



Title: BelGaN Supplier Handbook	Document Number: PUR-Q001	Revision: A
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	OWNER (GROUP OR DEPARTMENT): Quality	

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1.0 Purpose and Scope

BelGaN recognizes the critical role our suppliers play in an increasingly competitive environment. Strong collaborative relationships are built upon clear communication of performance expectations, alignment of performance goals, and establishing mutual trust and cooperation. Supplier performance is a vital business strategy for controlling and managing risk and driving continuous improvement into the supply chain. The purpose of this Supplier Handbook is to communicate our expectations and to establish a process that will successfully foster a partnership to align supplier goals with BelGaN goals. This alignment allows our key suppliers to be part of our growth and success.

The Supplier Goal Plan described in this document will help us prioritize and focus on common key objectives. Through our common priorities, we can continue to meet or exceed our goals in cost, quality, delivery, service and technology. We welcome the improvement collaboration with our suppliers to achieve continuous growth and mutual success.

The Supplier Development Program encourages constant communication between BelGaN and our suppliers, which enables our suppliers to better understand the role they play in the success of BelGaN for our mutual benefit.

2.0 General expectations

2.1 Purchasing Practices

We will make purchase decisions based on the best interest of BelGaN. Suppliers win BelGaN business based on product or service suitability, price, delivery and quality. Purchasing agreements should be documented, and clearly identify the services or products to be provided, the basis for earning payment and the applicable rate or fee. The amount of payments must be commensurate with the services or products provided.

2.2 Control of Sub-Tier suppliers

To ensure requirements are fully met, it is necessary to flow down BelGaN requirements to any sub-tier suppliers the 1st tier may choose to use in support of Purchase Orders placed by BelGaN. 1st tier suppliers are fully responsible for the control of all work placed by them on such sources to ensure it meets both their and our defined requirements.

2.3 Business Partner Information

We will protect business partner information that is sensitive, privileged or confidential just as carefully as our own. Only those who have a need to know should have access to confidential information. In addition, we will take the steps necessary to ensure that our business partners protect the BelGaN confidential information provided to them.

2.4 Non-disclosure agreements

BelGaN requires non-disclosure agreements to protect both BelGaN and our suppliers in the event that confidential information is exchanged. The non-disclosure agreement must be in place and have the appropriate language stated within the agreement prior to the exchange of such confidential information. The confidentiality agreement does not serve as a contract between both parties for other purposes and does not substitute for agreements.

A separate confidentiality agreement is not required if prior to the exchange of information, BelGaN and our supplier have or will have entered into another form of agreement (e.g., a purchase agreement) which contains approved confidentiality language.

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2.5 Data protection agreements

BelGaN is committed to complying with all privacy and data protection laws and regulations that apply to our operations. We strive to protect the personal data of our employees, customers, and business partners by ensuring all transfers and processing of such data are conducted with adequate safeguards and appropriate security measures in place.

2.6 Corporate Social Responsibility

BelGaN certifies that its products are free from these restricted materials and that all metals utilized in our products are not sourced from conflict mines. BelGaN is committed to ensuring the highest standards of social responsibility. We insist that our suppliers provide safe working conditions, treat workers with dignity and respect, prohibit human trafficking and slavery (including the procurement of commercial sex acts and the use of forced or child labor), promote ethical behavior, and use environmentally responsible manufacturing processes. The supplier must conform to all environmental laws, all applicable laws and regulations, behave ethically and conform to all social responsibility and conflict mineral, provide any requested certifications, and cascade all applicable requirements down their supply chain.

2.7 Environmental, Health & Safety

All purchased materials, services and products used in part manufacture shall satisfy current governmental, statutory and regulatory requirement, and safety constraints on restricted, toxic and hazardous materials; as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale. All purchased materials, services and products must conform to RoHS and REACH requirements:

- European Union Directive on the Restrictions on use of certain Hazardous Substances 2011/65/EU (RoHS3) and the Directive 2015/863/EU amending Annex II to Directive 2011/65/EU as regards the list of restricted substances (reference <https://www.rohsguide.com>)
- REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances) EC 1907/2006 requirements and is committed to provide information about substances in its products as required. (Reference: <https://echa.europa.eu/candidate-list-table>)
- The above does not relieve the supplier that delivery has to be compliant with all other applicable European legislations.

