TEIJIN

TEIJIN AUTOMOTIVE TECHNOLOGIES

Supplier Manual

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EXPECTATIONS AND PHILOSOPHY

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Teijin Automotive Technologies competes for business in the most competitive markets in the world. We must constantly improve our performance, our technologies and our costs to remain competitive. Our suppliers are critical to our ability to succeed and must fully support our efforts in these activities.

The goals for Teijin Automotive Technologies and our suppliers are simple; be the very best at what we do and do it at the lowest cost. We must have the best quality, the lowest cost and the highest level of customer satisfaction to survive and to ensure profitable growth. To achieve this we must have a highly flexible, highly motivated and highly robust supply base.

Teijin Automotive Technologies requires 100% on-time delivery from all suppliers. We expect "zero" defects and rigorous continuous improvement from suppliers. We expect 100% on time and 1st time approval for PPAP from all suppliers. We expect "flawless" supplier launches.

The procedures and policies defined in this manual will help support supplier efforts toward our shared objectives.

SECTION 1 – Introduction

1.1 Policy and Vision

It is the policy of Teijin Automotive Technologies to utilize only those suppliers that can fully support our competitive goals, fully embrace the concepts of continuous improvement and strive to be "world class" in quality, delivery and costs.

It is our vision that by utilizing suppliers that share our sense of urgency and profound desire to be the best, we will continue to be leaders in our market place and we will continue to provide products and services with exceptional value to our customers, our employees and our stakeholders.

1.2 Purpose

The purpose of the Teijin Automotive Technologies Supplier Quality Requirements Manual is to clearly define the expectations and policies for suppliers to Teijin Automotive Technologies.

1.3 Scope

This manual applies to all direct material suppliers to Teijin Automotive Technologies. In addition, many of the policies and procedures defined in this manual apply to indirect material and service providers.

1.4 Responsibility

- Suppliers are responsible for meeting the requirements defined in this manual, the IATF 16949:2016 / ISO9001:2015 standards and other requirements as specified on the Teijin Automotive Technologies Purchase Order.
- Failure to meet these requirements may result in loss of existing or future business with Teijin Automotive Technologies. Any/all costs associated with supplier failures will also be the responsibility of the supplier.
- Suppliers are responsible for 100% on-time delivery and "Zero" defects.
- Suppliers are responsible for supporting Teijin Automotive Technologies continuous improvement activities.
- Suppliers are responsible for supporting Teijin Automotive Technologies efforts and procedures for ensuring flawless launches, including on-time PPAP submissions.
- Suppliers are responsible for developing and implementing part specific and executable contingency plans for ensuring continued delivery of product and services in the event of unplanned events including catastrophic events.
- Suppliers are responsible for adhering to all applicable governmental regulations and industry safety and health standards.
- Suppliers are responsible for adhering to Teijin Automotive Technologies' Supplier Code of Conduct.

1.5 Diversity

Through its supplier diversity program, Teijin Automotive Technologies seeks to actively include diverse suppliers in an open and fair purchasing environment. Our commitment is to make sure that diverse suppliers have opportunities to provide products and services to Teijin Automotive Technologies. The objective is to proactively identify qualified diverse suppliers with the proven ability to contribute to Teijin Automotive Technologies' growth. By including qualified diverse suppliers, Teijin Automotive Technologies will enhance its customer reputation as a supplier of choice by using innovative approaches to improve supplier diversity performance. Teijin Automotive Technologies recognizes the importance of supplier diversity development and strives to meet customer expectations for diverse expenditures

SECTION 2 – Supplier Qualification

2.1 Qualification Process

Suppliers to Teijin Automotive Technologies must be qualified and approved to do business with Teijin Automotive Technologies . All suppliers will be required to fill out selected purchasing documents and a capability self-assessment which will be followed by an onsite audit by Teijin Automotive Technologies Corporate Quality.

