TABLE OF CONTENTS

VISION, MISSION, AND VALUES

PRODUCT LINEUP

ENTERTAINMENT/GIFT AND FAVORITISM POLICY

ENVIRONMENTAL MANAGEMENT

QUALITY AND ENGINEERING

SHIPPING AND PACKAGING

CUSTOMS

SUPPLIER RATING SYSTEM (SCORECARD)

CONFLICT MINERALS

INDIRECT PURCHASING

GENERAL TERMS AND CONDITIONS OF PURCHASE

PURCHASING WEBSITE

INCOTERMS

REVISION HISTORY
Our Vision

Yazaki North & Central America will be the supplier of choice for our customers and a recognized responsible community partner.

Our Mission

Be our customers’ preferred supplier.
- Delight our customers with quality, service, technology, and delivery
- Create a consistent culture of Operational Excellence
- Be the employer of choice and support the communities where we work and live

OUR VALUES

We act with INTEGRITY
We are personally accountable to the highest standards of ethics and behavior, including honesty and fairness in all aspects of our work. We fulfill our commitments as responsible employees and citizens by upholding the law, respecting regional cultures, and contributing to economic and social development.

We value our PEOPLE
We are committed to building a culture of openness, trust, knowledge, and teamwork. We treat one another with respect and celebrate diversity as our strength – a competitive advantage that expands our knowledge and ideas and contributes to our prosperity. Our constant commitment to educate, develop, and grow our people is the basis of our continued success.

We build QUALITY products
We hold each other to the highest quality standards in everything we do. We are committed to design quality into our products and processes, select quality components, and deliver quality products to our customers. We will constantly strive for continuous improvement and product innovation.

We are RESPONSIBLE
We operate to protect and preserve our environment by being socially responsible for the impact that our products, processes, and people create. We continually strive to minimize the impact on our environment, improve our communities, and endeavor to provide a workplace that is safe and secure.
YAZAKI NORTH AMERICA’S PRODUCT LINEUP

Wire Harness

- High Tension Cord
- Digital Power Module
- Front End Harness
- Terminals
- Connectors

Automotive Meters & Electronics

Connectors
ENTERTAINMENT/GIFT AND FAVORITISM POLICY

Introduction

Many associates influence YNCA’s relationship with our suppliers. Our interaction with suppliers is a reflection of our individual professionalism and a reflection of YNCA. Suppliers should comply with the rules of conduct listed in this section that are binding for YNCA associates. For purposes of this Entertainment/Gift and Favoritism Policy, the term “supplier” shall include current and potential YNCA suppliers.

YNCA values should guide the conduct of all relationships – requiring integrity and serving the best interests of the company at all times. Though the values guide our behavior, the following YNCA Supplier Entertainment Policy has been developed to best serve the interests of YNCA and our suppliers.

Decisions concerning supplier selection are based on the supplier’s total performance and capabilities. Relationships with suppliers are to be cooperative and business related, always focused on the best interests of YNCA. They are not to be influenced by gifts, favoritism, or other gratuities. Each supplier must comply with this policy in order to maintain a business relationship with YNCA. All YNCA associates who interact with suppliers are also obliged to comply with this policy.

Policy

Gifts
Gifts from suppliers should be of nominal value. Examples of acceptable gifts are low value advertising items such as mugs, calendars, pens and folders. Gifts of cash, illegal items or gifts given in exchange for some form of consideration are never acceptable. Gifts should be infrequent and must not be solicited, directly or indirectly, from suppliers.

Entertainment
Entertainment offers are acceptable from a supplier only if a business intention exists. Entertainment should be infrequent (as a guideline once per quarter overall) and not extravagant. The supplier should be present with the YNCA associate at the time of the entertainment. Offers for any form of weekend entertainment, paid vacations or seminars are unacceptable. Suppliers may not pay for travel or accommodations of YNCA associates.

Meals are considered entertainment. However, it is recognized that, from time to time, it is necessary and/or convenient to conduct business over lunch or dinner. Therefore, occasional lunch or dinner meetings are acceptable but are not to exceed once per month, overall. However, multiple meals may be taken with a supplier during a daylong or multi-day supplier site visit. In such cases, YNCA associates and the supplier company should share expense for meals (i.e. YNCA associates pay for meeting participants’ lunch, supplier pays for dinner).

The type of entertainment attended reflects on both the supplier and YNCA. Therefore, any entertainment that would negatively reflect on the participants or would be in conflict with company policy is unacceptable. This includes any entertainment which is illegal or sexually explicit.
Other Favoritism
Requesting, considering or accepting any financial benefit or favoritism from a supplier is unacceptable. Such offers by a supplier are also not acceptable.

Supplier Responsibilities
All suppliers are expected to maintain professional relationships with YNCA associates. Suppliers must be conscious of their actions when interacting with YNCA associates. If there is doubt about the appropriateness of a gift, entertainment or other concern, then it should be avoided. Any YNCA associate directly or indirectly requesting a gift from a supplier should be reported to the associate’s Manager and/or YNCA Compliance Officer. Actions or behavior in conflict with the YNCA Supplier Entertainment Policy by a supplier may have consequences up to and including loss of business with YNCA.

SCM Staff Responsibilities
Each YNCA associate in contact with suppliers must maintain an Entertainment Log recording all entertainment, meals, etc. received from a supplier.

Requests for gifts or favors are not acceptable. The acceptance of a gift or entertainment in compliance with this policy is not an indication to a supplier that business will be awarded based on any criteria other than quality, cost and delivery performance or other factors included in a specific commodity strategy (i.e. willingness to sign an LTA, supplier technology, geographic location).

Supplier actions in conflict with this policy will be reported to SCM Management or YNCA’s Compliance Officer. Concerns regarding questionable relationships or supplier behavior will also be discussed with SCM Management.

Yazaki Integrity Line
The Yazaki Integrity Line has been established to provide you an anonymous means of asking questions and reporting concerns about compliance matters. Please call (888) 475-8978.
Environmental Review

YNCA is required to comply with customer environmental material reporting directives, engineering standards, as well as, the EU End-of-Life Vehicle and REACH Directives. In order to comply with these directives and standards, YNCA requires suppliers to report product structure, material, and substance information based on the Global Automotive Declarable Substance List (GADSL) for existing and new products. This information is being requested early in the design phase and is to be submitted prior to PPAP submission.

Please use the latest version of the GADSL as a guide to determine which substances require reporting. If any products contain any of the substances on this list, then the substance(s) must be reported to YNCA regardless of the substance concentration.

Please reference Yazaki Standard YPES-31-038 for additional requirements.

In order to collect the necessary environmental information in a format acceptable to our customers, YNCA requires that suppliers report all product environmental information through the International Material Data System (IMDS) directly.

**YNCA's IMDS Company ID# is 2961**

YNCA’s primary acceptance criteria is based on IMDS 001. Suppliers must follow all rules listed in the latest version of IMDS 001 at the time of Material Data Sheet (MDS) submission to YNCA. Due to increasing customer demands for strict adherence to IMDS rules and guidelines, YNCA,
at its discretion, can request clarifications as well as corrections to previously submitted and accepted IMDS data.

Per YNCA PPAP Guidelines, proof of acceptance of any material data submission to YNCA must be included in the PPAP package. For IMDS submissions, this includes a screen shot of the part number(s) submitted to YNCA as well as the IMDS status field indicating acceptance.

Questions regarding IMDS reporting can be directed to YNCA’s IMDS Group at (734) 983-1212.

YNCA holds suppliers accountable for non-compliance with this reporting mandate and for non-compliance with the General Terms and Conditions of Purchase by YNCA or its affiliates. Failure to report may affect your supplier rating and may also lead to a loss of current and future business with YNCA.

Green Purchasing

Purpose
This section documents the required environmental standards for products and services purchased from suppliers.

Yazaki Corporation recognizes the preservation of the global environment and its resources as a serious concern common to all humanity. We strive to make the world a better place and work to enrich our societies through environmentally sound business activities, environmental awareness, and individual contribution which are in line with YNCA’s fundamental business policies.