Suppliers must be prepared to provide supporting evidence of conformance.

2.8 Delivery requirements

BelGaN requires suppliers to strive for 100% On-Time Delivery (OTD) performance utilizing FIFO methodology. BelGaN will monitor the supplier's delivery performance and request corrective actions when appropriate.

Suppliers should take the necessary actions to avoid premium freight charges. In the event that premium freight will be charged to BelGaN and cannot be avoided, the supplier shall contact BelGaN and receive approval prior to shipment. Failure to comply may result in premium freight charges debited to the suppliers account.

2.9 Quality System

Risk management focused ISO9001 QMS certification is the minimum expectation.

ISO9001 certification must include accreditation mark from recognized IAF MIL member. Demonstration of conformance to IATF16949 may be required. Use of Process FMEA (Failure Modes and Effects Analysis) and other Automotive Core tools is recommended.

BelGaN shall be afforded the right to evaluate and monitor the supplier's quality system as needed.

Suppliers that currently meet recognized industry standards but have a history of poor performance or chronic quality issues will be monitored and assessed to ensure proper improvement. Suppliers must be prepared to provide the copy of the latest valid certification. Suppliers are required to notify BelGaN immediately, in the case of ISO9001 or IATF16949 certification loss or temporary suspension.

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2.10 Right of Entry

BelGaN, regulatory authorities and our customers shall be afforded the right to verify at the supplier's premises that the supplier's material, services or product conforms to specified requirements. This includes all facilities involved in the order and all applicable records. Verification shall not absolve the supplier of the responsibility to provide acceptable material, services or product, nor shall it preclude subsequent rejection by BelGaN.

2.11 Business continuity plans

All suppliers are expected to develop a documented business continuity plan that enables the supplier to continue to perform critical functions and/or provide services in the event of an unexpected interruption. These plans should be verified through Business continuity assessment.

3.0 Planning

3.1 Purpose

The first step in Supplier Development Program is supplier selection. We must ensure that we only select suppliers that meet our expectations and have the capability to fulfill all of our requirements. The supplier selection process enables BelGaN to review suppliers and select the most qualified based on the supplier's performance and the needs of BelGaN. Below is a general outline to the supplier selection process.

3.2 Supplier Selection

The supplier selection process begins when the technology development group or BelGaN's manufacturing operation has a requirement for a new material, or we are looking for alternate sources of supply for existing materials, services or products. BelGaN procurement team will review the current supply base and determine if there are any current suppliers that can meet our business needs. Our goal is to direct new business to our key suppliers. If the current supply base does not have the capability to meet our needs, a new supplier will be selected.

There are several factors that are evaluated in the selection process. Examples of these factors are listed below:

- Does the supplier have the technology to meet BelGaN's needs?
- Is the supplier cost competitive?
- Is the supplier able to meet delivery/capacity requirements?
- Does the supplier agree to support value added service programs and initiatives?
- Does the supplier have the technical, physical and financial resources to support BelGaN's future demands?

Suppliers are also evaluated based on the status of their quality system. BelGaN will either visit the supplier's manufacturing site and perform an on-site assessment, or ask the supplier to perform a self-assessment. The assessment process is outlined in section 5.3 of this manual. After the supplier has been evaluated and it is determined that the supplier meets BelGaN's needs, the supplier is asked to provide material to begin the material, services or product qualification process, according the applicable Production Part Approval Process (PPAP) and BelGaN requirement.

4.0 Implementation

The implementation step ensures that the supplier's material, services or product processes are properly qualified by BelGaN. This step also ensures that there is a material, services or product verification process in place and that suppliers stay current with material, services or product specification revisions.

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4.1 Qualification requirements and Product/Process change notification (PCN)

Qualification process is always required prior to the first production shipment, for example: New material, service or product supplier; A material, service or product modified by an engineering change (e.g.: design records, specifications, material) or being re-qualified which was disqualified due to major quality problem or production delivery time lapse.

