual measurements of the layout will be clearly marked alongside the corresponding print dimension. The sample part used for the layout must be identified.
- b) Dimensional Report (FPR): The FPR must be filled out with the dimensional / appearance data obtained out of 3 pieces sample, randomly selected from your first pre-pilot run, including all the characteristics mentioned in the certified print.
- c) Gauge R&R: Percentage value for the Gauge R&R study must be < 20%
- d) CPKs for critical to quality characteristics (CTQs):

Supplier must submit evidence of CPK index of 1.67 or greater for all CTQs.

- e) Process flow chart:

A process flow chart must be submitted for each part.

- f) Process Failure Mode and Effect Analysis:

A PFMEA must be submitted for each process, part or family of parts, all the higher RPNs shall have recommended actions to reduce risk.

- g) Process Control Plan:

A control Plan must be submitted for each part or family of parts, which require different control methods.

- h) Part Submission Warrant (PSW):

Per AIAG guidelines at PPA 4th edition, Part Submission Warrant shall be prepared and submitted for approval.

- i) UL & CSA Approvals (if applicable)
- j) Odor and taste test (when requested)
- k) Or comply with customer specific requirements
- l) List of manufacturing partners (In case of Distributors) and submit required paperwork from those manufacturers (example; ISO certificates/self-risk assessments). Also, change in manufacturing facility must be noted to ECI and no material should be sent prior to approval.

Note: Any other requirement not included in this list will be notified through ECI Purchasing or by Supplier Quality.

### SECTION 3: CHANGE CONTROL (Supplier Change Request):

After PPAP approval, the supplier shall not make any changes to the part design or manufacturing process without prior written change request notification and approval from ECI.

Suppliers shall submit a written formal request including all the items listed in the 4<sup>th</sup> edition of the AIAG PPAP Manual or equivalent. Suppliers are also required to submit all supporting validation data including necessary dimensional reports, performance testing, before/after process parameters, updated APQP documentation (PFMEA/Control Plan) and a detailed timeline demonstrating proper change control that identifies necessary safety stock/bank requirements including timing for ECI/Customer validation timing and designated resources to manage the change.

ECI must act in accordance with ALL customer requirements for change notification and as such, ECI expects the supply base to comply accordingly. Change approval may take an extended period of time when ECI customer approval is required. Changes shall not be implemented prior to the receipt of written approval from ECI. VERBAL REQUESTS ARE NOT ACCEPTED.

Suppliers that provide products for ECI customers should notify a minimum of 6 months before the projected effective date. Any Product or process change notice (PCN) must be sent to ECI to the E-Mail [PCNDistribution@ecintl.com](mailto:PCNDistribution@ecintl.com)

Examples of changes include, but are not limited to:

- Change in Supplier Quality Management System, Part Quality Control Plan attributes
- Change in material of the product
- Change to tooling or tooling replacement
- Change in manufacturing process
- Change sub-tier suppliers or their process
- Change in packaging (design and or supplier)
- Add a new sub-tier supplier
- Change in design
- Moving manufacturing location
- Restructuring existing manufacturing locations
- Request changes to product specifications
- Use of out-of-specification parts
- Reworking/Repair of products for ECI use (regardless of location)

### **3.1 Risk Assessment & Contingency Planning:**

Supplier shall conduct a risk assessment of their operations that support ECI's production facilities, quality requirements and delivery schedules. Each assessment should consider, at a minimum, the impact arising from:

- Natural disasters
- Geo-political hazards
- Supply chain disruptions
- Intellectual property claims
- Personal concerns
- Equipment problems
- Facility or system issues

Supplier shall prepare contingency plans to ensure continued operations at ECI. Supplier shall communicate any critical risk scenario without a contingency plan that may result in a Major Disruption. Supplier shall provide the contingency plans to ECI when requested.

## SECTION 4: NON-CONFORMANCE

Shipping non-conforming components or raw materials to ECI is not acceptable, likewise failing to adhere to the ECI orders (delivery problems) or shipping late is not acceptable. All such incidents will negatively affect the supplier's performance metrics, which are monitored in the Supplier Scorecard.