Expectations
• Implement and maintain a Green Purchasing program
  o Observe and comply with all applicable local, state, and national environmental laws and regulations
  o Product and process designs have environmental concerns addressed
  o Reduce the environmental burden in all aspects of development, production, sales, logistics and service
  o Educate employees in environmental awareness and foster proactive participation in activities which preserve the environment
  o Become proactive participants in local and state environmental initiatives
• Attain and/or maintain certification to the ISO14001 environmental standard
• Initiate a Green Purchasing program with sub-suppliers

Supplier Material Requirements
• Report the material content of all parts and products, as required by GADSL, that are sold to YNCA utilizing IMDS
• See the Environmental Management section for more details

Benefits
Clean corporate citizens benefit from a reputation in the industry as being part of the environmental solution rather than contributing to the problem. Suppliers that embrace these expectations and requirements will create a strong partnership with YNCA and Yazaki Corporation and may gain preferential consideration for new and additional business.
Purpose
The purpose of this section is to define the quality and engineering requirements necessary to ensure a successful partnership with our suppliers. This section documents the required quality and engineering standards for products and services purchased from suppliers; and outlines YNCA’s overall satisfaction expectations.

Our Expectations
- YNCA’s quality standard is zero (0) PPM and zero (0) documented defective claims
- Suppliers must be capable of providing defect-free products that meet the design record
  - All change proposals (including, but not limited to: material changes, design changes, process changes, manufacturing location, sourcing to a sub-supplier) shall be communicated to the YNCA via the SCR Process.

Supplier Requirements
- YNCA Suppliers must be certified to ISO/TS 16949 or at a minimum to ISO 9001
- Suppliers must adhere to Customer Specific Requirements (CSR).
- Suppliers must participate in all required supplier development and improvement activities
- Suppliers must comply with other directives as required
Pre-Production

New Purchases with New Suppliers
Supplier Quality and Development (SQD) provides supplier performance data that influences and supports sourcing decisions. SQD utilizes a Global Quality Systems Assessment to gauge the potential supplier’s quality system. Suppliers are required to complete the assessment for YNCA’s review which may be followed by an on-site assessment.

Assessment results:
- Acceptance: the supplier must score 75% or greater with no major non-conformances or zeros
  - Supplier must also complete all required corrective actions as identified by the reviewing SQE
- Rejection: occurs when the Supplier scores below 75% and has major non-conformances; or receives a score of "0" for any question; or, by the judgment of the SQE with concurrence of SQD Management
  - As rejected, the SQE may request a corrective action plan from the supplier
  - Recommendation to source will result as “no source”

New Purchases with Existing Suppliers
YNCA Supply Chain Management (SCM) utilizes a fact-based approach when considering current suppliers for new business sourcing decisions. The supplier’s overall performance is evaluated and influences future sourcing considerations. Supplier performance data is reported monthly to SCM Executive Management. YNCA’s Supplier Scorecard summarizes overall performance for select suppliers in quality, commercial, delivery and environmental.

Advanced Product Quality Planning (APQP)
Suppliers are expected to implement Advanced Product Quality Planning (APQP) activities to communicate and ensure timely, high-quality product development in accordance with the Automotive Industry Action Group (AIAG) “Advanced Product Quality Planning and Control Plan – APQP” requirements. The AIAG manual provides guidelines designed to produce a product quality plan, which will support the development of a product or service. APQP status reports or output documents for this process may be requested by YNCA. PPAP documentation must be on hand and readily retrievable upon request. Proprietary considerations regarding intellectual property will be made as appropriate.

Tool Development
The development of tools begins with the Yazaki designed component. Suppliers are chosen based on the cost, quality and delivery of their past project performance. Once the design has been solidified, the project review will take place with the supplier team and YNCA team. The project review will cover timing, quality risk, process information, PPAP requirements, etc. Suppliers who are chosen to work on projects with Yazaki are asked to review all design concerns with the YNCA Design Engineer prior to the project review.

Once the project review has taken place, the supplier will be issued a Tool Purchase Order (PO) which will serve as the “kick-off” of the project. The supplier is held accountable for the deliverable dates on the Tool PO. The supplier will be responsible for providing the Tool Progress Report (TPR) each week in the prescribed YNCA format, after the tool has been kicked-off.
Suppliers are responsible for managing their deliverables and, if for any reason the supplier cannot submit the deliverables by the date on the Tooling PO, the supplier is responsible for communicating to the ASQE in advance of the missed date(s). In the event this occurs, the supplier will be responsible for submitting their reaction plan and revised timing to the ASQE for review. Corrective actions and/or 8D may be requested to ensure the root cause has been identified and the issue will not reoccur. Suppliers will be held accountable for their timing and missed due dates may impact future business with YNCA.

Completion of Tool
Upon successful completion of the tool, the supplier will submit the good dimensional samples to the ASQE by the due date listed on the Tooling PO. The good dimensional samples must represent the optimized tool/process from the production intent facility/process. The good dimensional sample submission will also include: the dimensional, ballooned drawing, deviation(s) (if applicable), tool information (including photos), as noted on the TPR and the Product Demonstration Run (PDR) in addition to the optimized good dimensional samples. The good dimensional data is not complete until all of the aforementioned items have been submitted to the ASQE and good dimensional samples are approved by the PCE. Component Deviation Requests indicating the specific non-conformances and defining the deviations of design requirements must be submitted to the ASQE and approved by Engineering and included in PPAP submission. Please note that the good dimensional and testing samples are required from the production intent facility unless otherwise directed by YNCA.

Once the good dimensional samples and the process as indicated on the tool PO have been approved by YNCA, the supplier will be asked to submit the samples for testing. The supplier will also be responsible for submitting PPAP (not-applicable for prototype parts) per the required delivery date on the Tooling PO and per the ASQE’s requirements as provided in the project review.

Set-up charges on production tooling are not allowed nor are set-up charges allowed for the sample submission and/or for blanket purchase orders on prototype tooling. All parts manufactured off of the prototype tool must be labeled as such on the shipping carton label. All labels, prototype or production, must include the tool and the drawing revision level.

Annual Product Verification Testing
Verification testing must be performed annually to ensure the intended design requirements are maintained. All applicable documents must be updated to reflect product performance throughout production, including updates to the original PPAP submission and dimensional annual layout. All appropriate design verification documentation must be made available upon request of YNCA SQD.

Process Sign-Off
Process Sign-Off (PSO) is a formal and systematic review of the supplier’s planned and actual manufacturing process. The PSO occurs prior to PPAP submission. YNCA requires a PSO on some components during the process development and qualification of product based on certain risk factors. The PSO includes a document and data review of: drawings, specifications, FMEAs, control plans, etc. This on-site activity at the manufacturing site is, at a minimum, production run-at-rate verification and product test validation.

Production Part Approval Process (PPAP)
Suppliers are required to submit PPAPs through BEAMS for all YNCA production level components and assemblies prior to the first shipment of production parts. The supplier must
request access to BEAMS by sending contact information of all individuals who will be uploading PPAP documents to the SQD. Failure to request access in a timely manner will not relieve supplier’s liability for any consequences due to lack of PPAP documentation.

YNCA requires a level four (4) PPAP submission, or as required by your YNCA SQE. Level 1, 2, and 5 PPAPs are not accepted. YNCA reserves the right to request and audit annual layout data which must be made available within 48 hours of being requested. Please refer to the current YNA’s PPAP Checklist.

PPAP’s are mandatory for, but not limited to, the following conditions:
- New part (First time submission)
- Tool moves or additional production facilities
- Design change
- New or modified tool
- New or optional material/color
- Optional constructions
- New sub-contractors
- Significant process changes
- For further information, reference AIAG manuals

All costs related to PPAP submissions are the responsibility of the supplier. YNCA will not authorize additional payment to a supplier for submission of a PPAP. Contact your YNCA Buyer for specific contract terms.

**Disclaimer:** PPAP submissions containing instances where legal disclaimers and other references to legal terms and conditions are viewed as follows:

Yazaki North America’s purchases are governed exclusively by the “General Terms and Conditions of Purchase”, which can be viewed in Supply Chain Management Documents section on the SIC. YNCA hereby rejects any contrary terms, including but not limited to, any terms that purport to limit the scope or nature of seller’s warranty obligations or that purport to limit seller’s obligation to notify us of any proposed change in part specifications.

**Production**

**Manufacturing Review**
YNCA may perform a Manufacturing Review at the supplier’s manufacturing location. A Manufacturing Review is an assessment of the supplier’s manufacturing process specific to a component. It may also be used to verify corrective action implementation and to promote continuous improvement activities.

**Supplier Change Request (SCR)**
SCR is the replacement for the SICR process. SCR is to be utilized when a supplier needs to communicate and request a change on a part which they supply to YNCA (including OEM directed changes). The types of changes may include but is not limited to: product or material changes, packaging changes, new/additional sub-supplier, new/improved manufacturing process, tool move, or adding a capacity tool, etc.