2.2 Certifications

- ISO 9001:2015 certification is the minimum requirement to be approved as a supplier to Teijin Automotive Technologies. If not a waiver must be completed and approved by Teijin Automotive Technologies Corporate Quality and Purchasing (waiver can be found at https://www.Teijinautomotive.com/suppliers/).
- Automotive suppliers are required to be IATF 16949:2016 certified. If not a waiver must be completed and approved by Teijin Automotive Technologies Corporate Quality and Purchasing (waiver can be found at https://www.Teijinautomotive.com/suppliers/). Suppliers not certified to IATF and without a waiver on file, will be evaluated based on risk to Teijin Automotive Technologies and contacted to provide their plan to become certified. Those suppliers without a plan to become IATF certified or fail to respond will be at risk of de-sourcing or subject to a quality management system audit by a Teijin Automotive Technologies or 3rd party auditor, at supplier's expense.
- Suppliers must also satisfy the appropriate AIAG standards. Some examples: Production Part Approval Process (PPAP), Advanced Product Quality Planning (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement Systems Analysis (MSA) and Statistical Process Control (SPC).
- Complete applicable AIAG CQI Assessments (see Reference Section) with a passing score and be able to provide most recent assessment within 24hours of request.
- ISO 14001:2015 certification for Environmental Management is encouraged.
- Suppliers should follow guidelines outlined in M-7: Global Materials Management Operations Guideline Logistics Evaluation (MMOG / LE)

- Suppliers shall meet all requirements of International Material Data Systems (IMDS); this information must be submitted prior to PPAP approval
- ISO 17025 certification for labs and A2LA / 17025 accredited lab in PPAP

2.3 Additional Minimum Requirements

To be added to our approved supplier list, a supplier shall have:

- A system to measure their own quality and delivery performance
- A system to monitor and manage their sub-tier suppliers
- A commitment to provide cost breakdowns with quotations
- A commitment to accept Teijin Automotive Technologies' payment terms
- Acceptance of our terms and conditions
- A standing invitation for Teijin Automotive Technologies personnel to visit their facility as well as their sub-tier suppliers
- An understanding that further information may be required

Any divergence from this policy must be noted in the supplier file in writing and signed by the buyer.

2.4 Customer Directed Suppliers

Suppliers directed or recommended to Teijin Automotive Technologies by the end customer, must also comply with the requirements defined in this manual unless a customer waiver or 3rd party agreement is in place.

SECTION 3 – Supplier Product Control / Launch Readiness

Suppliers will be required to follow formal procedures for launching new product. The procedures will include the steps identified in IATF 16949 and the appropriate AIAG guidelines. Successful launches and submitting launch documentation on time will be a key performance metric for suppliers. Examples of some of the requirements include:

3.1 Advanced Product Quality Planning (APQP)

Suppliers to Teijin Automotive Technologies shall meet the requirements defined in the AIAG APQP Manual - Current Edition. Specifically, Teijin Automotive Technologies requires suppliers include "process" parameters in the PFMEA and Control Plans and not just product parameters. The supplier will be required to submit (*sqa-500 PPAP / APQP Checklist*) to their respective Teijin Automotive Technologies Program Manager monthly.

3.2 Production Part Approval Process (PPAP)

Suppliers shall submit parts and processes for approval following the AIAG PPAP Manual guidelines. All suppliers must submit to Level 3 unless notified in writing another level of submission is permissible. The supplier will be required to submit (*sqa-500 PPAP / APQP Checklist*) to their respective Teijin Automotive Technologies Program Manager monthly.

Note: This is for all custom parts, not a requirement for commodity suppliers.

Suppliers shall submit when requested annual layouts or PPAP per Teijin Automotive Technologies and / or end customer requirements.

3.3 Run @ Rate

Suppliers shall be required to submit Run @ Rate data to Teijin Automotive Technologies . Teijin Automotive Technologies manufacturing facility will determine Run @ Rate requirements. *(sqa-400 Run @ Rate Summary).*

3.4 Safe Launch

Suppliers shall have a process for early product launch or safe launch containment until the production process is validated, stable, and approved by Teijin Automotive Technologies . This plan shall remain in place for the first 30 days of production or specified number of parts (5% of annual volume), whichever is more stringent, unless another agreement is made with the Teijin Automotive Technologies production plant.

The safe launch plan shall include regular review of data collected with root cause and corrective actions for any nonconformance. The supplier shall submit exit letter to Teijin Automotive Technologies and have it approved.

