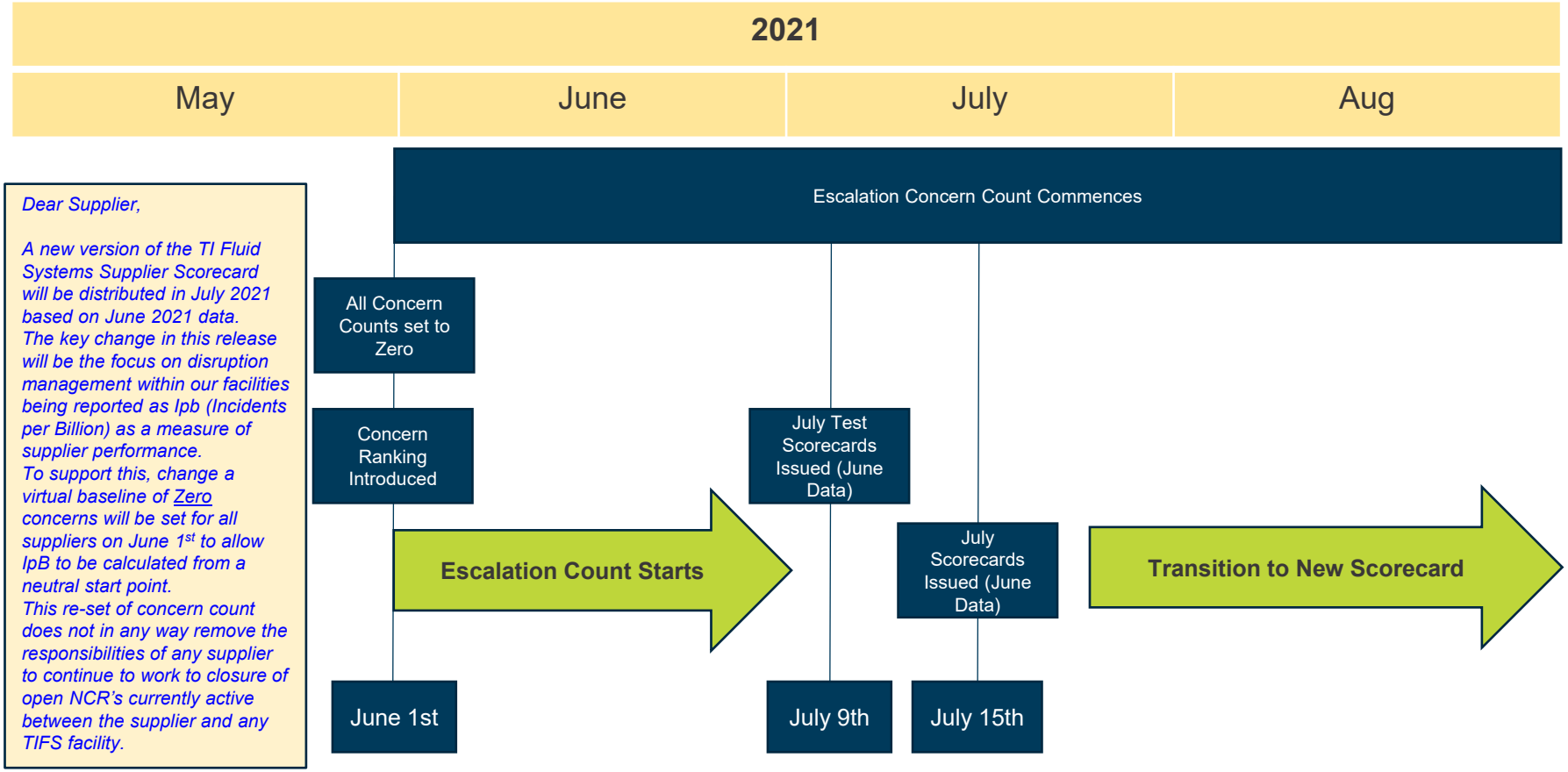
Supplier Scorecard Deployment Presentation

Date: June 2021

Introduction

- July 2021 will see preliminary release of revised supplier scorecard
    - Timing and Actions
- Scorecard 4 Panel Explanation (Current vs. New)
- Concern Ranking Methodology based on Commodity (New Item)
    - Criteria
    - Impact to Scoring
- Escalation Process
- Supplier Communication
- Next Steps

Deployment Timing



Dear Supplier,

A new version of the TI Fluid Systems Supplier Scorecard will be distributed in July 2021 based on June 2021 data.
The key change in this release will be the focus on disruption management within our facilities being reported as Ipb (Incidents per Billion) as a measure of supplier performance.
To support this, change a virtual baseline of Zero concerns will be set for all suppliers on June 1st to allow IpB to be calculated from a neutral start point.
This re-set of concern count does not in any way remove the responsibilities of any supplier to continue to work to closure of open NCR's currently active between the supplier and any TIFS facility.

