



# Supplier Handbook

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# 1. Definition of the Manual

SINALSUL is a Brazilian industry with national capital with more than 25 years of leadership in the design and innovative development of lighting, electrical systems and plastic parts for the automotive market, in OEM and aftermarket. Within this context, this manual seeks to make clear the standards expected from suppliers willing to work with the company.

Periodic updates to this manual are made and communicated to suppliers whenever they are considered relevant.

# 2. Code of Ethics and Conduct

This manual also contains certain standards of behavior expected from suppliers working with Sinalsul:

**Anti-Bribery Policy:** Company employees are prohibited from receiving or offering bribes. The anti-bribery and anti-corruption policy is applicable to all Sinalsul activities. This policy is extended to suppliers, third parties and commercial partners;

**Child Labor:** Sinalsul is against the use of child labor and work by minors under 18 years old, except as apprentices, between 14 and 24 years old;

**Discrimination:** Sinalsul is against any type of discrimination, whether discrimination against subordinates, illegal or unethical behavior, as well as sexual harassment and psychological or physical aggression.



# 3. Basic Supply Criteria

SINALSUL is an IATF - International Automotive Task Force certified company. In this way, the company has a regulatory obligation to meet a series of criteria in the automotive market and this obligation extends to its suppliers. This manual seeks to make clear the minimum expected for supply with the company:

- Valid ISO 9001 certification
- Sending reports along with the delivered batches – via email and physically, when requested
- Periodic 2nd party audits, when necessary
- Monitor and take actions in accordance with periodic evaluation SINALSUL (IDGF)

Another non-mandatory, but desirable, criterion is the pursuit of continuous improvement through certifications such as the IATF itself.

As previously explained, suppliers that do not meet the requirements mentioned as basic cannot be accepted by SINALSUL. Bearing this criterion in mind, new suppliers must complete a registration form where basic data is requested for approval.

When defined by the customer, Sinalsul will acquire products, raw materials or services from sources directed by the customer, even so, it does not exempt the Supplier from adapting to the rules of this manual.

Calibration service providers will be able to provide services only after proof of accreditation of the ISO/IEC 17025 standard in the current version, and accredited by INMETRO, and recognized by RBC - Rede Brasileira de Calibração. by sending the certificate to the purchasing department.

Laboratories must present a system in accordance with the ISO/IEC 17025 standard in the current version, where accreditation by INMETRO is essential for carrying out tests aimed at Sinalsul's automotive products.

**For transport providers, ANTT registration is mandatory.**



# 5. Supplier Performance Assessment

In search of a better quality and delivery performance, Sinalsul monitors the chain of its Suppliers through the IDGF indicator. The notes and assessments made monthly and sent quarterly, generate an assessment of suppliers and possible corrective actions. Therefore, attention to the results presented is fundamental.

The indicator is made up of the criteria set out below:

Indicator	Punctuation
Certification Index	20
(IQF) Quality Index	30
(IDF) Delivery Index	30
Payment terms	20

It is important to emphasize: the notes are generated monthly and informed to the supplier quarterly. Attention to the results presented is fundamental

## 5.1. Certification Index

As previously mentioned, ISO certification is a fundamental criterion for supplies to SINALSUL. In addition, the company encourages its suppliers to seek IATF certification to ensure the best compliance with the standard in question. The grades involved in this criterion will be given as follows:

Certification Index	
IATF certified supplier	20
ISO certified supplier	10



5.2. Quality Index

In the face of Non-Compliance situations, the supplier will be demerited as follows and an RNC, 8D or quality alert will be sent requesting an action plan to the Supplier:

Quality Index	
No occurrences	30
An occurrence	20
More than two occurrences	0

5.3. Delivery Index

Monitoring the delivery performance of suppliers is a fundamental part of the assessment made by the purchasing sector. Although there is a margin of tolerance for deliveries, considering possible logistical problems and even third party inefficiencies, the demerits will be as follows:

Deliveries on date	
No occurrences	20
Up to 2 occurrences	10
More than 2 occurrences	0

Special freight	
No occurrences	5
With occurrences	0

Line stop	
No occurrences	5
With occurrences	0



5.4. Payment terms





Sinalsul seeks to achieve its supply in order to strengthen partnerships with its suppliers and make this relationship solid. To this end, we understand that it is essential that there is an understanding of the market in which the company’s business is inserted and that there is consistency with what we practice with our customers. Therefore, the payment condition has been treated as a fundamental condition for supply contracts.

