QUALITY AND
ENVIRONMENTAL
MANAGEMENT
AND
REQUIREMENTS
1. **Advanced Product Quality Planning (APQP) Process**

(Specific to automotive customers’ parts/products only)

PCI Private Limited understands the whole APQP process not only as a quality tool but as an overall approach for the development process. All business areas involved in the Program Team are also participating in APQP.

Following is a list of APQP deliverables expected of Key Suppliers (who are involved in providing parts supporting automotive customers):

1) Quality Function Deployment (QFD)
2) Design FMEA
3) Design Information
4) New Equipment, Tooling and Test Equipment List
5) Quality Plan
6) Floor Plan
7) Process Flow Chart
8) Process FMEA
9) Process Control Plan
2. Internal Process Controls

2.1 Preventive and Predictive Maintenance

The Supplier shall maintain a record for each tool, fixture or piece of equipment indicating the following:

1) Maintenance schedule
2) Equipment description
3) Equipment identification number
4) Equipment location
5) Maintenance procedures
6) Acceptance criteria
7) Actions taken to improve unsatisfactory results
8) Re-qualification of repaired equipment

The Supplier shall maintain objective evidence that regularly scheduled maintenance has been performed and shall maintain this evidence as required by PCI Pte Ltd.

2.2 Control of Customer Supplied Product

Suppliers shall take appropriate care of all PCI supplied tooling, drawings and other items. Suppliers shall assume risk of loss and provide commercially reasonable insurance for them while in Suppliers’ custody.

Costs of tooling maintenance to meet industry standards are the financial responsibility of the supplier.

All items and information supplied to suppliers by PCI shall be treated as confidential business information and access to such items and information shall be limited to an as needed basis. Suppliers shall first obtain PCI written permission before allowing access to such equipment or disclosing such information to 3rd parties especially competitors or potential competitors of PCI.
3. Sub-contractor Management

Suppliers of PCI Pte Ltd shall have the capabilities to manage their respective Suppliers, including APQP disciplines and periodic auditing. PCI, when it deems necessary, will audit the critical processes of the sub-suppliers to assure that proper controls are in place throughout the entire supply chain.

Suppliers shall maintain a supplier management system including tracking the quality and delivery performance of their suppliers. Suppliers shall be able to demonstrate that they manage their suppliers’ issues through documented corrective actions and verification activities.

Suppliers to PCI Pte Ltd shall require their sub-suppliers to conform to the requirements described in this manual.

Suppliers shall obtain authorization in writing from PCI Pte Ltd prior to changing subcontractors. Suppliers shall insure that their sub-suppliers will permit PCI Pte Ltd to:

- Review the sub-supplier’s documentation required by the PCI Pte Ltd’s Supplier Manual and other PCI or applicable Quality system requirements
- Have access to the subcontractor’s premises, or working area, so the supplier and PCI can verify that the sub-supplier is conforming to the specified requirements

4. The Conflict Mineral Policy

PCI Pte Ltd is committed to sourcing components and materials from companies that share our values around human rights, ethics and environmental responsibility and as such aims not to use minerals that fuel conflicts based on the SEC (Securities and Exchange Commission). These rules include requirements related to the sourcing of the tin, tantalum, tungsten, and gold supporting armed conflict in and around the Democratic Republic of Congo (DRC). We strive to work cooperatively with our customers and supply chain partners in implementing conflict minerals compliance program to provide DRC conflict free products by supporting industry-wide efforts to drive transparency in the supply chain and by expecting that our suppliers obtain materials from environmentally and socially responsible sources, including conflict free sources within the DRC and adjoining countries.

In light of our commitment, the supplier shall:

1) Strive to be in full compliance with conflict minerals laws, including, without limitation, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 as it may be amended from time to time and any regulations, rules, decisions or orders relating thereto adopted by the Securities and Exchange Commission or successor governmental agency responsible for adopting regulations relating thereto (collectively, (“Dodd-Frank Section 1502”) by:
a. Committing to not knowingly use minerals from the Conflict Mineral Region in our products.
b. Tracing material content in the products they supply to us down to a conflict free certified smelter and to provide us documentation regarding their due diligence efforts.
c. Procuring components, parts, or products containing tin, tantalum, tungsten, and/or gold from sources that have been identified to be conflict-free.
d. Employing the standardized RBA-GeSi Conflict Minerals Reporting Template to map and monitor our suppliers’ commitment and activities.