- All SNCR data in GQPS will be maintained – No Data Loss.
- For the first 3 months (July – Sept) simultaneous issue of current and new scorecards will occur.

Scorecard 4 Panel Overview

Global Supplier Performance Scorecard

TI Fluid Systems

Supplier TIPDB Code:

Supplier Name:

Supplier Locations:

TI User Plants:

Reporting Month: April 2021

SCORECARD SUMMARY	Quality Performance:	0%	Quality Performance Score:	95
	Quality Certification Score:	0	Scorecard Total:	95

Quality Performance (Ipb): 95 Pts

Current Month Target: 230

Current Month Ipb: 0

Rolling 3 Months Ipb: 0

Monthly Status to Target: 0%

Incidents = Quality + Warranty + Logistic issues impacting TI Fluid Systems and/or their customers.
Ipb = (Incident total qty / Total receipts) * 1,000,000,000
Note: A weighting factor will be applied based on commodity class and concern ranking - See CP-8-ALL-46.

Quality Performance Criteria

0% - 25% of Target = 0 Reduction
26% - 50% of Target = 10pt Reduction
51% - 75% of Target = 20pt Reduction
76% - 100% of Target = 50pt Reduction

Quality Certification Status: 5 Pts

Quality Certification Status: 0

Monthly Status: -

IATF16949 / ISO9001 current in TIFS System

Concern Quantity:

Scorecard Month				Scorecard R3 Month				Scorecard R12 Month			
Formal:	0	Quality:	0	Formal:	0	Quality:	0	Formal:	0	Quality:	0
Critical:	0	Warranty:	0	Critical:	0	Warranty:	0	Critical:	0	Warranty:	0
		Logistic:	0			Logistic:	0			Logistic:	0

Escalation Status:

Escalation 1:

Escalation 2:

Escalation 3:

Escalation

- Escalation 1: Three (3) Concerns
- Escalation 2: Four (4) Concerns
- Escalation 3: > Four (4+) Concerns

Supplier Information and Status Summary

Performance

IATF Compliance Certification

Incident Count

Voice of the Customer

https://bireporting-dev.extranet.tiauto.com/QvAJAXZfc/opendoc.htm?document=gqps%5Cgqps%20supplier%20osr.qvw&bookmark=Server\BM76-254_862643945&host=QVS@ndcqlkbi01

Quality Performance

Global Supplier Performance Scorecard

TI Fluid Systems

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Supplier Name:

Supplier Locations:

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Current Month Target:	230	Current Month Ipb:	0		
		Rolling 3 Months Ipb:	0	Monthly Status to Target:	0%

Quality Performance Criteria

0% - 25% of Target = 0 Reduction
26% - 50% of Target = 10pt Reduction
51% - 75% of Target = 20pt Reduction
76% - 100% of Target = 50pt Reduction

- Data Source = TIPDB / GQPS
- Focus of scorecard is incidents impacting TIFS or its Customers
- No multiple point deductions for same issue e.g. number of concerns / repeat concerns etc.
- Direct correlation between recorded incidents / parts delivered and IpB.
- Point deductions based on status to target only.
- Targets set by Divisional Quality
- Incidents will be cumulative for suppliers to multiple TI plants for each distinct issue.
- In the above example 0 points deducted due to Ipb status being less than 25% of target + 0 points for IATF16949 certification status: i.e. (95 pts – 0 pts) + 0 pts = 95 points overall

Quality Certification Status

Quality Certification Status: 5 Pts

Quality Certification Status:	0	Monthly Status:	-

IATF16949 / ISO9001 current in TIFS System

- Data Source – ASL
- Incentive for supply base to maintain quality records current within the ASL at TIFS

Escalation Process / Concern Monitoring

Concern Quantity:

Scorecard Month				Scorecard R3 Month				Scorecard R12 Month			
Formal:	0	Quality:	0	Formal:	0	Quality:	0	Formal:	0	Quality:	0
Critical:	0	Warranty:	0	Critical:	0	Warranty:	0	Critical:	0	Warranty:	0
		Logistic:	0			Logistic:	0			Logistic:	0

