POLICY,
GUIDELINES AND
REQUIREMENTS
1.1 PCI Vision

One of PCI’s visions is to have a meaningful partnership with Suppliers steering mainly towards progress and development into Top Class Vendors. Top Class Vendors shall have the minimum foundation of:

1) Providing good quality products
2) Being technically competent in their field
3) Being cost competitive and flexible in their services
4) Complying well with international standards and rules
5) Being financially stable

These will continue to build up the 2 key pillars of Operations and Infrastructure through standardization of parts, excellent partnership & cooperation, localization of sources, fair and robust performance ranking system, and a perfectly planned out ISP & MRP system.

1.2 Purchasing Policy

The purchasing policy shall be as follows:

1) Source the Correct Parts at the Best Price
2) Reduce Purchasing Risks by 25%
   a. Lead Time Reduction: 25%  
      (Shorten Lead Time through enhanced Supplier Proximity)
   b. Inventory Reduction: 8 turns
   c. Currency Hedging: 100%
3) Streamline Vendor Base by 30%
4) 100% On-time Delivery Performance
5) 200 DPPM Quality Performance
1.3 Supplier Code of Conduct

We at PCI are proud of our reputation for excellence, a reputation based on our commitment to the highest ethical standards. We expect our suppliers to meet these standards as well. This Suppliers Code of Conduct defines the basic requirements for our suppliers to ensure that each supplier and its employees uphold the highest standards of ethics, are compliant with international and local laws, ensure safe working environments, and conduct their business in an environmentally responsible and sustainable way ("Code"). We also expect suppliers to cascade this Code to their own vendors in order to ensure alignment across their entire supply chain. PCI will assess our suppliers’ compliance with this Code, and any violations of this Code may jeopardize the supplier’s business relationship with PCI, up to and including termination.

1. **Compliance with applicable Laws.** All suppliers are to comply with all applicable laws of the countries in which they operate or otherwise offer services, including with all laws applicable to their supply of goods and services to PCI.

2. **Business Integrity.** In particular but without limitation, suppliers shall comply with the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), the U.K. Bribery Act, and Singapore’s Prevention of Corruption Act (Cap 241) ("PCA"), all as may be amended from time to time. In general, suppliers shall strictly refrain from any and all forms of corruption, extortion, bribery, embezzlement and any other forms of fraud or illegal conduct with respect to foreign or local public or government officials as well as private sector employees, including but not limited to PCI employees, representatives and agents (collectively "Public and Private Sector Employees"). Suppliers shall not offer nor make any improper payments of money or anything of value to Public and Private Sector Employees, including not making small, so-called “facilitation” payments intended to induce public officials to perform their functions, or to expedite or secure performance of a routine governmental action like issuing licenses or permits, or obtaining a visa or customs clearance. Suppliers shall not offer to any PCI employee, representative or agent any gifts, inducement or reward to obtain or retain business or other improper advantage, or that may create the appearance of improperly influencing any business decision of PCI. Suppliers shall at all times will remain free from conflicts of interest that may adversely influence their business relationship with PCI and shall promptly disclose any such (potential) conflicts of interests to PCI.

3. **Confidentiality and Data Protection.** Suppliers shall properly handle all confidential, proprietary, intellectual property and personal information obtained in the course of doing or seeking to do new or additional business with PCI ("Confidential Information and IP"), and shall apply appropriate physical and electronic or other security procedures to protect Confidential Information and IP from unauthorised disclosure or access. Confidential Information and IP must not be used for any purpose other than the business purpose for which it was provided. Suppliers must not disclose Confidential Information and IP to any third party (including affiliates or other related entities) without first obtaining written permission from PCI or the owners of the Confidential Information and IP as the case may be and shall abide by all applicable personal data privacy and protection laws. Suppliers shall at all times respect and comply with all intellectual property rights assertions, including protection against disclosure, patents, copyrights and trade and other registered or unregistered marks.