If Supplier does not know the original source of the minerals, Supplier agrees to cooperate with us, including disclosing from whom Supplier purchased the minerals and urging others to disclose such information, so that the original source of minerals can be accurately determined and reported.

2) Commit to doing business only with those companies who have our shared values.

3) Commit to communicate this policy to our suppliers and require them to set similar policies for their supply chain.

We may reconsider our willingness to partner with suppliers that fail to comply with this Policy.

5. C-TPAT Customs Trade Partnership Against Terrorism

PCI Pte Ltd strongly recommends supplier to be C-TPAT certified. This is to ensure that border crossings are smooth, fast and efficient.

C-TPAT is a voluntary United States Customs and Border Protection (CBP) initiative supported by the Department of Homeland Security and U.S. Customs and Border Protection. The initiative forges voluntary cooperative relationships between the CBP and organizations like importers, carriers, brokers and manufacturers who agree to ensure the integrity of their security practices and communicate their security guidelines to trading and supply chain partners.

The goal of the anti-terror partnership is to protect supply chains, identify security gaps and implement specific measures to strengthen border security and keep the United States safe. The initiative is based on the premise that Customs can better protect the public with the cooperation of supply chain owners.

6. **Insurance**

PCI Pte Ltd strongly recommends that the supplier takes out appropriate liability insurance cover for the product liability risks proceeding from the specification in this manual. PCI is to be furnished with evidence of insurance, and in case of any changes in insurance conditions, these are to be reported to PCI without being asked.

Furthermore, it is recommended that business liability insurance and insurance against accidental breakdowns should be taken out. Evidence of the amount of cover should be provided by the supplier when the purchasing agreement is concluded.

7. **Warranty**

7.1 Product Warranties

1) Unless otherwise agreed by the Parties, the period of warranty for any Product shall be two (2) years from the day of first use by the Customer of any PCI Private Limited product which incorporates the Product (“Warranty Period”).

2) The Supplier expressly warrants that, during the Warranty Period, the Product shall:
   a. be free from any defect or non-conformance in designs, material and workmanship;
   b. conform with the Supplier’s Specifications;
   c. be new, unused, and of the grade and the quality specified, and fulfil Article (***) hereof, and the Quality Agreement defined in Article (**);
   d. be merchantable and fit for particular purpose intended by PCI Private Limited if and to the extent that the Supplier knows or has reason to know the particular purpose for which PCI Private Limited intends to use the Product; and
   e. comply with all applicable industry safety standards and have been listed or certified by an independent industry-recognized competent body such as but not limited to UL, TUV, CSA, IEC as having met such standards, and the Supplier agrees to furnish PCI Private Limited with any information required to confirm that both the Product and Supplier comply with all applicable laws and standards.

3) There are no exclusions, limitations, or disclaimers of warranties other than those expressly provided for in this Agreement. The warranties expressed hereunder shall be construed as consistent and cumulative with one another and with all other warranties, whether express, implied or statutory.

4) To the extent legally and contractually permitted, PCI shall pass through to customer any transferable product warranties, indemnities, and remedies provided to PCI by the manufacturer, including those for intellectual property infringement based on the warranty period in specified by the manufacturer.
7.2 Supplier’s Additional Warranties

The Supplier and Supplier’s Contractor further warrant at all times hereunder that:

1) It will comply with all government requirements that may apply from time to time;
2) It has obtained all necessary governmental or other necessary permits and approvals that may apply from time to time;
3) It has sufficient experience and ability to fulfil its obligation; and
4) It is financially solvent

8. Non-Disclosure & Confidentiality

As PCI Pte Ltd and our Suppliers have come to an agreement to protect each other interest in the course of cooperation, it is important that both parties able to respect the confidentiality of certain materials or knowledge gained that should be restricted to only the cooperation/partnership but not any other uninvolved parties regarding that particular transaction.

Our latest revised Non-Disclosure Agreement (NDA) illustrates in detail these key aspects in managing the receipt of confidential and/or proprietary information in the following, but not limited to, these areas:

1) Permitted Use
2) Designation
3) Affiliates
4) No License or Representations
5) No Obligation
6) Return of Information
7) Term and Termination
8) Survivability
9) Notice
10) Injunctive Relief
11) Attorneys’ Fees
12) Governing Law and Arbitration
13) Counterparts and Facsimile Delivery

As described in Process Topic: Supplier Selection & Criteria, the signing and completion of the NDA document is mandatory right at the beginning as we sign the contract for partnership/cooperation with our Suppliers.