Escalation Status:

Escalation 1:	
Escalation 2:	
Escalation 3:	

Escalation

- Escalation 1: Three (3) Concerns
- Escalation 2: Four (4) Concerns
- Escalation 3: > Four (4+) Concerns

- Data source – GQPS
- Direct transfer of documented incidents from GQPS to scorecard (R12 View)
  - Automatic Stage 1 Escalation based on GQPS records
  - Stage 2 and 3 Escalation based on GQPS + Input from Quality, Logistic and Purchasing
- Escalation stage generates top focus activities by SQA/ SD / Purchasing (see next slide)

Supporting Procedures

- CP-8-ALL-80 - Supplier Escalation Procedure (New)
  - RASI Chart
  - 4 Escalation Levels

- CP-8-ALL-46 – Concern Management Procedure
  - Introduces concern ranking method based on TIPDB commodity classification and impact severity.

- CP-8-ALL-49 – Supplier Performance Monitoring

Escalation Process – RASI Chart

CP-8-ALL-80 Supplier Escalation Procedure

Escalation Level	Supplier Quality Assurance	Regional SQA Manager	Plant Quality Manager	Regional Quality Director	Supplier Developme nt	Logistics	Logistic Manager	Purchasing	Global Purchasing Director	Global Quality Director	Global SQA Director	Divisional EVP
Zero Issues	-	-	-	-	-	-		-	-	-	-	-
Escalation 0 ≤ Two (2) Concerns	R/S	I	A	I	-	R/S	A/S	-	-	-	-	-
Escalation 1 Three (3) Concerns	R/S	I	A	I	S	R/S	A/S	I	I	I	I	-
Escalation 2 > Four (4+) Concerns	S	S	A	S	S	S	S	R	I	I	I	I
Escalation 3 > Four (4+) Concerns with no Improvement	S	S	A	S	S	S	S	R	S/A	S/A	S/A	I

Key:
R – Responsible
A – Approval
S – Support
I – Inform

Escalation 0 – Follow Supplier Concern Management Procedure CP-8-ALL-46

Escalation 1-3 – Follow Supplier Escalation Procedure CP-8-ALL-49

Escalation L0 Process

CP-8-ALL-80 Supplier Escalation Procedure

- For suppliers with ≤ 2 Formal Complaints (Quality + Warranty + Logistic) follow:
  - Supplier Concern Management Procedure – CP-8-ALL-46

Escalation L1 Process

CP-8-ALL-80 Supplier Escalation Procedure

If a **THIRD** complaint is received from a Supplier within the same rolling 12-month period, the escalation process must be initiated. To initiate escalation, it must be confirmed that:

- All complaints are formal - informal complaints can be ignored for this escalation process.
- All complaints are valid - cancelled / rescinded complaints should be ignored.
- A management review / risk assessment has been conducted and approved prior to moving to escalation where applicable.
- The purchasing lead will indicate escalation level 1 initiated against the supplier in the ASL.

Where a third complaint is confirmed, **ESCALATION LEVEL 1** should be initiated and based on the RASI the lead responsible function will arrange:

Escalation Letter Stage 1

- SQA / Logistic to update the draft letter with details of Supplier, Component Parts Numbers and Complaints.
- SQA / Logistic to issue letter to Supplier within 10 working days.

Supplier Review.

- A meeting face to face or virtual (ref: Global Supplier Requirements Manual clause 8.4.2.4.1 and 8.7.1.7) should be organised and hosted by SQA / Logistic with the supplier. Where necessary the meeting should be supported by additional Plant Management, for example Quality Manager and / or Plant Manager.
- This meeting is an opportunity for the Supplier to present 8D status of complaints.

Escalation L1 Process

CP-8-ALL-80 Supplier Escalation Procedure

Supplier Improvement Plan:

Additional to the 8D reporting, the Supplier must present an improvement plan outlining how they will prevent further quality / logistic concerns and recover to TIFS expected performance level, that includes at a minimum:

- Detailed containment plan(s) to prevent future outflow of non-conforming product.
- Interim corrective action(s) implementation.
- Permanent corrective action(s) with implementation plan.

SQA / Logistic should on a regular basis follow up progress against the Supplier Improvement Plan.

During review of the Supplier Improvement Plan, where supplier actions taken are considered insufficient to protect TIFS, SQA / Logistic should initiate implementation of CSL1 activity.