The supplier is expected to proactively notify the ECI Supplier Quality teams of non-conforming product if the supplier becomes aware of an escape before ECI personnel discover the non-conformance, in the same tenure if it is expected for ECI suppliers to proactively communicate to the materials planner contact if any missed shipment or late shipment condition will impact to an ECI plant.

Discovery by ECI of non-conforming components or raw material as well as any delivery problem (supplier related) will result in a reject notification, and typically also result in the issuance of a Supplier Corrective Action Report through our SQICS system.

Suppliers must have an established Root Cause Analysis (RCA) process with clearly assigned roles and responsibilities for managing non-conformances. The RCA process must include test procedures, quarantine methods, Returned Material Authorization (RMA) process, results documentation, problem solving tools, escalation methods, etc. The RCA findings should be documented by the supplier and reported out periodically or upon request.

Non-conformance parts that are the result of a supplier's failure to adhere to an approved control plan or due to a violation of change control results in a completely non-value-added activity for ECI personnel to contain and correct the issue. As such, any SCARs that are issued because of this type of failure will be assessed a billback charge. See Section 4.5

### 4.1 CONTAINMENT (PARTS)

ECI requires suppliers to implement containment actions necessary to maintain production delivery schedules within 24 hours from the time such an incident is reported to the supplier as a SCAR. The supplier shall submit a documented containment plan within 24 hours of notification of non-conformity. The supplier's containment process must cover all possible areas of finding potential defects including:

1. Supplier's manufacturing location.
2. All potential transportation links (e.g. supplier stock waiting to ship, shipping to warehouse, warehouse to manufacturing facility, etc.).
3. All warehousing operations from the supplier through the ECI facility.
4. Any other potentially impacted ECI facilities.
5. Material in ECI's Customer in case the there is risk of impact or confirmed impact.



Containment actions may consist of quarantine, sort, and/or rework of product at all product locations, including by third party quality as detailed below. The supplier must provide on-site support or coordination for all containment actions if requested by ECI. Such support is expected on-site within 48 hours from the time such support is requested.

Any rework proposed as part of the containment plan should be assessed and approved in written by the ECI's supplier quality representative before its execution.

The supplier is responsible for all expenses incurred during a nonconforming component or raw material incident. If possible, the supplier will be offered the opportunity to replace non-conforming product to reduce expense liability.

#### **4.2 ROOT CAUSE**

Root cause analysis must begin within 48 hours of non-conformance notification from ECI, and the expectation is 3 days to complete such analysis. If a component or material is required to complete the root cause analysis, the 48 hours begin when the supplier receives the part or product. However, all attempts shall be made to complete the root cause analysis without having a component physically in hand. Photographs, measurement data and defect descriptions are usually sufficient for this purpose.

#### **4.3 CORRECTIVE ACTION**

A long-term corrective action plan must be submitted within 14 days and implemented within 30 days of receipt of SCAR. The corrective action plan must be based on the root cause determination from a thorough root cause analysis. Suppliers are expected to submit evidence of problem-solving tools used during root cause investigation of the issue using 8D methodology or similar.

Unacceptable responses will be returned to the supplier for further work.

Suppliers are required to use the defined SQICS system to formally submit the actions of the SCAR for SQE review.

PFMEAs and Control Plans are to be reviewed and revisions made as part of the problem-solving process. The expectation is that these documents will be submitted as part of the completed SCAR response.

Proprietary process documentation requires evidence that the review has been completed by the SQE.

Any changes required for the corrective action implementation are expected to be submitted to ECI for review using the Change Control process.

Past Due SCARs will be escalated to ECI management for further review. Effectiveness and timeliness of supplier responses to these due dates are measured and included in the Supplier Scorecard.

#### **4.4 CONTROLLED SHIPMENT**

The Controlled Shipment (CS) is a strict inspection process that is put into place to protect ECI plants from receiving non-conforming components or raw material that are not consistent with ECI's specification. Controlled Shipment is a requirement from ECI for Supplier to implement additional containment by introducing additional inspection before the shipment of components or raw material to ECI. The data obtained from this rigorous inspection process is critical as a measure of the effectiveness of containment and corrective actions taken to eliminate the root cause of nonconformances. This process protects ECI and Customers from receiving non-conforming material and protects Supplier from the cost of potential failures passed on to our customers. Supplier is liable and responsible for the cost generated to reduce or mitigate the impacts of non-conforming product passed on to customers and consumers in the field. This process does not change any terms of ECI's purchase orders or a signed supply agreement, nor modifies or limits in any way ECI's remedies or rights of recovery.