3.5 Tooling, Gauges and Test Fixtures

Suppliers are required to maintain all tooling, testing, and inspection equipment. All customer or Teijin Automotive Technologies owned tooling must be identified per customer and/or Teijin Automotive Technologies requirements. Prior to PPAP approval, suppliers must provide tooling record information which includes;

- Pictures of all tooling, gauges and test fixtures
- Asset tag or other customer required identification
- CAD model of tooling and gauges
- Invoices

3.6 Verification of Purchased Product

Teijin Automotive Technologies and/or our customer reserve the right to verify at the supplier's premises that the product/services supplied meet specifications. Such verification shall not be used by the supplier as evidence of effective control of quality by the supplier.

3.7 Nonconforming Material

Nonconformance notices will be issued by the Teijin Automotive Technologies production plant upon discovery of nonconforming product or concerns with logistics, delivery, packaging, and labeling. Suppliers shall follow the outlined corrective action

procedure unless otherwise agreed to in writing by the Teijin Automotive Technologies production plant quality department:

- Teijin Automotive Technologies personnel notifies supplier of concern by e-mail, phone call, or other electronic system
- Supplier must provide response and containment within 24hours of notification. Containment includes sort or replacement of any product at supplier site, in transit to Teijin Automotive Technologies location, and at Teijin Automotive Technologies production plant.
- Supplier must provide certified material, which must be clearly identified and communicated to the appropriate Teijin Automotive Technologies plant(s).
- Suppliers must use Teijin Automotive Technologies standard I-Charts
- Corrective actions must be completed and submitted per the instructions supplied with the CA request.
- Suppliers may be responsible for any financial impact to the Teijin Automotive Technologies production plant which is outlined in Section 4.5

Failure to meet any of these requirements may result in escalation through the Teijin Automotive Technologies organization (Section 4.4).

3.8 Packaging

Teijin Automotive Technologies and the supplier will agree upon packaging during product launch. (*SQA-460 Packaging Requirements Form)* will be used to document approval and will define the packaging details. When required, returnable packaging will be utilized. Suppliers are responsible for developing contingency packaging (expendable) should the returnable containers not be available.

Basic requirements will include:

- All packaging must have a proper label that complies with AIAG B-10 barcode label guidelines. The labels must include the following barcode information at minimum:
    - Part Number with engineering change level and description
    - Number of pieces/quantity
    - Supplier name and supplier code
    - Lot Control/ Traceability information
    - Any product specific requirements specified by the user plant
- There shall be only one part number in each container and only one part number on each pallet, unless otherwise specified.
- Packaging must be robust enough to protect the component / materials and prevent damage or contamination during shipment. Teijin Automotive Technologies may require formal, independent testing.
- A copy of the label (or high quality photo) must be submitted with the SQA-460 Packaging Requirements Form

3.9 Lot Control/Traceability

Lot control and traceability shall follow guidelines and requirements outlined in the IATF 16949 standard (Section 8.5.2.1) is required for suppliers of Teijin Automotive Technologies to reduce the amount of risk should a problem with product occur.

Suppliers must have effective systems in place for ensuring incoming materials and components from Tier II & Tier III suppliers are also controlled properly.

3.10 Supplier Request or Engineering Change (SREA)

Any changes to process or product MUST be approved by Teijin Automotive Technologies using form (*SQA-100 Supplier Request for Deviation or Engineering Change* which can be found at https://www.Teijinautomotive.com/suppliers/*)* prior to implementation of the change. Failure to obtain approval before any change is implemented may result in immediate business "hold", loss of the existing business, and/or will result in financial liability to the supplier.

Process or product changes that require Teijin Automotive Technologies approval include, but are not limited to the following:

- Material and/or process change including any change of process or product safety or critical characteristics
- Change in manufacturing location
- Tooling capacity change
- Re-commissioning of tooling that has been inactive for one year
- Tooling refurbishment / replacement
- Tooling transfer or resource of supplier
- Changes to information technology systems
- Changes to sub-tier supplier raw materials, components or services
- Changes to ownership structure

First shipment of product after deviation or change has been implemented must be clearly identified and communicated to the appropriate Teijin Automotive Technologies plant(s).

3.11 Contingency Plan

Suppliers to Teijin Automotive Technologies must be prepared for natural disasters, global pandemics and man-caused events that can disrupt business practices. A formal plan is required which is executable and part number specific. A plan must include definition of roles and responsibilities, instructions for implementation, verification and timing to complete. This plan should also include a process to manage response and recovery from critical incidents or business interruptions. Contingency plans shall be reviewed annually.