A major change in the manufacturing of the material, service, product, or process flow requires a notification to BelGaN. This encompasses all items within the "Cycle of Success" including New Product Development. These changes may include but are not limited to:

- A change to design records
- A change in a quality conformance including procedure, test/inspection methods
- A change in the site of manufacture
- New tooling or modified tools which can be expected to influence the integrity of the final product, upgrade or rearrangement of existing tooling or equipment, including equipment transferred to and from different site
- A change/addition/deletion of a process step (which could affect customer requirement for fit, form, function, performance)
- A source change for raw material or supplier
- A change in raw material composition
- A change to handling, packaging or storage methods
- Additional changes as defined in material specification

Notification of any intended source change during New Product Development phase, shall be in writing to the Project Manager and Development Engineer prior to change.

The Manufacturer, Supplier or Distributor shall notify BelGaN with a letter of intent and obtain BelGaN's written approval at least 6 months in advance of the implementation of above major changes to their processes (Product/Process Change Notification, PCN). If documented in the material specification, the notification could be at a minimum of 12 months before first ship date of product.

Signed PSW (Parts Submission Warrant) by BelGaN is required for above major changes for all key suppliers.

The change notification (PCN) shall contain following:

- A description of the proposed change and supplier's PCN number
- A list of part numbers affected
- An explanation of the reason(s) for the change, including any benefits to BelGaN
- A proposed timeline for the implementation of the change
- Supporting data such as: records of results, conclusions from the supplier site change management

Once the change notification has been reviewed and the change level has been determined, the BelGaN contact person will provide an initial response to the supplier. This response will be one of the following:

- The proposed change is not significant and the supplier may proceed with implementation.
- The proposed change is significant and will be approved for implementation once the conditions of the qualification requirements outlined in the change request are satisfied and approved by the BelGaN Change Action Board (CAB).
- The proposed change is significant and is not acceptable to BelGaN and may not be implemented on product supplied to BelGaN.

For all key suppliers, the change acceptance and approval of all PCNs will be formally communicated through the PSW sign off process.

In the event that qualification is required, the BelGaN contact person will communicate all sample and data requirements and will provide final notification of approval. The PSW will also be used to communicate the final notification of approval for the proposed change.

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4.2 End of Life (EOL) notice requirement

When a product is terminated a product termination notice (PTN or EOL) has to be sent at least one year prior to the termination of the product, allowing a minimum 6 months from the notice to place final orders, and minimum 12 months from the notice for final shipments.

4.3 Evaluation and qualification sample shipment

To clearly categorize and segregate these samples as Non-Production material, the evaluation or qualification samples shall be clearly identified on outer packaging/ shipping containers nearby or next to the product labels (as applicable).

4.4 Material, Service or Product verification

To ensure our customers receive only the highest quality product, BelGaN has developed a material, service or product verification process that verifies conformance to specifications. BelGaN will work with suppliers to implement one of the following methods of verification:

- Receipt and evaluation of statistical data provided by the supplier
- Confirmation of CofC or CofA as per customer requirement
- Second or third party assessments of supplier sites
- Receiving inspection and/or testing
- Part evaluation by an accredited laboratory

There are several factors that determine which method will be used. In general, for suppliers with demonstrated process capability we will utilize assessments, whereas receiving inspection or SPC data will be required for suppliers with unstable capability. When requested, suppliers are expected to provide statistical data and/or allow quarterly assessments at their facilities.

4.5 Specification distribution and acceptance

Suppliers must assign contact that will be responsible to review, distribute specification changes and releases throughout the supplier's facility. These contacts must understand the urgency to specification changes and respond to the system accordingly with compliances.

The supplier will receive specification compliance notification message with the recently revised or new release spec. Suppliers must notify BelGaN that they either comply to the new specification or changes that have been made within 10 working days or that they have found discrepancies within the document. The response from the supplier will send to BelGaN contact if discrepancies are found. The BelGaN contact person will work with the supplier to correct them and ensure the all specifications are in-line with their capability.

4.6 Corrective and preventive action (CAPA)

BelGaN ultimate Quality Goal is a "Zero Quality Incident". But, in the case of Quality incident, the supplier must have a Corrective and Preventive Action System that includes containment, root cause analysis, corrective action, effectiveness verification and prevention of recurrence. When BelGaN issues a Supplier Quality Incident (SQIN) for material or product out of conformance, the supplier must provide the BelGaN contact with a containment action within 24 hours and a detailed corrective action plan (in 8D format) within 10 calendar days upon receipt and analysis of defect sample and/or supplier acknowledgement.