A supplier working to implement an agreed improvement plan shall only be moved to escalation level 2 if repeat complaints are found at a TIFS facility.

Escalation L2 Process

CP-8-ALL-80 Supplier Escalation Procedure

If the L1 improvement plan(s) are not successful after a reasonable time e.g., 90 days, or if a repeat fourth complaint is confirmed, ESCALATION LEVEL 2 should be initiated and based on the RASI the lead responsible function will arrange:

Escalation Letter Stage 2

- Update draft letter with details of Supplier, Component Parts Number/s and Complaints and issue to SQA / SD / Logistic / Purchasing for additional signature.
- The purchasing lead will indicate escalation level 2 initiated against the supplier in the ASL.
- The Purchasing lead will be responsible for sending the letter to the Supplier Senior Management Team.

Face to Face / Virtual Review

Reference Global Supplier Requirements Manual clause 8.4.2.4.1 and 8.7.1.7

- SQA / Logistic should arrange the review, ensuring sufficient additional resources are available as required (SD / PUR etc).
- During the review, the Supplier Management Team should present a detailed investigation into why the improvement plan introduced at escalation level 1 was not sufficient and how they will prevent further quality complaints and recover to TIFS expected performance level.
- During this review, where actions taken by the supplier are considered insufficient to protect TIFS, SQA / Logistic should mandate implementation of CSL1 or where CSL1 was already implemented CSL2.

Escalation L2 Process

CP-8-ALL-80 Supplier Escalation Procedure

TI Process Audit at Supplier Manufacturing Facility

An audit of the supplier manufacturing process should be led by SD and required supporting functions following established divisional guidelines. Alternate auditors will be confirmed on a case-by-case basis, looking at availability and locality of resource. The audit should be performed against TIFS running process and verify actual results looking at:

- Process Flow
- Process Failure Mode Effects Analysis
- Control Plan and Control Plan test results (minimum 3 months).
- Set up verification logs.
- Maintenance Logs (minimum 3 months).
- Operator Instructions for the process.
- Staff experience / skills matrix and turn over for the last year (salaried and hourly)

The output of the meeting will be a written agreement between all parties of actions to be taken to improve.

Escalation L3 Process

CP-8-ALL-80 Supplier Escalation Procedure

Where additional, repetitive, or critical / S/R/F complaints occur and / or where a supplier does not proactively respond to previous escalation levels, the supplier will be moved to **ESCALATION LEVEL 3** within the Approved Supplier List and the Purchasing Lead should arrange:

Escalation Letter Stage 3

- This letter will be issued by the relevant Purchasing Manager to the Supplier Senior Management and details higher level activity to follow.
- The purchasing lead will indicate escalation level 3 initiated against the supplier in the ASL.

Level 3 suppliers are considered a critical risk for TIFS and may result in a business hold situation, dependant on each supplier status.

Concern Ranking – GQPS

CP-8-ALL-46 Concern Management Procedure

Concern Ranking Criteria					
RATING CRITERIA	FIELD (Ref)	CUSTOMER Yard / 0KM (Ref)	TIFS	Supplier	ESCALATION TO / CLOSURE AUTHORISED BY:
CR1	- Thermal event - Vehicle stall while driving (immediate loss of driving function with no warning) - Loss of Braking function during driving (immediate loss of driving with no warning) - Customer advises potential vehicle action or dealer action (written or verbal) - Customer discussing concern with government organisation (example NHTSA) - Customer safety committee is meeting to discuss concern		- Potential vehicle field / dealer action communicated to TIFS	- Component quality / function concern identified. Countermeasure and/or Corrective Action not identified, ongoing production risk.	CSCC Committee
CR2	- Loss of driving function with warning to driver (example MIL warning) - Vehicle stops at idling and doesn't restart - Fuel leak (liquid/vapor/smell) - Brake leak - Incorrect vehicle gage reading (full or empty wrong signal)	- Fuel leak (liquid/vapor/smell) - Brake leak - Customer notice of yard/TSB dealership hold	- Supplier incomplete DV/PV at first saleable vehicle due to planned or delayed schedule, with or without TIFS approval - Supplier control plan test concern - parts suspected in the field	- Component concern - parts suspected in the field	Divisional Global Supplier Quality Director with Plant Manager
CR3	- Vehicle hard to start/cannot start at key-on - Noise complaint - EV/ HEV / PHEV Thermal Management Complaint	- Line stoppage due to quality concern - Vehicle stall during drive off at customer plant - 0-km repeat concern - Thermal Liquid (Glycol) Leak	- Line stop at TIFIS due to quality concern. - Supplier control plan test concern, parts at customer - PVP test concern , parts for customer use	- Component concern - parts on TIFS assemblies and within TIFS customer reach (assembly plant)	Divisional Regional Supplier Quality Director with Plant Manager
CR4	- All field concerns not mentioned above	- 0-km claim not mentioned above	- Rejection at receiving inspection - High rejection rate in TIFS plant: Fit / Form / Function - Control plan test concern, parts contained at TIFS - Supplier declaration, parts contained at supplier / TIFS	- Component concern - parts contained at supplier location / TIFS manufacturing site. - Logistic supply chain contained.	Plant / Facility Quality Managers / SQA
Note 1: All concerns must be re-escalated in the event that new / changed information is identified. Example: Original issue was closed, however TIFS has reopened due to new information. Note 2: Divisional Global Quality Director can initiate higher escalation as required to support divisional needs.					