Payment Condition (Average)

Greater than or equal to 50 days	20
Greater than or equal to 40 days	10
Less than 40 days	5

This average can be calculated considering the installments negotiated, that is, if a supplier practices a term of 30 / 60 / 90 days, its average term is 60.

After this evaluation, criterion by criterion, the points will be added and according to the final score, the suppliers will be classified:

Performance	Rating	How the supplier should proceed	How SINALSUL will proceed
IDGF ≥91%	A 	No action plan required. Congratulations!	Preferential for new developments, with the possibility of matching the best quoted price always being offered.
80 IDGF 90	B 	No immediate action plan required*	Second range of option for new developments, offering the possibility of matching the best quoted price whenever suppliers A do not comply.
70 IDGF 79	C 	If requested by SINALSUL, inform immediate action seeking suitability.	Last alternative for developments. Punctually evaluate each case, and define treatment according to the criticality of the supplier.
IDGF<69	D 	Take immediate actions, presenting to SINALSUL	If the performance does not evolve in the next month, the supplier will be discontinued

For suppliers classified as B, although there is no immediate action plan, SINALSUL encourages them to seek evolution in their management system, seeking information on IATF certification.




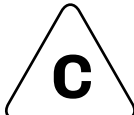



# 6. Homologation Batches

During the development of products with suppliers, SINALSUL’s engineering sector will determine what information it needs to receive. It is important that the company be in a position to provide – if requested – PPAP for the supplied product, although in specific cases less detailed documentation may be requested.

The PPAP is a standard document for the automotive industry, used all over the world, for demonstrating the manufacturing processes in accordance with the contracting party’s request, in this case, SINALSUL. There are different levels of demand within the norm, so it is worth evaluating according to the level of demand in each case.

Another point refers to special features. These are specifications that have a great impact on the application of the product or on Sinalsul’s manufacturing process. These features require greater control and must accompany all PPAP documentation.

Special features					
Symbology	Product	Process	Degree of Severity		Action
	Used when it affects the safe operation of the vehicle	“”Used when it poses a risk to the operator (machine or assembly), with or without prior notice.””	9	10	Capability studies must be performed at planned intervals and must show CP and CPK values above 1.67.
	“Used when there is a risk of loss or degradation of functions, (Or as requested by Customer) or involving non-compliance with government regulation with or without notice.”	Requirement specified as critical by the customer.	8	9	“Process under statistical control with CP and CPK above 1.33. When this index cannot be reached, the process must adopt 100% inspections before shipment to the customer. Use of Poka Yoke should be prioritized”
	Used when there is degradation of the primary functions of the product.	Used when there is degradation of functions, primary of the product. Used when the requirement is a reference for the next process and there is a risk of 100% of the products being rejected.	8		Sample inspection, the use of Poka Yoke is recommended.



## 7. Routine Supply - Reports

It is mandatory and non-negotiable to provide reports with the batches delivered to SINALSUL, both physically and digitally. Digital reports must be sent to [laudos@sinalsul.com.br](mailto:laudos@sinalsul.com.br). The essential information for the reports will be informed during contact with the SINALSUL team, which will pass them on as defined by the Engineering sector.

## 8. Routine Supply - Nonconforming Product

When Sinalsul detects the occurrence of nonconforming products during the receiving process or during the production process, an alert or 8D may be issued to the supplier. In these cases, the same will have 48 hours to complete the filling, prioritizing containment actions.

If the supplier does not respond within the deadline, Sinalsul may carry out the containment and pass on the costs to the supplier.



## **9. Routine Supply - Equipment Preservation**

The supplier is responsible for the preservation (identification, packaging, storage and protection) of the tooling and devices owned by Sinalsul in its possession. In case of damage caused by a notorious lack of proper care, costs may be charged.

## **10. Term of Confidentiality and Confidentiality**

All technical or commercial information provided by SINALSUL (including characteristics that can be obtained through an object, software or any other know-how) that is not in the public domain must be kept secret from third parties and must be made available only to the company's employees recipient who are directly involved in the project in question. These collaborators must also be obliged to keep the information received confidential.

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# 11. Review History

Review	Data	Description of change
00	17/03/2021	Creation and development of this Manual
01	17/09/2021	Overview of this document.
02	28/02/2022	Changed item 4.1 and 4.3
03	25/03/2022	Changed criteria for self-assessment and performance of suppliers.
04	13/07/2022	Change in supplier evaluation criteria, inclusion of references to IATF and receipt reports. ISO certification requirement.
05	27/04/2023	Changed evaluation criteria, removing “line stop” and “special freight” and including the “payment condition” criterion. Revised scoring ranges for quality issues, late delivery. Revised table with IDGF final grade score ranges.