The SCR form must be completed in its entirety. The form is programmed to aid the supplier in completing each section prior to submitting to YNCA. The items that must be submitted with the
SCR vary with the change type. Once the supplier successfully submits the completed Supplier Change Request form to the SCR mailbox, the supplier will be informed if the request is accepted for processing or if more information is needed. A SCR tracking number will be assigned and provided back to the supplier. Supplemental documents, in addition to the SCR, can be sent to the aforementioned mailbox.

When the necessary approvals have been obtained, YNCA will send the approved SCR and request PPAP. The approved SCR cover page will need to be submitted with the PPAP package.

Please contact your SQE or Buyer with questions and/or comments concerning the SCR process and SCR form.

**Temporary Component Deviation Request**

The supplier must formally notify SQD when they become aware of any facts suggesting non-conforming product may have been shipped to YNCA and its affiliates. The supplier may submit a component deviation request to their SQE contact for PPAP-ed product not conforming to design requirements and deemed, by customer design engineering, as not affecting the fit or function. If the deviation is approved, the supplier will be authorized to ship deviated product for a specific quantity or period of time with an approved Interim or full PPAP. This is intended as a temporary allowance unless otherwise specified by the engineering entity.

All deviated product must be clearly identified on the cartons and must have appropriate traceability. If the deviation is not approved, the supplier shall not release deviated product to YNCA and its affiliates. Unapproved product will be rejected and counted as a defective claim towards the supplier’s PPM and Supplier Scorecard rating.

**Non-Conforming Material**

Suppliers are responsible for the quality of their product throughout the Yazaki manufacturing process, installation at the final customer and through to the end consumer’s use. Suppliers must have procedures in place to prevent non-conforming product from escaping their process and shipping to Yazaki facilities.

In the event non-conforming material escapes and is shipped to any Yazaki location, including but not limited to, warehouses and/or affiliates, the supplier must have an internal quality alert process and must use the Yazaki Quality Alert document to alert Yazaki. The supplier is responsible for notifying their SQE, Buyer and contacts at all of the Yazaki ship-to sites with enough information to track and contain all defective material. The supplier is responsible for all costs associated with the containment and replacement of the defective goods. The supplier will be required to submit corrective actions. Quality Alerts must also be used to notify Yazaki SQE and Buyer contacts if the suppliers’ internal defect rate is equal to or greater than 10% of production.
**Defective Conditions**
When a product does not meet the documented specification or design requirements, or have a signed deviation from YNCA, the product will be rejected. The following is a partial list of general quality reject conditions:

- Appearance/surface defects
- Assembly defects
- Broken/damaged
- Burrs
- Contamination/corrosion
- Cracks/holes/tears
- Flash
- General deformities
- Missing part
- Over/under specified dimension
- Packaging
- Plating
- Sharp edges
- Short shot
- Wrong material

**Quality Rejection Notification**
In the event that non-conforming material is identified at Yazaki manufacturing locations and/or at the final customer location, immediate actions must be taken to ensure that acceptable product is used and production is maintained. Suppliers will be contacted and required to provide containment measures and sort authorization in the form of a 3D within 24 hours of notification of the defect claim in the Global Quality Reporting System.

**Quality Reporting Requirements**
Suppliers are required to respond to all defective claims through the **Global Quality Reporting System** (GQRS) using a disciplined problem solving method.

All efforts to identify root cause(s) should be taken with updates provided to YNCA. A specific corrective action update schedule will be established with suppliers based on the severity and impact of the issue. Problem solving methods should utilize a team approach including statistical and mistake proofing techniques. Corrective actions that involve process changes require the supplier to provide updated Process Failure Modes and Effects Analysis (PFMEA) and Control Plans. Operator training and procedure violations are unacceptable root causes. Product layout data may be requested.

All defective claims identified and communicated to a supplier require containment actions within 24 hours by using three discipline (3D) response including, disposition of all parts at and/or in transit to YNCA and/or affiliate location. All certified material shall be identified with the associated GQRS number on a green sticker or other specified criteria. This label will be near all barcodes on the container and clearly visible. The supplier is responsible to provide updates to all interim activity through to final verification within the GQRS system. Validated corrective action measures that ensure prevention of the defective condition must be communicated in GQRS within 10 business days of the original defect notification date. All interim action and corrective action plans must be entered into the Yazaki GQRS system.
Corrective Action Failures
Continual quality concerns will affect a supplier’s opportunity for additional business with YNCA. Suppliers are expected to use “lessons learned” or similar methodologies to eliminate potential risk factors and prospective defects. Suppliers shall apply all analysis findings and action items to similar processes within their manufacturing facility. When corrective actions do not eliminate the defective condition, the supplier must re-evaluate the root cause and establish a new and effective corrective action. Continued failures may result in formalized quality improvement activities as determined by SQD.

Accountability and Cost of Quality
Suppliers are selected based on their ability to provide: cost effective products, superior defect-free products, expert knowledge of their product and manufacturing processes, and, responsive and proactive support. With these expectations, suppliers will be held accountable and responsible for all costs incurred due to defective product identified during Yazaki manufacturing/installation, or end-customer use of the product.

Suppliers are responsible for all costs incurred while the defect situation is contained and remedied. Items such as, but not limited to, the following may be charged to the supplier:

Recovery costs due to a vehicle recall
- 3rd party sorting and/or reworking costs
- Labor for sorting and/or reworking of raw stock
- Labor for sorting and/or reworking finished goods
- Labor for sorting and/or reworking of finished goods installed in the end customer product
- Scraping and/or reworking of finished goods due to defective supplier product
- Reimbursement and/or replacement of defective raw material
- Shipping fees related to return of defective product
- Fees and taxes related to scraping of material outside the U.S.
- Warehousing/storage fees accumulated through to disposition of suspect product
- All necessary travel, lodging, and meals
- Rework and/or repair materials, tooling, gauges, testing equipment, or third party testing
- Excess and additional freight charges and air shipments
- Production downtime at Yazaki manufacturing facilities
- Production overtime at Yazaki manufacturing facilities
- Production downtime at customer locations
- Administrative, corporate, and management support fees
- Follow up actions and assessments, as appropriate
- Any other fees associated with a defective condition

All costs are calculated based on US currency using standard man-hour labor rates established by YNCA. Appropriate debits are issued to the supplier through the Finance Department in cooperation with SCM.

Quality Hold
A “Quality Hold” classification is assigned to a supplier when a high-risk product quality situation arises. This status directs YNCA SCM to evaluate suppliers more closely prior to awarding new business. Suppliers formally notified of a “Quality Hold” status must perform supplier improvement activities, as directed by SQD. The supplier may be subject to extended sorting and/or third party certifications. This status is not intended to be permanent. If supplier
improvement activities are ineffective, “New Business Source Hold” status may be assigned to a supplier.

**New Business Source Hold**

“New Business Source Hold” status directs YNCA SCM to suspend all sourcing with the supplier. Suppliers are formally notified of “New Business Source Hold” status with a letter from SQD and Commodity Purchasing. The supplier must immediately begin improvement activities working directly with YNCA to rectify the concerns identified.

**Supplier Sub-Contractors**

Suppliers may not sub-contract any product without approval by YNCA SCM. Suppliers are responsible for sub-contracted products and services used in product sold to YNCA and its affiliates. It is expected that suppliers work closely with their sub-contractors and monitor their quality level. Sub-supplier development activity is encouraged. YNCA reserves the right to request and perform necessary assessments at sub-contractor facilities.

**Warranty**

Suppliers are responsible for their product through the end of vehicle program life (including service parts duration). Post-production defective claims reported by the end consumer are qualified, tracked, and reported by YNCA. Costs related to such claims are the responsibility of the supplier.

**Tool Move Requirements**

Suppliers moving production tooling must notify YNCA in writing through the SCR process and gain approval prior to physically moving the equipment. Suppliers must propose a detailed, comprehensive tool move plan that includes, but is not limited to, location addresses, timing plans, bank stock requirements, risk assessment, and PPAP timing. Updated timing plans are required to be submitted bi-weekly and must highlight any changes. Refer to the SCR form or contact YNCA Commodity Purchasing for specific requirements.

**Supplier Development**

Production Supplier Quality and Development (PSQD) is responsible for monitoring supplier quality performance. Supplier Scorecard metrics are used to initiate supplier improvement activities. A PSQE will notify suppliers identified to participate in specified improvement activities.