4.7 Non-conforming material, service or product control

BelGaN will not accept material, which does not conform to specified requirements, and it may be cause for rejection and return to the supplier for credit or replacement, as mutually agreed.

Occasionally, however, a supplier may wish to submit variant material, service or product for consideration. To avoid rejection upon receipt, a request for temporary deviation from specification shall be submitted to BelGaN prior to shipment. This request will be evaluated, and only after a written approval from BelGaN, the material, service or product can be shipped to BelGaN. Lack of response from BelGaN does NOT constitute acceptance of the non- conforming material, service or product.

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4.8 Process control

The supplier must have a documented process for planning and implementing production activities. Production must occur under controlled conditions using documented and revision controlled procedure, instructions, and reference material, as requested by the latest release of ISO9001 and where applicable IATF16949.

4.9 Inspection and testing

The supplier must have a documented process to verify that all requirements for BelGaN product have been met prior to shipment. Appropriate measurement and test equipment must be available, and record of inspection must be maintained. Should supplier subcontract to another party for measurement, supplier must insure the subcontractor is in accordance with these requirements and provide documentation to BelGaN.

4.10 Certificate of Conformance (C of C)

The supplier must issue a C of C for each lot, run or batch of material, service or product shipped to BelGaN stating conformance to the requirements stipulated in the PO, detail specifications and this document. The C of C elements may appear on a traveler or other documentation accompanying a shipment, but must satisfy the following minimum requirements:

- Manufacturer's name and address
- BelGaN's name and address, as applicable to the shipment
- Part/Device identification
- Lot/date code(s)
- Quantity of devices in shipment
- Statement certifying product conformance and traceability
- Name and date of transaction
- PO number
- Specification number
- Drawing number, if applicable

4.11 Certificate of Analysis (C of A)

Certificate of Analysis requirements, if applicable, will be specified in the PO and Procurement Specification or BelGaN detailed specifications

4.12 Statistical Process Control (SPC)

Suppliers must be actively pursuing the use of SPC throughout their processes. Suppliers must send applicable statistical reports to governing site as defined in the appropriate baseline and/or procurement specification.

The supplier must be able to demonstrate continual improvement through the utilization of SPC methods and meet $Cpk \geq 1.67$ for critical parameters of the qualified parts. (see AIAG SPC manual for guidance).

An action plan shall accompany the report for all agreed critical parameters with a $Cpk < 1.67$.

Any exceptions must be reviewed and approved by BelGaN.

4.13 Calibration

Calibration of equipment used in the manufacturing of product for BelGaN shall be in accordance with ISO/IEC17025 or other National traceable standard. Should supplier subcontract to another party to perform the calibration, supplier must insure the subcontractor is in accordance with same requirements and provide documentation to BelGaN.

4.14 Measurement System Analysis

Before a measurement system can be used, it must demonstrate required detection capability.

The supplier should repeat gage R & R studies when warranted by measurement system change and have a systematic method to improve gage system.

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4.15 Document Control

The supplier must have a documented process to ensure that quality system documents, design specification, and other product related documents are controlled. Controlled documents must be reviewed by appropriate personnel and approved prior to their release and use.

4.16 Control of records

Quality records shall be maintained in a manner so they remain legible and retrievable upon request. As a default, without product specific requirements, the supplier shall keep the quality records for a minimum of 10 years unless otherwise specified. These records shall also include inspections, tests, Material Review Board (MRB) documents, product/process/equipment qualifications, C of A's and C of C's.

The supplier must retain quality records for provided products and each component or materials within those products.

4.17 Identification and Traceability

The supplier is obliged to ensure the traceability of the materials or products, that it supplies. The traceability code shall be put on each of the packing boxes for every lot that is delivered. The supplier must be able to perform forwards and backwards manufacturing lot identification and traceability for any material or component used in the supplied product.

The supplier must ensure that in the event an error is discovered, it will be possible to identify an isolate the defective materials or products and therefore limit the quantities and period affected by the problem, including personnel contribution to product or service conformity and product safety (if applicable).

4.18 Training

The supplier must have a documented process defining qualification and training, and maintain records for all personnel. Training and certification activities must be planned, carried out, and documented, including personnel contribution to product or service conformity and product safety (if applicable).

5.0 Measurement

5.1 Purpose

BelGaN utilizes several processes to evaluate and control our supplier's quality systems and products. Business reviews, assessments, performance rating, and material/product verification are used to evaluate our suppliers performance to our expectations. Below is a brief outline of the controls that BelGaN uses.

