

Content:

Supplier Quality Agreement Purpose

1. Supplier Quality Agreement Purpose
2. Quality Agreement Considerations & Document Scope
3. Guidelines and Expectations
4. Corrective Actions Response & Timing
5. Communication Flow
6. Material Acceptance & Return Material Authorization Process (RMA)
7. PCN`s
8. Product Specifications for Reference
9. Quality Documentation & Production Parts Approval Process (PPAP)
10. Supplier Evaluation Process
11. Continuous Improvement
12. Approvals

## 1. Supplier Quality Agreement Purpose

1.1 The purpose of this manual is to provide a standard to all Suppliers for quality system management and performance. Suppliers of production related materials and services are subject to the requirements of this standard. The requirements covered by this manual are provided as a supplement and are an extension of the terms and conditions covered by CCL Design Purchase Orders. This standard defines the minimum Quality System Requirements Suppliers are expected to use in their internal processes to control the quality of the products and services provided to CCL. This manual explains procedures intended to build and sustain a mutually beneficial relationship with our Suppliers. We anticipate that the standardized requirements will improve the quality of products and services provided to CCL and our customers.

## 2. Quality Agreement Considerations & Document Scope

2.1 This Quality Agreement sets out to provide CCL Suppliers with general guidelines to properly indicate Quality expectations such as Return Material Authorization Process, Quality Incident Tracking, Corrective Actions, Material Handling, customer audits, Social Responsibility, Pro-Active improvement activities and other elements which need to be addressed as part of Continuous Improvement and mutual benefit.

2.2 This Quality Agreement is a mandatory document which needs to be reviewed and approved by CCL Suppliers during the part quotation & prototype samples development phases, between Supplier Quality and Supplier Sales Representative and CCL Quality and Supply Chain representatives.

## 3. Guidelines and Expectations

3.1 In order to ensure an excellent Supply chain experience this document has been developed to clearly define the rules and guidelines to address any CCL dissatisfaction, but most important is a tool to identify key CCL requirements to provide supplier with our expectations.

3.2 Supplier Selection is based on technical, commercial, and systems capabilities. This includes self assessment, on site audits and ongoing monitoring/engagement

3.2.1. CCL is committed to sourcing responsibly and considers any activities that fuel conflict as unacceptable. E.g. CCL's efforts related to conflict minerals are aligned to the work of the

Responsible Business Alliance® (RBA®) and Global e-Sustainability Initiative (GeSI). The RBA's and GeSI's work includes the Conflict-Free Smelter Program and the Conflict Minerals Reporting Template.

Alongside this the responsible minerals initiative [www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org) also Cobalt Responsible Minerals Initiative must be complied with

What is the Conflict-Free Smelter Program

Tracing materials like Tantalum, Tungsten, Tin and Gold back to their mine of origin is a complex but critical aspect of responsible sourcing in the electronics supply chain. The RBA and GeSI are taking action to address responsible material sourcing through the development of the Conflict-Free Smelter (CFS) program.

The CFS is a voluntary program in which an independent third party evaluates a smelter's procurement activities and determines if the smelter demonstrated that all the materials they processed originated from conflict-free sources.

The program aims to enable companies to source conflict-free minerals. Companies that want to source responsibly will be able to use the results of the audits for their own company's due diligence program. This way it is ensured that the usage of Tantalum, Tungsten, Tin and Gold does not have negative social or environmental impacts in conflict areas like the D.R. Congo.

3.2.2. CCL is committed to conducting its business in accordance with the applicable laws and regulations of the countries in which CCL operates and in accordance with internationally recognized industry standards of business ethics and social and environmental responsibility.

This commitment to corporate responsibility extends to our supply chain. We expect our suppliers ("Suppliers") to comply with the applicable laws and regulations of the countries in which they operate and to conduct their operations in an ethical, socially and environmentally responsible manner and in accordance with this be aligned to the requirements of the industry-standard Responsible Business Alliance ("RBA") Code of Conduct. The RBA Code of Conduct is available online at [www.responsiblebusiness.org](http://www.responsiblebusiness.org).

This Code is made up of five sections.

Sections A, B, and C outline standards for Labour, 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. CCL Global Ethics Policies must be complied with.

### 3.3 Supplier Section (Targets establishment):

Please note below the list of CCL material expectations:

On Time Deliveries: >99%

DPPMs: 1000 (measure in either pcs/m2/kgs)

Quality Incidents per Month: <1

Price: Per Quarterly Business Reviews

Audits Results: >90%

VRNs Response: 15 Days

Environmental Legislation Compliance queries: 15 days

Established Systems for Quality, Environment, Social Responsibility

Conformance to UL/CSA requirements where appropriate

Upon request, Supplier shall allow CCL personnel access to CCL related manufacturing processes provided reasonable notice is given. Access is restricted to audit purposes to assess quality, risks, and management control

Effective Disaster Recovery planning

Adequate packaging to avoid product damage

Identification to ensure traceability throughout supply chain

### 4. Corrective Actions Response & Timing

4.1 Problem solving method required by CCL is a standard continuous improvement tool based on the 8 disciplines methodology. This format will be electronically provided by CCL with minimum problem description information required for supplier analysis (D2). Supplier needs to reply to CCL with 8D format responded according to targeted dates defined within 8D.