**Quality Improvement Plan (QIP)**

Suppliers identified as high impact and/or with downward quality trends or those who do not compare favorably to others in their commodity may be required to present a comprehensive quality improvement plan. Full supplier cooperation is expected throughout the Quality Improvement Plan (QIP). Suppliers successfully fulfilling QIP requirements (defined by SQD) may be released from the QIP activity. QIP activity will be concluded by SQD when sufficient supplier performance improvement is evident. Poor QIP activity/results may lead to a “Quality Hold” or “New Business Source Hold” designation with YNCA SCM.
**SHIPPING AND PACKAGING**

It is ultimately the component supplier’s responsibility to ensure that their parts arrive at the **end Yazaki manufacturing location free of defects/damage**. Suppliers must use packaging that will withstand the various Dynamics of transportation methods for land, air, and sea over an extended transportation timeframe (30+ days in transit).

**Electronic Data Interchange (EDI)**

EDI is the computer-to-computer exchange of business documents encoded using mutually accepted standards with little or no human intervention. Yazaki uses EDI to electronically communicate releases and receive advanced shipping notices (ASNs). For suppliers who currently interchange information with YNCA using EDI, those suppliers are required to submit according to published YNCA EDI Guidelines. However, not all suppliers utilize EDI with YNCA. Suppliers who are interested in using EDI with YNCA may inquire with their respective Procurement contact. If selected as a potential EDI supplier, the supplier will undergo testing of their EDI capabilities. This testing insures that the supplier can comply with Yazaki published EDI Guidelines. This testing will determine if the supplier will either be accepted or rejected as an EDI supplier.

Questions regarding EDI may be directed to Mr. Bruce Calvert at: Bruce.Calvert@us.yazaki.com

**Labeling**

Suppliers are expected to comply with the “Component Supplier Handling Unit Bar Code Label Guidelines”. Suppliers who do not comply with the guidelines must have their label approved by Yazaki Packaging. The label approval process is as follows:

1. Carton label samples will be requested if the current label does not meet the requirements of the Yazaki labeling guidelines
   a. If you do not receive a request for a sample label, Yazaki Packaging has deemed your carton label as conforming—no notification will be sent

2. Samples labels conforming to Yazaki labeling guidelines must be submitted to Mr. Steve Giebelhaus (steve.giebelhaus@us.yazaki.com) within 30 days of request
   a. Label samples should be submitted electronically in PDF and an additional hardcopy sent via mail

3. Yazaki Packaging will review the submitted label and approve or send it back with corrections for revision
   a. If your label sample is rejected for non-conformance, the supplier shall submit a timing plan for the correction of the non-conformance and a date for the follow up submission

4. If requests for sample labels are ignored and your label does not have Yazaki Packaging approval, Yazaki will implement a chargeback fee for every carton of material that is received with non-approved labels
The chargeback schedule for labeling non-conformance is as follows:

a. First occurrence: 30 day grace period to correct labels
b. After 30 day grace period: $25 fee per carton that is non-conforming
c. After 60 days: $50 fee per carton that is non-conforming
d. After 90 days: $100 fee per carton that is non-conforming

**Delivery Objectives**
Suppliers are expected to deliver defect-free product 100% on time per the purchase order. Delivery performance data is reported and included in the Supplier’s Scorecard rating. Quality problems are not justification for fluctuations in on-time delivery.

**Delivery Extraordinary Expenses**
In the event the supplier does not ship 100% of the required product per the purchase order, free of defects, and on time as required to the designated location listed on the purchase order, the supplier may be responsible for any and all related extraordinary expenses. In the event extraordinary expenses are incurred due to vendor behind charges, the supplier shall be responsible for extraordinary expenses, until the affiliate has reached the appropriate on hand supply. The supplier shall also be responsible for the finished goods air freight charges for a time period equal to the time taken to return the affiliate to its appropriate on hand, raw material inventory (i.e. if it takes supplier “x” 10 weeks to return the affiliate to its appropriate level of inventory, then supplier “x” will be responsible for 10 weeks of finished goods air freight).

Extraordinary expenses can include, but are not limited to: line down charges (affiliate and/or customer), air freight charges from supplier to the end of the supply chain, administrative fees, and other charges as denoted in the Cost of Quality section of this Supplier Manual. Costs incurred at Yazaki facilities and/or directly by Yazaki employees for sort, rework or line down situations related to quality or delivery issues will be billed a standard hourly rate of $16.45 for labor in Mexico, South and Central America and Asia. Labor costs incurred in the United States, Canada, Europe and/or Australia will be billed at $36 per hour. Labor rates are subject to change without notice. All costs are to be reconciled within 60 days of submission of the extraordinary expense charges.
CUSTOMS (IMPORT/EXPORT) REQUIREMENTS

The Customs Department is made of two units; one is located in Canton, Michigan and the other in El Paso, Texas. All importation/customs clearance questions relating to U.S., Canada and Mexico should be directed to customs@us.yazaki.com or contact the Customs Senior Manager:

Arturo Carrizales, Customs Senior Manager
Telephone: 734-983-2014
Fax: 734-983-2015
Email: Arturo.Carrizales@us.yazaki.com

For customs related questions regarding imports into and out of Mexico, the customs@us.yazaki.com email address and the Customs Supervisor should be contacted:

Jose Luis Arciniega, Customs Supervisor
Telephone: (915) 298-2202
Fax: (915) 298-2203
Email: jose.arciniega@us.yazaki.com

Christie Vierk, Customs Supervisor
Telephone: (734) 983-6860
Fax: (734) 983-6861
Email: Christie.Vierk@us.yazaki.com

Commercial Invoice Requirements (19 CFR 141.86)

YNCA requires all suppliers to provide a commercial invoice or a copy of the commercial invoice accompanying all cross-border shipments to YNCA. Shipping or other pro-forma invoices that differ from the commercial invoice cannot be used.

If the commercial invoices are mailed separately, a packing list (no pricing information) must be included with the shipment. In the event that a supplier is shipping direct on behalf of YNCA, the supplier is responsible to email copies of the commercial invoice to customs@us.yazaki.com.

All documents, including the invoice, releases and any other documents required by the U.S. Customs and Border Protection (CBP) should be forwarded in triplicate with the shipment. The original commercial invoice or copy must be in English and contain the following information:

1. Complete name and address of the foreign seller or shipper, including an individual contact name and telephone number
2. Complete name and address of the purchasing party, including an individual contact name and telephone number
3. Complete name and address of the consignee, including an individual contact name and telephone number
4. Invoice number
5. Date of sale (invoice date)
6. Detailed information on each item on the invoice, including:
   a. YNCA part number and supplier part number or end customer part number
   b. Detailed description of the item (e.g., connector, terminal, wire harness assembly)
   c. Quantity
   d. Unit cost
   e. Extended cost
7. Total invoice cost – if freight and insurance are included, please list separately on the invoice
8. Currency of sale (state clearly, boldly and prominently in the body of the invoice if currency is other than US dollar)
9. YNCA purchase order number
10. The country in which the products were manufactured (country of origin for customs purposes);
   a. A North American Free Trade Agreement (NAFTA) Certificate and a Manufacturer’s Affidavit (MA) or a Supplier’s Affidavit (SA) should accompany the commercial invoice as proof of origin
11. The country of export
12. Terms of sale (e.g., FOB plant, FOB destination, CIF, etc.)
13. Delivery terms (e.g., freight collect, pre-paid, etc.)
14. Related bill of lading number and/or packing slip number.
15. Assists, dies, molds, tools, engineering work and cost associated

YNCA Country of Origin Requirements

Country of origin (CoO) is a very critical element in YNCA’s process. Providing accurate country of origin (country of manufacture and location) is a mandatory requirement of YNCA suppliers. Proof of country of origin may be provided in various forms depending upon the respective import trade program or importation purpose YNCA needs. YNCA utilizes the services of a buyer’s agent/service provider for purposes of requesting and gathering all country of origin requests from all of YNCA’s suppliers.

Contact: YNCA Customs Department
Email: customs@us.yazaki.com

Eleazar Guevara, Customs Specialist
Telephone: (915) 298-2212
Fax: (915) 843-1503
Email: Eleazar.Guevara@us.yazaki.com
YNCA’s suppliers are responsible to respond, in a timely manner, to all requests made by the YNCA Customs Department.