For more information on the content and details of the NDA document, please refer to PCI Pte Ltd’s company website http://www.pciltd.com for the online form Non-Disclosure Agreement
9. **Environmental & Ethical Policies**

9.1 **Certifications**

PCI Pte Ltd has applied a set of Environmental and Health & Safety standards that we follow strictly. We are certified in both ISO14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety. Hence all suppliers shall follow a list of guidelines while Suppliers’ staff performs delivery work, or any activities within PCI premises. For more information and details, please refer to PCI Pte Ltd for *Guidelines for Supplier on Environmental Impact and Health and Safety Risk* (to be hyperlinked). We encourage our suppliers to become certified to the ISO14001 standards, and join us in preserving the environment and observe health & safety related regulation and practices.

9.2 **Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2008 (RoHS)**

Adhering to RoHS regulations is an EU directive. It is important that certain parts and materials are in accordance with the requirements. Compliant parts will need to be fully & completely declared. In improving the efficiency and accuracy for documenting RoHS, we’ll need suppliers to complete parts/materials declaration. For those parts not in compliance, we require them to be declared as non-RoHS compliant. Refer to PCI Pte Ltd for the *RoHS Compliance Declaration Letter* (to be hyperlinked).

9.3 **Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulations**

It is important that certain parts and materials are in accordance with the REACH Regulation requirements and fully & completely declare those that are in compliance. In improving the efficiency and accuracy for documenting REACH, we need suppliers to do complete the *REACH Compliance Declaration Letter* (to be hyperlinked).

9.4 **Responsible Business Alliance (RBA)**

The Responsible Business Alliance establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible.

PCI Pte Ltd fully conforms to RBA and its standards in advancing social and environmental responsibility. All suppliers shall declare their commitment towards conforming to RBA code so as to be able to be considered for customers’ quotations. Please refer to the *Standard Guidelines and Information* (to be hyperlinked) for the declaration form.
The Code is made up of five sections. Sections A, B, and C outline standards for Labor, Health and Safety, and the Environment, respectively. Section D outlines the elements of an acceptable system to manage conformity to this Code. Section E adds standards relating to business ethics. For more information and details regarding the RBA, please refer to website: http://www.responsiblebusiness.org/ for the latest revision of RBA.

9.5 ISPM 15

The ISPM 15 standard describes measures that reduce the risk of introduction and spread of quarantine pests associated with the movement in international trade of wood packaging material made from raw wood. Pests associated with wood packaging material are known to have negative impacts on forest health and biodiversity. Implementation of this standard is considered to reduce significantly the spread of pests and subsequently their negative impacts.

Suppliers are to take note of the latest revision of the ISPM 15 regulations when dealing with shipments involving the use of wooden pallets and / or wooden packaging for transporting materials and parts. Please refer to Chapter 10.2 – ISPM #15 Requirements (International Standard of Phytosanitary Measures No. 15) for things to take note when dealing PCI using wood packaging materials.

For more information and details regarding the ISPM 15, please refer to the website: http://www.ispm15.com/ for the latest revision of ISPM regulations.
10. **Glossary & Acronyms**

The following definitions apply:

**APQP (Advanced Product Quality Planning)** – A quality tool for project planning and control

**BOL (Bill of Lading)** – A document, which indicates content of shipment and ownership of material

**BOM (Bill of Materials)** – An itemized list of components/materials that create a finished good.

**EDI (Electronic Data Interchange)** – Method of communicating information by using computers to transmit coded data

**MEP (Mistakes/Error Proofing)** – The use of techniques during the design phase of a product to ensure the product will function as intended for the useful life of the product and that the product can only be assembled or manufactured per design intent with the least risk for an error to occur during processing

**FOB (Free on Board)** –

**JIT (Just-in-Time)** – Manufacturing based on planned elimination of all waste and continuous improvement of productivity. The primary elements of JIT are to have only the required inventory when needed; to improve quality to zero defects; to reduce lead times by reducing setup times, queue lengths and lot sizes; to incrementally revise the operations themselves

**Kaizen** – Improvement Activities

**AVL (Approved Vendor List)**

**LTL (Less-than-truckload)**