4. **Competition / Antitrust Laws.** Suppliers must abide by all applicable competition and antitrust laws. As non-exhaustive examples: PCI requires suppliers not to engage in any anti-competitive practices such as fixing prices or rigging bids with their competitors, or exchanging current, recent or future pricing information with their competitors, or participating in a cartel, or refusing to supply for reasons prohibited by applicable competition or antitrust laws.
5. Global Trade Compliance. Suppliers shall comply with import and export laws, regulations, sanctions, embargoes, edicts, government decrees and other state directives relating to the shipment, transit, conveyance, transport or dispatch of goods and the transfer of technologies across borders. Where authorisations and permits are required to import or export goods or services, suppliers shall plan sufficiently ahead so as to obtain them in a timely fashion and thereby ensure on-time deliveries. Suppliers shall pay close attention to ensuring a robust supply chain that is adequately protected from misuse such as, but not limited to, transporting drugs, weapons of mass destruction, or in aid of terrorism and other illegal activities. Suppliers are not to procure or make use of so-called “conflict minerals” (i.e. no minerals that directly or indirectly finance armed conflict or benefit armed groups), and shall have or otherwise promptly establish a policy and constantly exercise due diligence to assure against such use. Suppliers shall only use carriers certified compliant with C-TPAT (Customs-Trade Partnership Against Terrorism) as published by the USA, STP (Secure Trade Program) as published by Singapore, and the AEO (Authorized Economic Operator) as published by the European Union, as applicable.

6. Fair Employment Practices. Suppliers shall treat all their employees fairly in accordance with laws applicable to each employee, and consequently, shall not unlawfully discriminate based on gender, age, marital status, sexual orientation, religion, national origin, ethnicity, or disability. PCI expects suppliers to allow freely chosen employment (i.e. all work to be voluntary, no forced labour), to actively seek to prevent illegal child labour (“child” refers to any person under the age of 15 (or 14 where the law of the country permits), or under compulsory education, or under the minimum age for employment in the country), to not exceed the maximum number of working hours as stipulated in applicable laws, and to ensure timely and correct payment of earned wages and other benefits in compliance with applicable laws. Suppliers shall freely allow workers’ lawful rights to associate with others, form, and join (or refrain from joining) organizations of their choice, and bargain collectively, without interference, discrimination, retaliation, or harassment.

7. Anti-Harassment and Abuse. Suppliers shall provide a work environment free of harassment and abuse. Suppliers shall not threaten workers with, or subject them to, harsh or inhumane treatment, including but not limited to verbal abuse and harassment, psychological harassment, mental and physical coercion, and sexual harassment.

8. Environment, Health and Safety. Suppliers shall provide a safe and healthy working environment for all its employees in accordance with applicable environmental, health and workplace safety laws, and shall obtain, maintain and comply with all required health and safety permits. Suppliers are encouraged to actively manage their operations to minimise waste, air and other pollutant emissions, to seek to conserve natural resources, and to work with and within the communities in which they operate to better protect the environment.

9. Records and Audits. Suppliers shall maintain documents and records to ensure regulatory and statutory compliance, as well as compliance with this Code. Suppliers shall regularly audit their and their subcontractors’ facilities and operations to ensure compliance with this Code and all applicable laws. Supplier shall also permit PCI and/or a third party appointed by PCI upon reasonable written notice to audit Suppliers’ facilities and operations, and Supplier shall accordingly also procure their subcontractors to agree to such audits.
1.4 The Integrated Management System Policy

PCI operates its business based on the following Integrated Management System Policy:

1) Commitment:
   Delivery Quality products on-time at Competitive Cost
2) Continuous Improvement:
   Continuously improve effectiveness of management system and processes to achieve business excellence.
3) Environment Health and Safety:
   Promote environmental responsibility and a safe healthy workplace in compliance with legal and industry standards.
4) Labour & Ethics:
   Uphold human rights and high business ethics in compliance with legal and industry standards.

1.5 The 5S Management System

5S is a workplace organization methodology originated and transliterated from 5 Japanese words. It is a philosophy and way of organizing and managing workspace and work flow with the intent to improve efficiency by eliminating waste, improving flow and reducing process unevenness. The 5S are:

1) Seiri (整理) Sorting
2) Seiton (整頓) Straighten or Set in Order
3) Seisō (清掃) Sweeping or Shining or Cleanliness
4) Seiketsu (清潔) Standardizing
5) Shitsuke (習) Sustaining the discipline

PCI Pte Ltd aims to achieve an integrated system with its Suppliers in exercising 5S for better visual control and management in everyday processes.