**Note:** YNCA requires that all responses be given in the time frame specified so that YNCA may in turn meet our customer expectations. Suppliers that fail to meet YNCA’s requirements will be debited $250 per month for each program (CoO, NAFTA & AALA), per supplier number where non-compliance occurs. Noncompliance is defined as a response rate covering fewer than 90% of the parts for either NAFTA or AALA. Responses must be complete and accurate, including the YNCA part number and the supplier number as shown on purchase orders. In addition to direct financial penalties, the supplier’s ability to quote on new business will be at risk.

**Country of Origin Marking**

Suppliers are responsible to insure that their product is marked according to CBP requirements, especially in the case of service parts.

Section 304 of the Tariff Act of 1930, as amended (19 USC 1304) provides that, unless expected, every article of foreign origin imported into the U.S. shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit, in such a manner as to indicate to the ultimate purchaser in the U.S. the English name of the country of origin of the article.

Resources available to YNCA’s suppliers for further education include:

- CBP Publication 539 – Marking of Country of Origin on U.S. Imports
- 19 CFR 134
- Supplier’s Customs Broker
- Customs Consultants

**Manufacturer’s Affidavit**

YNCA Customs requests that suppliers provide a Manufacturer’s Affidavit (MA) for all products supplied to YNCA. YNCA Customs will use a buyer’s agent/service provider for making the requests/solicitations and collecting the required information from all YNCA supply base. When the suppliers receive this request, they will be asked to complete a multi-purpose MA form necessary for use in declaring and determining country of origin information. The MA form is mandatory for all suppliers providing product to YNCA. The manufacturing location must represent the actual location where the product has been manufactured or assembled – meeting the requirement for substantial transformation.
During audit verification for U.S. import trade programs, CBP may use these records to allow or disallow qualification in a given program.

*Please note that your company must provide a Manufacturer's Affidavit to YNCA if they manufacture articles or pass-through parts which are not further processed by your company*

Suppliers will receive a solicitation package from YNCA’s buyer’s agent/service provider. Instructions to complete the MA and other respective documents will be included in the solicitation package. The solicitation package will also provide contact and form return information to YNCA’s buyer’s agent/service provider.

**HTS 9801- U.S. Goods Returned**
U.S. origin goods returning to the United States having not been advanced in value or improved in condition require the following documentation:

- Manufacturer’s Affidavit
- Foreign Shippers Declaration

**HTS 9802 - Articles Exported and Returned, Advanced or Improved Abroad**
For articles exported for repair or alteration (under HTSUS 9802.00.40 or 9802.00.50), it is the policy of YNCA that the invoice must clearly state the value of the repair or alteration and the following documentation has been provided at the time entry:

- Declaration from the person who performed the repairs (Repair Affidavit)
- Declaration by the owner, importer, consignee or agent

U.S. Goods Assembled Abroad – For articles assembled abroad with U.S. Components, YNCA’s policy is that HTSUS 9802.00.80 may be claimed only when the following documents are provided at the time of entry:

- Assembler’s Declaration
- Endorsement by the Importer

**Note:** For import shipments where YNCA is the importer of record, the supplier is required to provide advance notice to the YNCA Customs Department at customs@us.yazaki.com for confirmation of the exact documentation required. In the event the supplier has not made prior contact and YNCA incurs additional costs and/or penalties due to improper shipment documentation – YNCA will debit all costs and/or penalties plus an administration processing fee back to the supplier.

**NAFTA (North American Free Trade Agreement) – 19 CFR 181**
YNCA Customs requires suppliers to provide a NAFTA Certificate for all product/merchandise supplied to YNCA that has been manufactured in the United
States, Canada, or Mexico (NAFTA regions). On an annual basis, YNCA Customs will formally request/solicit the NAFTA Certificates of Origin from the supply base. Upon receipt of the request, the Supplier will provide the requested certificate(s) so that YNCA will be able to properly determine and declare the appropriate country of origin of the product/merchandise.

Suppliers manufacturing/sourcing outside of the NAFTA regions (United States, Canada, and Mexico) **MUST NOT COMPLETE** the NAFTA Certificate of Origin, but **MUST COMPLETE** the Manufacturer’s Affidavit and/or the Suppliers Affidavit ONLY. (See the Manufacturer’s Affidavit section above).

The NAFTA certificate is required from the supplier regardless if shipping to YNCA on a domestic or international basis. Suppliers must provide a written request to the YNCA Customs Department if a form other than the CBP Form 434, RC Form B 232E, or the Mexican Customs Administration (MCA) approved form, is to be returned to YNCA.

Suppliers will receive a solicitation package from the YNCA Customs department. Basic instructions to complete the NAFTA Certificate and other respective documents will be included in the solicitation package. If the supplier requires additional assistance in completing the NAFTA Certificate and/or is unfamiliar in determining NAFTA eligibility, the supplier is responsible to obtain guidance from a knowledge customs source (supplier’s customs broker, supplier’s customs consultant, supplier’s customs legal counsel, etc.) for proper direction. The solicitation package will provide YNCA contact information and instructions for the return of the requested document(s) to the YNCA Customs department.

**Traced Value**

In conjunction with the NAFTA Certificate request, the supplier will be required to provide any traced value for product supplied to YNCA. The request for the Traced Value will be included in the solicitation package sent by the YNCA Customs department. If the supplier is unfamiliar with determining and reporting traced value, the supplier is responsible to obtain guidance from a knowledgeable customs source (supplier’s customs broker, supplier’s customs consultant, supplier’s customs legal counsel, etc.) for proper direction. The specific “Rules of Origin” for the automotive industry are found in the 19 CFR 181.131, appendix to part 181, part V, sections 8, 9 and 10 and includes references to schedule IV and V in as listed below:

Section 8 – Definitions and Interpretation
Section 9 – Light Duty Automotive Goods
Section 10 – Heavy Duty Automotive Goods
Schedule IV – List of Tariff Provisions for the Purpose of Section 9 of the Appendix
Schedule V – List of Tariff Provisions for the Purpose of Section 10 of the Appendix
The solicitation package will provide YNCA contact information and instructions for the return of the requested document(s) to the YNCA Customs department.

**Customs and Trade Partnership Against Terrorism (C-TPAT)**

As a C-TPAT member, YNCA is responsible to develop, enhance and maintain effective secure supply chain processes, including a written and verifiable process for the selection of business partners including manufactures and suppliers. All forms below and documentation must be reviewed, maintained, completed, and returned to the YNCA Customs department.

1. YNCA C-TPAT Business Partner Confirmation Letter
2. YNCA C-TPAT Business Partner Form (to be completed and returned)
3. YNCA C-TPAT Shipment Requirements

**Business Partner Requirements**

All YNCA suppliers and service providers are expected to meet and maintain CBP C-TPAT guidelines in regard to their respective supply chain process. CBP’s website provides guidelines and best practices as to how these requirements can be meet. Each supplier and service provider is responsible to:

- Educate and provide awareness training to employees
- Complete the YNCA C-TPAT Business Partner Confirmation Form and email it to Customs@us.yazaki.com (this attests your company’s adherence to CBP guidelines and C-TPAT status), and notify YNCA in writing of any changes to your company’s C-TPAT status
  - If the supplier is a C-TPAT participant, please provide SVI # and/or notification via CBP’s C-TPAT web portal to Customs@us.yazaki.com and complete the YNCA C-TPAT Business Partner Confirmation Form
  - If supplier is not a C-TPAT participant, YNCA requires that the supplier meet CBP’s C-TPAT criteria and minimum security requirements
    - The supplier is also required to complete the YNCA C-TPAT Business Partner Confirmation Form and email to Customs@us.yazaki.com
- Adhere to all YNCA directives regarding C-TPAT compliance

**Tooling**

Any tooling that has been provided to the supplier free of charge (re-imbursement for the tool is not included in the piece price) for production of goods outside of the United States, it is the supplier’s responsibility to communicate any movement or transfer of tooling location to the YNCA Customs Department prior to tool movement. This also includes any free of charge tooling that is modified to produce different part numbers.

All notification of tooling should always include the specific YNCA part numbers with engineering levels.
Compliance with ISF Requirements 19 CFR 149

It is the supplier's responsibility to meet the Importer Security Filing (ISF) requirements for all ocean shipments destined to (a) the United States and/or (b) transit the United States under bond. If YNCA is the importer for the shipment, as per the agreed upon terms of sale, it is the responsibility of the supplier to provide the required data elements to the YNCA Customs department and YNCA's freight forwarders and/or carrier in order to remain compliant with the ISF timing requirements.