5.2 Business reviews

On an annual basis, BelGaN will schedule business reviews with key suppliers. The purpose of the meetings is to review items such as:

- Supplier Performance
- Progress toward established goals-SGP
- Assignment and review of action items
- Expectations
- Technical issues
- Cost reduction opportunities
- Market conditions
- Future demand
- New products and technologies
- Additional business opportunities
- Financial issues
- Corrective action status
- Premium freight
- Quality System

The business reviews are essential in forming and maintaining a strong relationship with our key suppliers. Both the supplier and BelGaN are able to communicate each other's goals and identify

opportunities for improvement.

5.3 Quality system assessments

Supplier assessments are used as a systematic and independent examination to determine whether a supplier's quality system meets the quality standard requirements. These assessments are also used to develop ISO9001 certified suppliers to automotive standards and other applicable BelGaN customer requirements.

At BelGaN, suppliers will be assessed by performing periodical assessment through VDA6.3 check list with focus on risk management and the use of automotive core tools such as SPC, MSA, FMEA and Control plans. Re-Audit and Purchase Prohibit shall be identified based on VDA6.3.

VDA6.3 Rating	Re-Audit Requirement	Purchase Prohibit
A	None	None
B	Re-Audit within 6 Months	New Product
C	Re-Audit within 3 Months	Current Product or Purchase in Some Condition

5.4 Performance rating

BelGaN has developed a performance rating system that measures key suppliers in the areas of Quality & Reliability, Delivery, Cost, and Technology & Service. The supplier's performance is tracked on a quarterly basis and is frequently reviewed to ensure that suppliers are meeting the needs of BelGaN. Each category is weighted based on the criticality to BelGaN.

The rating system also serves as a useful tool in tracking data in several ways such as:

- Tracking a supplier's progress
- Evaluating suppliers by commodity

The system is a useful tool in the supplier development process. Following are measurement criteria defined for each area.

Quality

- Incoming Quality Incidents
- Line Quality Incidents
- Repeat Quality Incidents
- Quality System Assessments
- Process Monitoring
- Returned Material Authorization (RMA)
- 8D Responsiveness and Effectiveness

Delivery

- Stockouts (Line Down)
- Delivery Performance (Including Premium Freight)
- Capacity

Service

- Responsiveness
- Accurate Reporting

Cost

- Price Leadership
- Participation in 3 Year Price Productivity Roadmaps

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- Participation in Cost Reduction Programs
- Payment Terms
- Provide Cost Transparency
- Support of BelGaN Systems/Tools

Technology

- Capability to meet current technology requirements
- Technology roadmap aligns with BelGaN future technology

At the end of each quarter BelGaN will evaluate the performance of the key suppliers and notify the suppliers of the results.

Suppliers with scores below Set Goal of Total scores or Quality score will have a specific improvement action plan that may include onsite assessment. Goals and ratings will be communicated with supplier by Score Card.

6.0 Improvement

6.1 Purpose

To remain competitive we must continuously improve our products and processes and work with our suppliers to improve them as well. To achieve this, BelGaN has developed the Supplier Goal Plan (SGP). The SGP is used to prioritize goals and track progress. This process enables both the supplier and BelGaN to work together and form a strong working relationship.

6.2 Supplier Goal Plan (SGP), Continual Improvement (CI), Focus Supplier (FS)

The BelGaN SGP/CI/FS process is used to identify goals and opportunities for improvement based on the controls listed in the previous section (i.e. performance rating, assessments/audits, material verification, etc.).

The process is simple. First, the cross functional team within BelGaN will evaluate the overall performance of the supplier. After opportunities for improvement or specific goals are identified, BelGaN will schedule a meeting with the supplier to review the results. During this meeting, both parties will work together to develop and agree upon the SGP, CI or FS activity.

This process ensures a working relationship between both parties and helps the supplier understand how they can improve their performance. The Supplier improvement will be reviewed on a regular basis. Time will be set aside for suppliers to provide updates during scheduled business reviews or other previously scheduled meetings.

7.0 Revision History

Revision	Change Originator	Description of Revision and Reason	Effective Date
A	Dany Monteny	BelGaN Supplier Handbook	10 Oct 2022