Concern Ranking – Impact

CP-8-ALL-46 Concern Management Procedure

- Incident weighting: Based on the table in slide 16 and on commodity classification a factor is applied to each incident based on its rating and disruption to TIFS operations.

- Example:
  - For a commodity 3 concern with a ranking of 2:
  - Incident Weighting = Concern Ranking x Commodity Class x Concern Qty
  - 6 Ipb = 2 x 3 x 1 (or)
  - 12 Ipb for a repeat concern or higher if the repeat results in a higher CR level.

Revised Scorecard Letter

(June Distribution – May Data)

Dear Supplier,
TI Fluid Systems requires all suppliers of production materials and services to be 3rd Party registered to IATF 16949:2016 please see our Global Supplier Requirements Manual for reference. Suppliers must be able to provide evidence and adequate documentation they are certified and satisfy fully this global standard. This standard is the minimum requirement for conducting business in the automotive field and requires formal systems for ensuring continuous improvement, defect prevention and robust development and launch activities. On October 3rd, 2016 IATF 16949 2016 was published by the International Automotive Task Force (IATF) and supersedes and replaces the current ISO/TS 16949, defining the requirements of a quality management system for organizations in the automotive industry. IATF 16949:2016 will be a supplement to, and in conjunction with ISO 9001:2015.
We require our suppliers to certified to this new standard. To learn more about this new industry change please see the International Automotive Task Force web page for requirements, training and certification timeline. The TS certification expired on **September 14, 2018** and is no longer valid going forward.
Please send a copy of your company's current Quality Certificate to your lead buyer. (Include name and email address here of the lead buyer) If your Quality Certificate has already been submitted, please disregard this request.
Reminder: please regularly check the TI Fluid Systems Supplier Resource Center for new and recently updated documents.

Notification:
A new version of the TI Fluid Systems Supplier Scorecard will be distributed in July 2021 based on June 2021 data.
The key change in this release will be the focus on disruption management within our facilities being reported as lpb (Incidents per Billion) as a measure of supplier performance. To support this change a baseline of Zero concerns will be set for all suppliers on June 1st to allow lpb to be calculated from a neutral start point. This re-set of concern count does not in any way remove the responsibilities of any supplier to continue to work to closure of open NCR's currently active between the supplier and any TIFS facility.
Note:
The current the scorecard will continue to be issued in parallel to the new version indicated above as we transition from July through September 2021.
Reference material for the new scorecard version will be available on the supplier resource site after June 18th.

Thank you,
TI Fluid Systems Purchasing
CorporatePurchasing@tifs.com
Please do not reply to this message. This message has been automatically generated by TI Global Quality Performance System. Contact your lead buyer (rolangua@tifs.com) for questions or concerns.

Revised Scorecard Letter

Dear Supplier,
TI Fluid Systems requires all suppliers of production materials and services to be 3rd Party registered to IATF 16949:2016 please see our Global Supplier Requirements Manual for reference. Suppliers must be able to provide evidence and adequate documentation they are certified and satisfy fully this global standard. This standard is the minimum requirement for conducting business in the automotive field and requires formal systems for ensuring continuous improvement, defect prevention and robust development and launch activities. On October 3rd, 2016 IATF 16949 2016 was published by the International Automotive Task Force (IATF) and supersedes and replaces the current ISO/TS 16949, defining the requirements of a quality management system for organizations in the automotive industry. IATF 16949:2016 will be a supplement to, and in conjunction with ISO 9001:2015.
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Scorecard Change Notification: Commencing June 2021 the criteria for and presentation of supplier performance will change. Performance measures will move from PPM to IpB (Incidents per Billion) as the KPI Metric accounting for 95% of a suppliers score with IATF 16949 certification submission accounting for the remaining 5%.
Associated with this change of KPI measure will be an enhanced Supplier Escalation Process based on the number of incidents incurred by a supplier in a rolling 12-month measurement period.
Further information regarding this change is available in the TI Fluid Systems Supplier Resource Center.