Background:
On November 25, 2008, the CBP published an interim final rule entitled “Importer Security Filing and Additional Carrier Requirements” in the Federal Register (73 FR 71730). The interim final rule requires both importers to electronically transmit 10 specific data elements pertaining to the US in bound cargo to CBP at least 24 hours prior to cargo being laden aboard the ocean vessel at the foreign port.
- US bound cargo (includes IT) – requires the electronic filing of ISF comprised of 10 data elements
- Transit cargo (FROB, IE and TE) – requires the electronic filing of ISF comprised of five data elements

The ISF final rule took effect on January, 26, 2009 and the compliance enforcement date was January 26, 2010. Fines of up to $1,000 per shipment, and delays at the US port may occur if the ISF is not filed timely and correctly.

Compliance to ISPM 15 Requirements

YNCA suppliers and service providers who ship internationally to YNCA related facilities or on behalf of YNCA are required to adhere to 7 CFR 319.40, the wood packaging material requirement set by the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS). The ISPM-15 (International Standard for Phytosanitary Measures) describes phytosanitary measures to treat lumber and other unmanufactured wood articles to reduce the risk of introduction and spread of invasive pest species associated with wood packaging material (including dunnage) for use in international trade.

Any costs incurred by YNCA in relation to the suppliers and/or service supplier’s non-conformance to this standard will be passed back to the respective supplier(s) and/or service supplier(s) in full.

Background:
The United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) has revised its import regulation for Wood Packaging Materials (WPM), 7 CFR § 319. The final rule was posted in the Federal Register September 16, 2004, with an effective date of September 16, 2005.
The regulation requires WPM used in international trade to be treated to kill harmful insects that may be present. WPM must be marked with the International Plant Protection Convention (IPPC) logo, the two-letter International Organization for Standardization (ISO) code for the country that treated the WPM, the treatment facility number assigned by the national plant protection organization, and either the abbreviation HT (heat treatment) or MB (methyl bromide). The rule states that regulated WPMs must be marked in a visible location on each article, preferably on at least two opposite sides of the article, with a legible and permanent mark that indicates the article meets the new requirements. Paper treatment certificates will no longer be required or accepted. An example of an acceptable WPM mark is:

```
XX - 000
YY
```

XX represents the ISO country code.
YY represents the unique number assigned by the national plant protection organization.
YY represents either HT for heat treatment or MB for methyl bromide fumigation.

The regulation restricts the importation of many types of wood articles, including wooden packaging materials such as pallets, crates, boxes, and pieces of wood used to support or brace cargo. The regulation currently refers to these types of WPMs as solid wood packing materials, defined as “wood packing material other than loose wood packing material, used or for use with cargo to prevent damage, including, but not limited to, dunnage, crating, pallets, packing blocks, drums, cases, and skids.” Effective September 16, 2005, the U.S. regulation allows non-compliant regulated WPM to be re-exported. CBP recognizes that the usage of this term may be confusing. For purposes of CBP implementation of the USDA regulation, “re-export” will refer to the immediate export of violative WPM and, where the violative WPM cannot be separated from the accompanying merchandise, the immediate export of the violative WPM and any accompanying merchandise. By regulation, no treatment options for WPM being imported into the United States are available.

For the purposes of this rule, WPM imported as cargo, such as a container or truckload of new or unused pallets, will still be considered WPM and subject to the rule. Its status as merchandise is irrelevant.

**YNCA Customs Clearance Issues**

In the event that YNCA is responsible for importing supplier’s shipments into the U.S., Canada and/or Mexico, the supplier is responsible to provide all shipment information to the YNCA’s Customs Department:

- Carrier
- Bill of Lading number(s) and copy(s) to be included with email
- Invoice number(s) and copy(s) to be included with email
- Supplier contact name and number
- ETA and location

YNCA uses specific import customs brokers in the U.S. and Canada. These brokers are based upon region and mode of transportation. In the event that YNCA is responsible for import clearance into either one of these countries, the supplier is responsible for contacting YNCA Customs to determine the correct notification party. YNCA will not be responsible for re-imbursement of broker fees, customs duties and taxes, etc. if the supplier has not selected the correct YNCA designated broker.

**Drawback**

YNCA actively utilizes every effort possible to legally minimize import duty payments made to the CBP; YNCA suppliers are expected to assist in our duty minimization efforts. Drawback is a CBP program that allows up to 99% of duties paid at time of import to be refunded for any of the following events:

- Imported duty paid goods are exported from the U.S. to another country in same condition or unused
- Imported duty paid goods are destroyed under CBP supervision
- Imported duty paid goods are manufactured into a final assembly and the final assembly is exported from the U.S. to another country within three years of the receipt of the imported goods

YNCA suppliers are expected to assist in this effort. Any suppliers providing YNCA with imported duty paid foreign material or components, the suppliers are required to provide YNCA with the following documentation:

Certificate of Delivery (Customs Form 7582) detailing: part number, part description, quantity, Harmonized Tariff number, duty rate, piece price, extended price, total duty paid, total MPF (Merchandise Processing Fee) paid, total HMF (Harbor Maintenance Fee) paid, entry number and entry date in which the duties/fees were paid to CBP

- The Certificate of Delivery applies when the supplier has not improved or advanced in value the imported merchandise

Certificate of Manufacture and Delivery detailing: part number, part description, quantity, Harmonized Tariff number, duty rate, piece price, extended price, total duty paid, total MPF (Merchandise Processing Fee) paid, total HMF (Harbor Maintenance Fee) paid, entry number and entry date in which the duties/fees were paid to CBP

- The Certificate of Manufacture and Delivery applies when the supplier has improved or advanced in value the imported merchandise through a further manufacturing process

- Drawback Rights Assignment Letter
- Additional documents may be requested such as:
Copies of commercial invoices, bills of lading, airway bills, entry documentation, etc.
Proof of importation and/or proof of exportation, if applicable

YNCA utilizes a 3rd party service provider to protect supplier confidentiality. The above referenced documents will be requested by YNCA’s service provider. Currently, YNCA’s drawback service provider is:

Sandler & Travis Trade Advisory Services, Inc. (STTAS)
3655 Corporate Drive, Suite 400
Farmington Hills, Michigan 48331

Contact: Andrea Artero
Drawback Account Manager
Telephone: (248)474-7200 x. 1173
Fax: (248)442-8353
Email: artero@strtrade.com

YNCA’s suppliers are responsible to respond in a timely manner to all requests made by STTAS and/or the YNCA Customs Department.

Export Transactions

All software, documents, technical data, and materials being exported either by the supplier or the buyer are subject to U.S. Export Administration Regulations (EAR). Exporting suppliers are responsible for understanding and complying with the EAR in all transactions.

In addition, all exported goods may be subject to import regulations in other countries. All parties must strictly comply with these laws and regulations and acknowledge the responsibility to obtain any licenses to export, re-export, or import as may be required.

Export Screening

Export regulations restrict the export of products to certain countries as set forth in the Export Administration Regulation (EAR) and applicable governing agencies. YNCA suppliers have the responsibility prior to export taking place to ensure that:

- Supplier arranged shipments do not have transportation arranged through countries set forth in the Country Group E, 1 of Supplement No. 1 to Part 740 of EAR
- Supplier arranged transportation does not move in transit through the countries listed in General Prohibition 8 of the EAR
- Supplier arranged vessels which are owned or operated by countries listed in Group E of the EAR, Part 740, supplement 1 are not used to transport the freight of YNCA or its related parties
Export shipments departing from Canadian locations, the Canadian Customs Act, Area Control List and Canadian Economic Sanctions Act shall apply. Supplier arranged export shipments for YNCA shall not move in transit through to or any of the countries or locations prohibited by these regulations, without proper authorization in the form of an export permit issued by the Canadian government prior to exportation. Suppliers are prohibited to file for such permits on YNCA’s behalf without prior instruction and/or authorization from the YNCA Customs Department.

As these lists may change, suppliers are responsible to monitor and make necessary changes to their services in order to remain compliant with both U.S. and Canadian export regulations. In addition, when facilitating export on behalf of YNCA, the supplier shall understand and adhere to any and all additional requirements necessary for the shipment to be imported in other countries.

**Record Keeping**

**U.S. Export Record Retention**
In accordance with the EAR, and the Foreign Trade Regulations (FTR) all information relative to export transactions from the United States are required to be retained for five years from the date of export.

While YNCA retains complete export file records, suppliers are responsible to supply relative export documentation to YNCA prior to shipment departure when facilitating the export. Suppliers who direct ship for YNCA must have the ability to retain and access YNCA related export documentation for up to five years upon YNCA request.