Reference document: AIAG M12 Business Continuity Planning for the Automotive Supply Chain.

SECTION 4 – Supplier Management and Development

4.1 Performance Reporting

Teijin Automotive Technologies will update supplier performance periodically and provide suppliers with access to the performance reports. It is the supplier's responsibility to communicate the importance of these metrics within their organization. It is also the supplier's responsibility to develop an improvement plan and implement the required improvements.

Teijin Automotive Technologies 's basic requirements will include zero defects as measured in parts per million (PPM) and 100% on-time delivery. In addition, suppliers may be monitored for on time PPAP and APQP and 1st time approval rate for both processes. Suppliers may also have specific objectives for cost improvement, engineering and EDI support.

4.2 Supplier Ratings

Supplier will be rated by Green, Yellow and Red as defined below:

- **Green Suppliers** - either grandfathered prior to July 2007, or new suppliers after an initial trial period of a minimum of six months without incident regarding delivery or quality after production.
- **Yellow supplier** - Any new supplier; they will remain Yellow until they have six consecutive months without any quality or delivery issues after production. Any current supplier with repetitive quality or delivery issues within a rolling six month period.
- **Red supplier** - repetitive quality or delivery issues in rolling six month period that cause disruptions to Teijin Automotive Technologies or end customer production. A supplier in the Red category cannot bid new business and will not be considered for new business. A supplier who stays red will risk their product or service being re-sourced.

4.3 Supplier Monitoring and Development

Supplier concerns will be reported to upper management monthly and Corporate Quality will review this data for repeat issues and meet with purchasing to review severity and occurrences to determine if supplier needs to be turned "yellow" or "red" in approved supplier list for continuous monitoring.

Suppliers will be reviewed annually for IATF certification, those suppliers that are not IATF certified that supply automotive product to Teijin Automotive Technologies will be evaluated based on risk. Those suppliers considered high risk will be subject to further review and development.

Assessments and reviews may be conducted for those suppliers considered medium to high risk based on performance and IATF certification.

4.4 Escalation Process

The escalation process is developed to assist Teijin Automotive Technologies production plants with supplier quality and delivery concerns along with lack of responsiveness. This process should only be used if there were numerous attempts by Teijin Automotive Technologies plant personnel or the issue is a high risk to the business. The escalation levels are as follows:

- Level 1: Teijin Automotive Technologies plant upper management
  - Plant Quality Manger
  - Plant Manager
- Level 2: Teijin Automotive Technologies corporate quality and purchasing
  - Supplier Quality Manager
  - Commodity Buyer
- Level 3: Teijin Automotive Technologies Vice President
  - VP of Purchasing
  - VP of Quality

Escalation from Teijin Automotive Technologies production plants may result in lowering of supplier rating, controlled shipping, new business hold, de-sourcing, or other financial impacts to the supplier.

4.5 Supplier Chargeback

Suppliers will be responsible for all costs associated with supplier related nonconformance and disruptions to Teijin Automotive Technologies or end customer plants including a standard $250.00 administration fee. The financial impact will be tracked and communicated to the supplier by Teijin Automotive Technologies production plants unless the overall cost is above a specific threshold then it will be escalated to Teijin Automotive Technologies corporate. The supplier will have 5 business days to review the chargeback and provide a response otherwise it will be debited from the next invoice.

4.6 Controlled Shipping

Controlled Shipping may be issued when there is a lack of process control that has resulted in non-conforming parts reaching a Teijin Automotive Technologies production plant. There are two levels of Controlled Shipping, Level One and Level Two.

Controlled Shipping Level One

- Additional inspection performed by the supplier's employees at the supplier's location after the parts have been identified at finished goods and ready to ship
- Problem solving process

- Inspection data forwarded to Teijin Automotive Technologies daily using Teijin Automotive Technologies 's standard I-Chart form

Controlled Shipping Level Two

- Primary purpose is to control and contain non-conforming product at on off-site location and measure the effectiveness of the Controlled Shipping Level One
- Same processes as Controlled Shipping Level One with an added third-party inspection. The third-party is selected by the supplier, approved by Teijin Automotive Technologies, and paid for by the offending supplier.