Suppliers may use their own corrective action formats subject to written approval from CCL SQE.

4.2 CCL corrective action raised to suppliers must be responded within the following timeframe:

- a) Containment Action: 24 hrs.

b) Root Cause definition and permanent corrective actions identification: 5 days

c) Corrective Action closure: 15 days (Dependant on specific action plan for completion)

Note: Please refer to communication flow section. Timing is defined based in natural days. Escalation Process can be used to expedite response based in CCL needs.

4.3 Corrective actions are not considered closed until written verification by CCL SQE

4.4 Supplier may be liable for associated costs limited to direct and reasonable costs - where the supplier is found to be at fault

## 5. Communication Flow

5.1 Any quality incident needs to be addressed as a first instance through CCL Supplier Quality representative and purchasing department. Incidents shall be communicated via e-mail or phone.

5.2 Any incident related with defective material needs direct involvement of Supplier Quality. In this case CCL SQE shall contact Supplier Quality responsible to follow up on technical requirements related with the non conformity.

5.3 Escalation process shall be conducted by CCL SQE if documented guidelines are not followed or in event of a non response incident or any communication issue.

## 6. Material Acceptance & Return Material Authorization Process (RMA)

6.1 Initial technical failure analysis provided by CCL will include but is not limited to problem description, defective material photos (if available), supplier product traceability information available and suspect or rejected material quantities.

6.2 Once material incident report is raised and communicated by CCL, Supplier Customer Service needs to provide RMA number within the following 48Hrs after root cause verification (See element 2 of this document for targeted dates).

6.3 For material return process CCL will follow written Supplier shipping instructions if any. Supplier freight account needs to be provided once RMA number is issued. If supplier material disposition

instruction demands for a physical destruction of affected material at CCL facility, certificates of destruction need to be agreed with supplier based on their requirements but notified in advance.

6.4 Standard timeframe to issue a credit note is 5 natural days after RMA confirmation.

## 7. PCN`s

7.1 All supplier part changes requested other than changes in shipment date or quantity, shall be communicated prior to change implementation by supplier via Part Change Notice (PCN), Engineering Change Order (“ECO”) or any other official written document generated by supplier and approved by CCL.

7.2 Sample parts of proposed change might be required by CCL according with nature of change, these will be used for qualification purposes.

7.3 CCL will send an approval sheet for the PCN to supplier. Part changes cannot be applied without approval sheet signed by CCL SQE.

## 8. Product Specifications for Reference

Supplier shall provide CCL (where applicable) the following:

Material Specification sheet

Quality Certificates (as applicable)

Material Safety Data Sheets (MSDS)

Environmental documents relevant to the product being supplied (e.g. ROHS and REACH certificates; Content Declaration; etc...)

Safety and Product Specification/Requirement notifications.

This data shall be supplied at the point of quotation submission. For the avoidance of doubt it is expressly understood that the supplier is responsible for all legal compliance associated with its products and processes.

In case that CCL has a specific requirement for product validation such as reliability or continuous conformance testing, test protocols and specific test standards needs to be provided by Supplier prior to samples generation.

## 9. Quality Documentation & Production Parts Approval Process (PPAP)

9.1 Quality documentation such as Process Control Plan, Process Failure Mode and Effect Analysis, Process parameters controls and statistical information to be delivered to CCL SQE during part launch and series production.

9.2 Supplier must deliver requested quality information in timely manner according to CCL defined expectations and process controls levels defined in the PPAP

9.3 Supplier shall revise the FMEA and subsequent documents (if needed) in line with learnings from any internal or customer identified product or process issues and submit the revision to CCL SQE for approval

## 10. Supplier Evaluation Process

10.1 CCL will evaluate key supplier's performance up to by quarter. This evaluation can be shared with suppliers based on score card results. Evaluation metrics are described in Paragraph 3 of this document.

## 11. Continuous Improvement

11.1 Supplier shall continuously strive for improvements in all areas of quality throughout their business. Documented evidence may be requested by CCL during audits and business reviews



12. Approvals

AS WITNESS the hands of the parties or their duly authorised representatives on the date first above written.

Signed on behalf of [CCL Design UK] by \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_ on \_\_\_\_\_  
2016 before this witness:

Authorised Signatory .....

Witness signature .....

Witness Full Name .....

Address .....

.....

Signed on behalf of [ ] by \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_ on \_\_\_\_\_  
2016 before this witness:

Authorised Signatory .....

Witness signature .....

Witness Full Name .....

Address .....

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