**Canadian Export Record Retention**
Suppliers located in Canada must have the ability to retain and access documentation related to export transactions from Canada for YNCA for a minimum of six years after the end of the calendar year in which the goods were exported according to Canada Border Services Agency (CBSA) regulations.

**Documentation**

Requests from affiliate or customer locations to make any changes to export documentation related to YNCA shipments are not considered appropriate authorization and should be escalated to YNCA Customs Department.

All documents provided to the customer to create the paperwork for export shipments, or paperwork created by the supplier to export on the customer’s behalf must be true and correct to the best of the supplier’s knowledge with significant attention to the value of the goods, tariff codes, country of origin, and descriptions. Failure to do so may result in inaccurate licensing, classification, and when applicable Electronic Export Information (EEI) filing.
In addition, suppliers are not authorized to sign or alter export documentation on the behalf of YNCA or its associates unless prior written authorization is provided on a shipment by shipment basis.

YNCA suppliers facilitating export shipments for YNCA are required to adhere to the EAR in addition to including the YNCA required Destination Control Statement on all export documentation (invoice, packing list, bill of lading). At minimum, the statement should read:

“These commodities, technology, or software were exported in accordance with the Export Administration Regulations. Diversion contrary to United States law prohibited.”

**Electronic Export Filing (EEI) / CANADIAN B13A FILING**

Service providers must be authorized by YNCA or an YNCA customer/affiliate in order to file Electronic Export Information (EEI)/ B13A on behalf of YNCA or any of its related parties. Authorization must be provided in the form of a written authorization and/or export power of attorney (POA) by YNCA. At no time are suppliers authorized to file EEI/B13A on YNCA’s behalf without prior approval from YNCA.

Questions regarding these documents should be directed to the YNCA Customs Department at [Customs@us.yazaki.com](mailto:Customs@us.yazaki.com)

**Ocean Freight**

 Suppliers must provide ocean bills of lading immediately upon vessel confirmation when facilitating export for YNCA. Applicable Purchasing or CPS contact(s) must receive the packet of the export documents within one week of completion. Revisions must be completed prior to vessel arrival at port or immediately upon discovery of the problem and should be reported to YNCA immediately.

For US and Canadian export shipments, suppliers are required to provide the shipping documents (i.e., Ocean Bill of Landing (OBL), invoice, and all port specific required documents) to the agent at the consignee’s country prior to the shipment arrival that the port of entry.

**Air Freight**

Suppliers must set up applicable airfreight shipments with airlines in accordance with instructions provided by YNCA. Standard and consolidated services are to be used unless otherwise directed.

Suppliers are required to provide YNCA with the following shipping details after the air carrier has been confirmed:

- ETD
- Flight number(s)
- Master Airway Bill (MAWB) number
- House Airway Bill (HAWB) number

The preferred method of notification is a copy of the HAWB for all shipments. However, verbal or email communications of the shipment details are acceptable when coordinating urgent shipments. Suppliers must follow-up with a HAWB upon completion.

**Deemed Exports**

Documentation that is considered to be sensitive in nature such as: technical data, product or tool specifications, software essential for business practices, or blueprints; sent in hard copy or electronic form to another country or foreign national, including those employed in affiliated locations or in the United States, is considered a deemed export and will be subject to all U.S. Export Administration Regulations.

In the event that YNCA/supplier exports any “controlled” items that require an export license, the supplier and YNCA must adhere to the deemed export regulations regarding their employees and affiliated international locations while handling the controlled/licensed shipment.

If any unauthorized deemed export transactions take place regarding any YNCA licensed items or material, they must be brought to the attention of the YNCA Customs Department.

**Anti-Boycott Compliance**

Requests shall not be made between either party to participate in non U.S. sanctioned boycotts. All parties involved in the export transaction shall be in compliance with all antiboycott regulations set forth by the Bureau of Industry and Security (BIS). Any conditions or refusal to do business with boycotted countries or persons is against United States law.

Requests for information regarding YNCA business association with a blacklisted person, country, charitable or fraternal organization are against antiboycott compliance policy and shall not be requested or responded to. Requests of this nature regarding YNCA or YNCA goods, material, or shipments must be reported to the YNCA Customs Department with all documentation surrounding the request.
SUPPLIER SCORECARDS

In an effort to source the best suppliers and communicate supplier status and as well a supplier development tool, YNCA publishes a monthly scorecard to select suppliers. Information collected by the Supplier Scorecard is taken into consideration by YNCA’s SCM personnel prior to making further allocations of business.

The scorecard is based on an overall scale of 100 points. The tracked metrics include the following critical areas of supplier performance: Quality, Commercial, Delivery, and Environment. Sub-categories within each critical area are scored and reported (point allocation is defined on the scorecard).

Suppliers are rated as a single organization, not by individual locations, and are issued a rating based on their overall score as follows:

- Superior (A) – 85 – 100 points
- Satisfactory (B) – 70 – 84 Points
- Needs Improvement (C) – 50 – 69 points
- Unsatisfactory (D) – <50 points

These ratings trigger the following actions:

- Suppliers rated as “Superior” are eligible for recommendation on all new business
- Suppliers rated as “Satisfactory” will typically not change in terms of priority in the recommendation of new business
- Suppliers rated as “Unsatisfactory” are not recommended for new business and risk being placed on new-business source hold if improvements are not made in a timely manner

Any supplier with a source or quality hold designation at any time automatically defaults to an “unsatisfactory” status until the hold is removed, regardless of performance data.

Quality Metrics

PPM
YNCA tracks PPM performance and expects suppliers to calculate their own data to track PPM internally to identify quality performance trends within their own processes. YNCA utilizes the following component PPM calculation:

\[
(\text{Quantity defective/quantity received}) \times 1,000,000 = \text{PPM}
\]

This measurement is based on monthly data.

3D Response Timeliness
3D response timing initiates upon notification of the concern to the supplier. Suppliers are required to provide containment actions (3-discipline response) within 24 hours. Supplier 3D Response Timeliness is calculated as follows:

The percentage of on-time 3D responses in the GQRS system
This measurement is based on monthly data.
**8D Response Timing**

8D response timing initiates upon notification of the concern to the supplier. Suppliers are required to provide a completed corrective action report including supporting documentation within the GQRS system within 10 business days of the original notification date.

Supplier 8D response timeliness is calculated as follows:

\[
\text{The percentage of on-time 8D responses in the GQRS system}
\]

This measurement is based on monthly data.

**Number of Rejections per Million**

Supplier quality performance will also be assessed by tracking the total number of quality defect occurrences that occur in a month in relation to the number of parts shipped in the month. Quality Complaints per Million is calculated as follows:

\[
\frac{\text{(# of GQRS complaints/quantity receipts)}}{1,000,000} \times 1,000,000 = \text{Quality complaints/million}
\]

This measurement is based on monthly data.

**Repeat Concerns**

It is expected that a suppliers root cause determination and subsequent corrective action will prevent a failure mode from reoccurring. Repeat issues are determined by the following:

\[
\text{Repeat Issue} = \text{Failure modes occurring on a single part number more than once}
\]

This measurement is based on the current month’s data. However, the repeat of an issue is not time warranted.

**Customer Satisfaction**

Yazaki quality customer satisfaction is based on a point scale of 1-5 (5 is excellent) in four categories: responsiveness, pro-activeness, professionalism and issue resolution. SCM rates the supplier based on their overall satisfaction in each of the categories in regards to quality criteria including but not limited to concern response and resolution, PPAP, meeting support, etc.

This measurement is based on monthly data.

**Affiliate Shutdowns**

Supplier is responsible for line shutdowns due to quality at Yazaki manufacturing affiliates. Each occurrence is penalized with point deductions.

This measurement is based on the current month’s data of each reported incident.

**Quality System**

The supplier is awarded points based on the number of certifications it holds (ISO/TS) and if they have completed the Green Supplier Assessment. This category is worth a total of five (5) points.
Commercial Metrics

Cost Reduction Participation
Total cost reduction percentage is calculated based on a full performance year savings, divided by the latest annual buy from the supplier in the performance year (July-June). Total cost reduction figure is cumulative. This measurement is based on the cost reduction achieved during the Performance year.

RFQ Response Time
RFQ Response Time is calculated on an on-time percentage basis by supplier. The supplier will receive points toward their overall score based on what percentage their RFQ responses fall within the measure. This grading scale is determined on a six month rolling average.

Customer Satisfaction
Yazaki customer satisfaction is based on a point scale of 1-5 (5 is excellent) in four categories: responsiveness, pro-activeness, professionalism and issue resolution. SCM rates the supplier based on their overall satisfaction in each of the categories. This measurement is based on monthly data.