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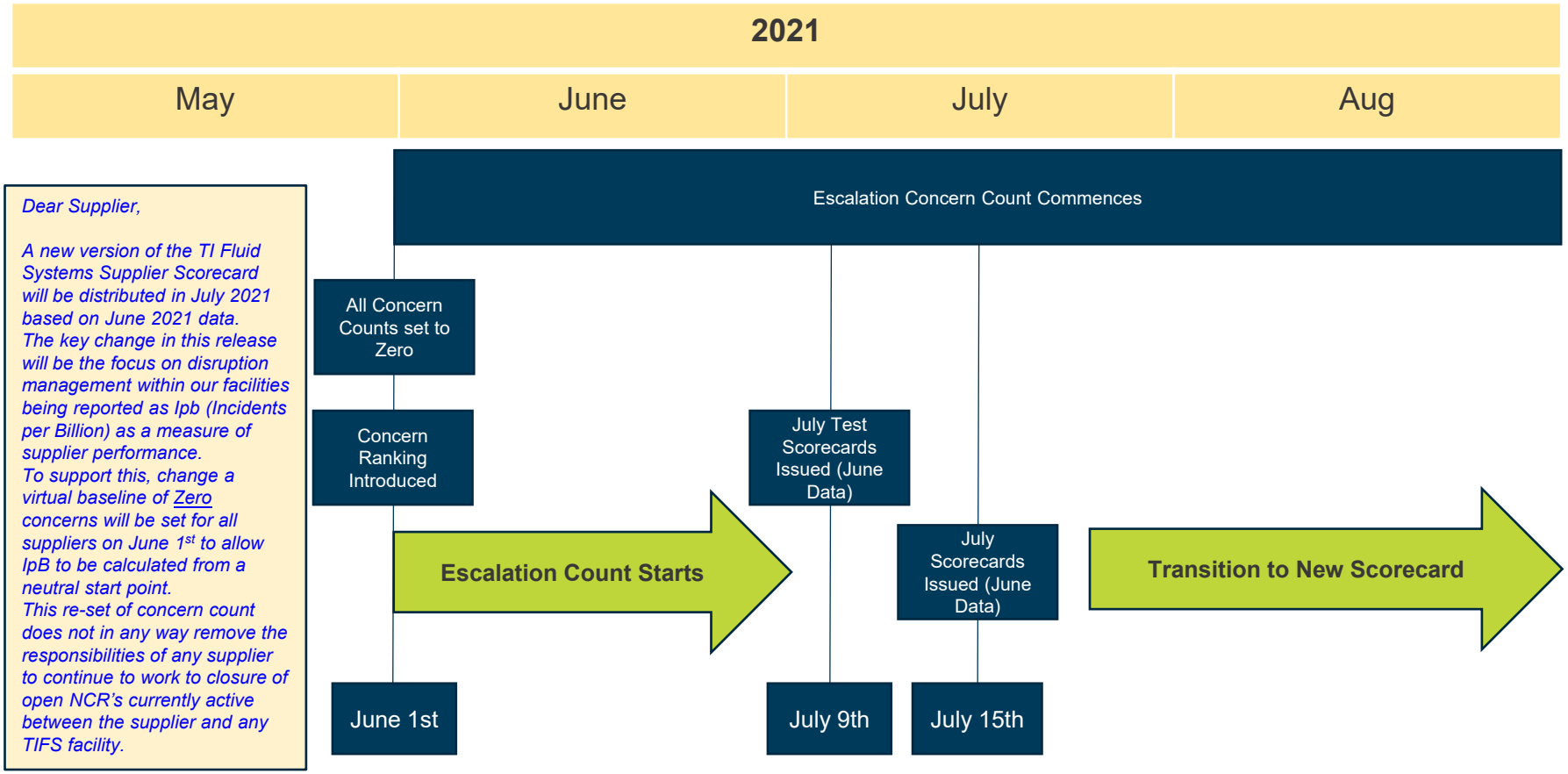

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End Of Presentation