#### **Controlled Shipment Levels (CSI/ CSII)**

If Controlled Shipment is required, ECI will determine if Controlled Shipment Level I or Level II would be more appropriate for the situation; additionally, a formal letter describing the reason to place the supplier in CS status, the description of the issue(s), exit criteria and other important aspects of this process will be formally communicated to the supplier in a that letter to be signed by ECI's supplier quality leadership.

#### **Level I Controlled Shipment (CSI)**

Requires Supplier to implement an additional inspection process at Supplier's manufacturing facility, protecting ECI from receiving further non-conforming components.

Controlled Shipment Level I is instated when there is evidence Supplier is not able to effectively resolve an issue, or to provide an effective containment and corrective action plan to ECI.

#### **Level II Controlled Shipment (CSII)**

Requires Supplier to implement an additional inspection process at Supplier's manufacturing facility which is performed by an independent Third Party, protecting ECI from receiving further non-conforming Parts. The payment of the

Third Party is a financial responsibility of the Supplier. Any Supplier that is placed on CSII will also be placed on new business hold until Supplier has successfully completed the CSII process. Controlled Shipment Level II is instated when there is evidence Supplier is not able to effectively contain and isolate the issue within Supplier's facility when in Controlled Shipment Level I activities.

#### **4.5 Bill Back process**

All costs incurred by ECI that are due to a supplier not adhering to ECI quality and delivery requirements may be charged back to the responsible supplier. This includes customer issues, scrap or other in-process waste, warranty and other any process falls out.

Examples of events typically associated with supplier caused Bill Backs:

- Rework, sort, and disposition of suspect and non-conforming product
- Premium freight
- Down time/over time/line speed reduction
- Increased inspection
- Late Delivery
- Shipping errors
- Additional manpower
- Product or equipment damage
- Replacement materials/costs
- Reimbursement of all charges from a customer
- Violation of change control process

A Supplier Corrective Action Request (SCAR) will be issued to the supplier. This report will describe the problem in detail, the associated costs in detail and the evidence of the expenses incurred to be reimbursed by the supplier. In most cases ECI may also include an "administration" cost of \$500 USD to address the costs for ECI to administer and manage the problems.

The downtime charges will vary depending on the location of the plant and the labor costs for the people involved. ECI will only charge actual costs when recovering expenses incurred.

Suppliers will be notified of billback and provided with an itemized list of charges along with the applicable evidence of the costs incurred.

Supplier has 5 calendar days to respond the Bill Back with a Credit Note regarding the charges communicated; if the supplier does not respond during this time ECI will debit the supplier's account to complete the process.

## SECTION 5: SUPPLIER PERFORMANCE PROGRAM/SUPPLIER SCORECARD

Supplier performance is measured on an ongoing basis by the Supplier Scorecard. The Scorecard will be published in ECI's SQICS system and updated every month, and it is the supplier's responsibility to actively monitor its performance with ECI.

Suppliers will be evaluated and reported monthly as per the factors listed below:

### Quality Metrics:

- PPMs
- SCARs
- Responsiveness/Customer Interruptions/Recalls
- PPAP/FPA on time- first time approved

### Quality Criteria:

PPMs (expectation is 0)		Formal Complaints (SCARs) (expectation is 0 SCARs)		Customer Interruptions (expectation is 0 events)		SCARs responded on time (expectation is 0 SCARs late)		PPAPs submitted on time & manner (expectation is 0 PPAPs late & 0 rejected)	
PPMs	Score	SCARs	Score	Events	Score	Late	Score	Late	Score
0	30	0	15	0	15	0	20	0	20
1-75	25	1	10	1	5	1	0	1	0
76-150	15	2	5	2	0				
151-250	5	3	0						
>250	0								

### Delivery Metrics:

- On-Time Delivery
- Expedited Freight

### Delivery Criteria:

On time Delivery (expectation is 100%)		Expedited Freights (expectation is 0 events)	
%	Score	Events	Score
100	80	0	20
90	72	1	10
80	64	2	0
70	56		

The result of assessing the metrics shown above will result in the monthly Scorecard which is ranked as follows:

# ECI Supplier Scorecard

Acceptable Performance (>80)

Low Performance (60 - 79)

Unacceptable Performance (<59)

## Top Performing Suppliers

Supplier that fully meets expectations. Supplier is strongly encouraged to continue working with ECI to continue meeting and exceeding expectations. These Suppliers can be elected to participate in the ECI annual recognition program.