Delivery Metrics

On-Time Delivery
Supplier on-time delivery is measured by the number of pieces received in a timely manner per the YNCA blanket release requirements for parts on order and then calculated as a percentage. Yazaki will consolidate all supplier shipments made to each Yazaki location into one on-time delivery number. Therefore, the on-time delivery percentage will be reflective of the total number of pieces ordered for all Yazaki locations.

Deliveries are calculated by piece ratio. A supplier may not ship more than 100% in any given month. The following formula is used each month:

\[
\text{On-Time Delivery \%} = \left( \frac{\text{Received Quantity}}{\text{Ordered Quantity}} \right) \times 100
\]

This measurement is based on current month’s data.

Environmental Metrics

Green Supplier of the Year Winner – Commodity
Five bonus points are awarded to those suppliers who were selected from the previous performance year as the Commodity Green Supplier of the Year. Bonus points will be added to each month of the performance year following the award.

Green Supplier of the Year Winner - Overall
Five bonus points are awarded to the supplier who is selected from the previous performance year as the Overall Green Supplier of the Year (best-in-class). Bonus points will be added to each month of the performance year following the award.
Corporate Conflict Minerals Policy

Conflict minerals are minerals mined in conditions of armed conflict and human rights abuses, mostly in the eastern provinces of the Democratic Republic of the Congo. Various armies, rebel groups, and outside agents have contributed to the violence, exploitation, and escalation of conflict in the Congolese Wars for significant profit.

On August 22, 2012, the U.S. Securities and Exchange Commission (SEC) issued the final rule requiring publicly traded companies in the US to disclose their use of “Conflict Minerals” under the Dodd-Frank Wall Street Reform Act.

Reporting is required when conflict minerals contained are “necessary to the functionality or production” of the company’s products.

Conflict Minerals are minerals purchased from the DRC or surrounding nations (3Ts and Gold):

- Tantalum
- Tin
- Tungsten
- Gold

Although Yazaki North Central America () is a privately held company, the Company is committed to using reasonable efforts to support our Customers. is a member of the Conflict-Free Sourcing Initiative (CFSI) and is also an active member in the AIAG Conflict Minerals Workgroup.


For additional information regarding Conflict Minerals Automotive requirements for reporting, please visit www.aiag.org and follow the Corporate Responsibility link to Conflict Minerals.

Questions regarding Conflict Minerals, BCP (Business Continuity Planning), Risk Management, and Compliance may be directed to Mr. Ryan Jenner at: RyanJenner@us.yazaki.com
INDIRECT PURCHASING

Yazaki North America, Inc. established the Indirect Purchasing department in April 2001 as a part of the Strategic Sourcing department. The main task for this group is to identify and strategically source major “indirect” categories on a national level for YNCA and YNCA’s North and Central American affiliates. YNCA defines indirect goods and services as any item that is purchased but not incorporated into the products we sell.

Examples:
- MRO-Maintenance, Repair, and Operations
- Transportation, customs, and warehousing
- Supplies: software, office supplies, and office furniture
- Communications: computers, telephones, and cell phones
- Services: temporary services, travel, and education
- Leasing services for equipment

Due to the decentralized environment for the purchasing of these goods and services, YNCA has established a centralized strategic sourcing process that is led by the Indirect Purchasing group in Canton, Michigan. The process is based on a team structure, in which the Buyer leads both the process and a team of local category experts from each of our North American offices. The objective of the team approach is to gather current spend information, leverage the volumes and put that information out for bid. The information is then used to select a national, regional, or global supplier that can meet our service requirements as well as improve our pricing. Strategic Sourcing, as a whole, is responsible for tracking savings, monitoring performance, addressing any new supplier requests or bid information, and maintain the Approved Supplier List (ASL). Sourcing is generally done once a year and in most cases, suppliers will not be added outside of the yearly sourcing process.

GENERAL TERMS AND CONDITIONS OF PURCHASE

Yazaki North America’s purchases are governed exclusively by the “General Terms and Conditions of Purchase” which can be viewed in the SCM Documents section of the Supplier Information Center. YNCA rejects all suppliers’ terms and conditions of sale to Yazaki North America locations and affiliates.

SUPPLIER INFORMATION CENTER

Please visit YNCA’s Supplier Information Center (SIC) which can be accessed via the Supplier link on the www.yazaki-na.com website or directly via www.yazaki-na.com/en/Supplier. The SIC contains valuable supplier information regarding SCM contacts, General Terms and Conditions of Purchase, supplier documents, system links and YNCA SCM general letters to suppliers.
INCOTERMS

SCM does not mandate certain Incoterms.

1) Most common Incoterms used are:

   **EXW** (Ex-Works). Price is based on the material ready for pick up at the seller’s designated location. The buyer is responsible for inland transportation and risk during transportation. Acceptable Incoterm when no export paperwork is required (buying and selling locations are in the same country).

   - **FCA**: Price is based on material made ready for pick up at seller’s designated location. Main difference is that with FCA, the seller is responsible to prepare export documentation. This is the minimal Incoterm to use when seller and buyer are not in the same country and export/import between countries is required. Pricing will not include logistics from this named place to the seller. Seller is responsible for this transportation and transportation risk.

   - **DAP** (Replaced **DDU**): Seller is responsible for cost of delivery and risk to a named buyer’s location, but **not** for any required customs duties to get it to that named buyer’s location. Use of this Incoterm is very specific to one buyer’s location. Generally one DAP based price will **not** apply to more than one buyer’s location.

   - **DDP**: Seller is responsible for cost of delivery and risk to a named buyer’s location and for any required customs duties to get it to that named buyer’s location. Use of this Incoterm is very specific to one buyer’s location. Generally one DDP based price will **not** apply to more than one buyer’s location.

Please note that the above Incoterms can be used for all modes of transportation.

2) The following Incoterms are used but are not that common:

   - **FOB**: This Incoterm is “ocean only” and is not to be used for any other mode of transportation.

   - **CIF**: This Incoterm is “ocean only” and is not to be used for any other mode of transportation.

   - **CIP**: Normally used for ocean plus inland to buyer’s location (normally buyer’s agent at destination port), buyer is responsible for cost of logistic and insurance to this buyer’s location, buyer is responsible expenses and risk to this buyer’s location.

3) The Incoterms that are not used include **FAS**, **CFR**, **CPT**, and **DAT**.
<table>
<thead>
<tr>
<th>Revision</th>
<th>Description</th>
<th>Author(s)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0</td>
<td>Multiple Changes – Complete overhaul and update of Supplier Manual</td>
<td>Jim Janeczko</td>
<td>6/1/2009</td>
</tr>
<tr>
<td>4.2</td>
<td>Updated format, changed document number, added Integrity Hotline (in red), updated INCO terms (in red) and added section on Customer Satisfaction (in red)</td>
<td>Jim Janeczko</td>
<td>12.13.2010</td>
</tr>
<tr>
<td>4.3</td>
<td>Updated format, updated Inco Terms, added sections regarding EDI, YNCA Tooling POs, extraordinary expenses and other items that can be found in red font</td>
<td>Jim Janeczko</td>
<td>6.30.2011</td>
</tr>
<tr>
<td>4.4</td>
<td>Updated Tooling section and Scorecard section. Other minor changes denoted in red.</td>
<td>Jim Janeczko</td>
<td>11.4.2011</td>
</tr>
<tr>
<td>4.6</td>
<td>Updated links and added quality alerts to Non-conforming Material</td>
<td>Jim Janeczko</td>
<td>7.23.2012</td>
</tr>
<tr>
<td>4.7</td>
<td>Updated Environmental, Customs, SICR, PPAP, and Strategic Sourcing sections.</td>
<td>E. Cochran-Romer</td>
<td>2.8.2013</td>
</tr>
<tr>
<td>4.8</td>
<td>Updated Environmental, Customs, QIP, conflict mineral, non-conforming material notification and SCR</td>
<td>E. Cochran-Romer/G. Kilgore</td>
<td>7.11.2013</td>
</tr>
<tr>
<td>4.9</td>
<td>Change YNA to YNCA, SICR to SCR plus other minor changes, some links removed, FSS removed, contact for BCP/Risk Management/Compliance, the new Vision, Mission and Values, and adding Incoterms.</td>
<td>T. Dobrovic / M. Wojtowicz / A. Baghaie</td>
<td>02/04/2015</td>
</tr>
</tbody>
</table>