2. Documentation & Information

For relevance and security reference, Suppliers shall keep all records regarding product transactions, specifications and modifications. All modifications to the product and product-relevant modifications to the process chain shall be documented in a product history. The Supplier shall grant PCI access to its documentations upon request when it is necessary.

If it becomes apparent that agreements reached (e.g. on quality features, deadlines, delivery totals) cannot be met, the supplier is obliged to inform PCI to this effect. In the interests of finding a rapid solution, the supplier is obliged to disclose pertinent data and facts.
3. **Basic Standards of Compliance**

1) Suppliers shall comply with all applicable laws and government regulations in the conduct of its business with PCI Private Limited.

2) Suppliers shall comply with Responsible Business Alliance (RBA) for their adherence in labour, health & safety standards, environmental and ethical efforts.

3) All suppliers shall at least comply with the quality system requirements of ISO9001 and ISO14001. Suppliers shall also comply with the quality system requirements for TS16949, ISO13485 and ISO18001 when necessary.

4) All suppliers have to understand PCI Private Limited’s Integrated Management System (IMS) and purchasing policy.

5) Supplier’s delivery performance shall aim to achieve 100% on time delivery.

6) Supplier’s quality performance shall meet, and aim to exceed, PCI Private Limited’s and PCI customers’ minimum quality requirements. Suppliers should target to attain zero PPM with sorting activities avoided at all times.

7) Supplier’s audit acceptance shall be consistent with PCI Private Limited’s minimum requirements.

8) Suppliers are required to provide an initial response to requests for corrective action within 24 hours and a final response (including root cause analysis and irreversible corrective action) within 7 working days.

9) Suppliers shall develop & maintain a backup contingency system in production and delivery to respond to emergency situations that may jeopardize the successful flow of processes.

10) Supplier’s target price shall be consistent with PCI Private Limited’s and customers’ agreements.

11) Supplier’s cost reductions/price reviews shall be conducted twice a year and targeted to achieve PCI Private Limited’s minimum requirements.

12) Suppliers shall implement aggressive Value Analysis, Value Engineering (VA/VE) processes and be active in cost reduction activities.

13) Suppliers are required to have certain risk/warranty sharing programs, and Mistake/Error-Proofing (MEP) programs in design and manufacturing flows.

14) Suppliers shall aim to develop a culture of continuous improvement and lean processes.

15) Suppliers shall provide the cost breakdown for tooling costs and piece price during audit and quotation stages.

16) All tooling suppliers (who have the responsibility to verify the part dimensionally) and all component suppliers shall be capable of providing data in accordance with PCI Private Limited’s or customer’s requirements.

17) Suppliers shall have any cost-relevant design change approved by the PCI Private Limited prior to implementation.

18) Suppliers shall agree to PCI Private Limited’s “Supplier owned Tooling” or “Amortization” guidelines for prototype and series tooling.
19) Suppliers shall accept and support PCI’s e-business activities, e.g. electronic procurement of materials.

20) Suppliers shall agree to PCI Private Limited payment terms.

21) Suppliers dealing with PCI Private Limited on automotive parts shall provide PCI with material data stipulated in the IMDS (International Material Data System) in electronic format or obtain such information from their suppliers.

22) Suppliers shall provide for PCI and PCI’s customers to access facilities for observing records and relevant materials used upon PCI requests.

23) Suppliers shall provide Statistical Process Control (SPC) Data for Functional Critical Dimensions (FCD) and Process Control Dimensions (PCD) parts and integrate the information into their manufacturing operations (Process Control Plan) when such requirement is indicated in the drawing specifications.

24) Suppliers shall retain record and documentation upon specific requests for certain products. It may be necessary for suppliers to maintain these documentations for a few years after product End-of-Life (EOL) depending on the support needed for these products.

25) Suppliers shall support PCI on purchased parts for a period deemed necessary for certain products. It may be necessary for suppliers to sustain this support for a few years after product (EOL) depending on these products.