Teijin Automotive Technologies Production Plant Quality department must approve exit from Controlled Shipping. Approval to remove the third-party sort will be granted when the third-party or Teijin Automotive Technologies verifies the root cause and irreversible corrective action of the failure mode. Evidence from the Problem Solving Process will be submitted to Teijin Automotive Technologies for review and approval. There must be evidence that the systemic issues have been resolved. This includes zero non-conformances at Teijin Automotive Technologies production plant during the Controlled Shipping process.

4.7 De-sourcing Policy

Suppliers that cannot or do not comply with the requirements defined in this manual may be removed from the Approved Supplier List and will not be allowed to quote or receive new business.

SECTION 5 – Continuous Improvement

5.1 Plan Do Check Act- (PDCA)

Suppliers must incorporate the Plan, Do, Check and Act process for monitoring key performance indicators. (KPI)

Plan - Establish the objectives and processes necessary to deliver results in accordance with customer requirements and the organization's policies.

Do - Implement the processes as planned

Check - Monitor the processes and product against policies, objectives and requirements for the product and report the results.

Act - Take actions to continually improve process performance.

5.2 Concern Management/ Problem Solving

Teijin Automotive Technologies requires the use of a standard AIAG (CQI-20 Effective Problem Solving Practitioner Guide) format or equivalent to define the requirements and expectations for suppliers for problem solving and corrective action. The procedure

outlines a disciplined, formal approach for problem solving and specifies the approach required for each step of the process.

This requirement applies to all suppliers of production material, parts, subassemblies or services. This is the procedure suppliers will utilize for resolving any/all issues including quality related problems, delivery related problems, late submissions and other issues.

5.3 Teijin Automotive Technologies Expectations

The automotive industry remains a very competitive environment. Continuously managing costs is a critical requirement in the marketplace. Teijin Automotive Technologies cannot absorb customer demands for cost adjustments without the full support of our suppliers. Teijin Automotive Technologies 's expectations are that our suppliers at the very least will:

- Share process improvement methodology and techniques
- Foster Continuous Improvement, 6 Sigma, and a Lean Manufacturing culture
- Deliver business results that help the supplier and Teijin Automotive Technologies obtain world class performance
- Focus on overall supplier capability and performance

SECTION 6 – Government and Regulatory Compliance

Suppliers shall comply with all applicable governmental regulations and safety standards. Registration to ISO 14001 is strongly recommended. At a minimum, suppliers shall have a formal process in place to ensure compliance to government regulations, health and safety of employees and a positive impact on the environment.

End-of-Vehicle Life Directive (ELV)

The European Commission implemented the End-of-Life Vehicle Directive (ELV) which prohibits the use of mercury, lead, cadmium and hexavalent chromium in vehicles and components. The Directive is intended to minimize the impact of "end-of-life" vehicles on the environment. This is mandated for all European Union (EU) Member States and is also required by North American and Japanese vehicle manufacturers.

Restrictive/Prohibit Material Reporting

North American OEM companies require all suppliers supply detailed information for all Restricted and/or Prohibited materials found in their products. The format for this is the International Material Data System IMDS. The IMDS can be found at www.mdsystem.com.

NOTE: Suppliers must provide the proper information to Teijin Automotive Technologies Engineering to satisfy this requirement before they can achieve PPAP approval.

Conflict Mineral Reporting

On August 22, 2012, the U.S. Securities and Exchange Commission adopted final rules to implement reporting and disclosure requirements related to "conflict minerals," as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The term "conflict minerals" is defined as columbite-tantalite (coltan), cassiterite, gold, wolframite, tantalum, tin, tungsten, and any other mineral or its derivatives determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC) or an adjoining country.

Our Customers have created a robust system for reporting which Teijin Automotive Technologies is required to populate. To this end, we conduct inquiries and expect our suppliers to engage in due diligence of their supply chains to report the content of their parts supplied to Teijin Automotive Technologies .

Teijin Automotive Technologies recognizes Conflict Minerals is an issue and has developed a strong position that outlines expectations for our suppliers.

Further, we encourage our suppliers to source responsibly with certified conflict-free smelters, wherever possible, to increase our level of confidence that the material or parts in our products contain conflict-free minerals.