## Low Performing Suppliers

Supplier must create a robust action plan that thoroughly address all the metrics highlighted in yellow and red. This action plan must be approved by the ECI SQE representative. Regular revisions are applicable to verify the evolution on this plan.

Note: All High Risks suppliers are automatically included on New Business Hold strategy.

## 5.2. NEW BUSINESS HOLD

New Business Hold is a process to prohibit the supplier from quoting new business.

### Criteria for Application

- Confirmed poor supplier quality results in performance Quality or Delivery or both.
- Unauthorized process or tool changes (resulting in major disruptions).
- Repeat major disruptions (Downtime, stockouts).
- Poor performance over time.

### New Business Hold – Exit Criteria

- ECI representative monitors supplier's progress to ensure action plan is being met.
- The supplier demonstrate is back to acceptable performance in Quality and Delivery through the Scorecard for 3 consecutive months.
- The commodity team is informed that the New Business Hold status has been removed.

## SECTION 6: COMPLIANCE TO REGULATORY REQUIREMENTS

ECI is committed to complying with government requirements and customer expectations. All suppliers shall comply with these same regulations, including but not limited to the ones listed below. When required by ECI, all suppliers must submit compliance documentation. These documents need to be completed within two weeks of initial request. Submitted documentation shall indicate compliance or non-compliance of the materials purchased.

The suppliers shall warrant that all products worldwide supplied to ECI are following the substance and material restrictions specified in the "Global Automotive Declarable Substances List" (GADSL). The GADSL is available under the following Internet address: <http://www.gadsl.org>

It is mandatory for the supplier to declare all substances listed as "declarable" or "prohibited" like specified within the GADSL. The complete composition of components and materials shall be declared in the "international Material Data System" (IMDS) and must be accepted by ECI.

All suppliers are required to comply with Toxicity, RoHS, REACH & RML:

### I. RoHS III

The European Union has enacted Directive 2015/863/EU on the Restriction of the use of certain Hazardous Substances and four phthalate plasticizers in electrical and electronic equipment (RoHS). RoHS adherence now transcends the EU as a global initiative.

### II. REACH

This legislation governs the European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals; being Regulation EC 1907/2006 and subsequent amendments. To ensure compliance with the legislation ECI will ask suppliers if any REACH Substances of Very High Concern (SVHC) are part of the materials purchased. This regulation is updated every 6 months. ECI will require suppliers to update their documentation twice a year when the EU releases the new list of substances added.

### III. Conflict Minerals

Under the Dodd-Frank Act, all publicly traded companies must report to the SEC, the origin of conflict minerals. Conflict Minerals are tantalum, tungsten, tin and gold and sometimes referred to as 3TG minerals, if they are deemed to originate

from the Democratic Republic of the Congo (DRC) and surrounding area. Many different governments have adopted this standard. Generally, ECI reports using the most current version of the Responsible Minerals Reporting Template (CMRT) on the RMI website. In addition, the Responsible Materials Initiative has identified cobalt as an additional mineral of concern. The Cobalt Reporting Template (CRT) can be downloaded from RMI website if necessary.

ECI will require suppliers to update their CMRT with each revision change.

#### IV. Other Regulations:

- Full Material declarations; IMDS or IPC 1752
- Whirlpool RML
- GE/MABE Toxicity
- Prop 65

Please make a copy of this information and return to [GECteam@ecintl.com](mailto:GECteam@ecintl.com). Please include contact name and information for the person responsible for providing this information, along with a signature.

Signature: \_\_\_\_\_

Sincerely,

Global Environmental Compliance Team