SECTION 7 – Applicable Documents and Forms

(SQA-100 Supplier Request for Deviation or Engineering Change)
(SQA-400 Run @ Rate Summary)
(SQA-500 APQP / PPAP Checklist)
(SQA-460 Supplier packaging form)
Supplier Self-Assessment

REFERENCES

- IATF 16949
- ISO9001:2015
- AIAG CQI – 9 Heat Treat Assessment
- AIAG CQI – 11 Plating
- AIAG CQI – 12 Coating
- AIAG CQI – 15 Welding System Assessment
- AIAG CQI – 17 Soldering
- AIAG CQI – 19 Sub-tier Supplier Management Process
- AIAG CQI – 20 Effective Problem Solving Practitioner Guide
- AIAG CQI –23 Molding System Assessment
- AIAG CQI – 27 Casting
- AIAG Production Part Approval Process (PPAP) ~ Current Edition
- AIAG Advanced Product Quality Planning and Control Plan (APQP) ~ Current Edition
- AIAG Potential Failure Mode and Effects Analysis (FMEA) ~ Current Edition

- AIAG Statistical Process Control (SPC) ~ Current Edition
- AIAG Measurement Systems Analysis (MSA) ~ Current Edition
- AIAG M-12 Business Continuity Planning for the Automotive Supply Chain
- AIAG M-9 Materials Management Operation Guidelines
- Teijin Automotive Technologies Terms and Conditions www.Teijin Automotive Technologies_plastics.com
- Teijin Automotive Technologies Code of Conduct www.Teijin Automotive Technologies_plastics.com

Revision History:

Revision Date	Description of Change	Approved By
6.7.2019	• Removal of TS16949, added IATF 16949: 2016 throughout manual. • In Section 2 - A: At the very minimum, to be added to the Teijin Automotive Technologies approved supplier list, a supplier should have: IATF 16949:2016; all suppliers are required to be ISO 9001 certified at a minimum. Automotive suppliers are required to be IATF certified. If not a waiver must be completed and approved by Teijin Automotive Technologies . Supplier is required to send to Teijin Automotive Technologies (purchasing@teijinautomotive.com) their most recent certification. • ***SQA-500 APQP / PPAP Checklist*** has been added to Section 2 - B: Supplier Launch Readiness for item 1- APQP and 2- PPAP. This document is a new requirement and must be completed, returned to each respective Teijin Automotive Technologies Program Manager monthly. *Note: This is for all custom parts, not a requirement for commodity suppliers.* • The following AIAG CQI Assessments have been added to Section 2 - A and Section F, these should be up to date, compliant with the current standard, and be available within 24 hours of request by Teijin Automotive Technologies purchasing. **CQI – 9 Heat Treat Assessment** **CQI – 11 Plating** **CQI – 12 Coating** **CQI – 15 Welding System Assessment** **CQI – 17 Soldering** **CQI – 27 Casting** • Supplier is responsible for adhering to Teijin Automotive Technologies 's Supplier Code of Conduct which has been added to Section 1 – D: Item 8.	Charles Gelfand
11.3.2020	• Re-formatting and numbering • Table Contents • 1.5 Diversity • 2.1 Qualification Process • 2.2 Certifications • 2.3 Additional Minimum Requirements • 2.4 Customer Directed Suppliers • 3.4 Safe Launch • 3.5 Tooling, Gauges and Test Fixtures • 3.7 Control of Nonconforming Product and Corrective Action	K. Gilgenbach

	• 3.10 Supplier Request or Engineering Change (SREA) • 4.2 Supplier Ratings • 4.3 Supplier Monitoring and Development • 4.4 Escalation Process • 4.5 Supplier Chargeback • 4.6 Controlled Shipping	
8.16.2021	• 2.2 - ISO 17025 certification for labs and A2LA / 17025 accredited lab in PPAP • 2.3 – should to shall • 3.4 - The supplier shall submit exit letter to Teijin Automotive Technologies and have it approved. • 3.7 – Added I-Charts • 4.6 – Inspection data forwarded to Teijin Automotive Technologies daily using Teijin Automotive Technologies 's standard I-Chart form • Removing CSP from document, changing to Teijin Automotive Technologies • Removing CSP logo, changing to new logo	