

FILPAL General and Commodity Specific Supplier Performance Expectations

Introduction

FILPAL (M) SDN BHD aims to establish well and long-term working relationships with suppliers through mutual performance expectations and measures, performance feedback, and performance improvement plans to ensure continuous progress. FILPAL uses TQRDCE supplier expectations and performance feedback, where T, Q, R, D, C and E represent Technology, Quality, Responsiveness, Delivery, Cost, and Environmental and Social Responsibilities. FILPAL is a company with an extended supply chain that includes outsourced partners. Throughout the worldwide supply chain, supplier performance expectations are crucial to supplier relationships. The accomplishment of this program is shared with our suppliers who specifically contribute to our commitment to excellence. Successful supplier performance in TQRDCE areas benefited with repeated business, rising sales and profitable growth.

T: Technology

FILPAL (M) SDN BHD delivers best in class products and new technologies to our customers in breakthrough time. Our suppliers are expected to have core competency in their respective fields of design and manufacturing and be on-going technological leaders with technology. Suppliers are expected to support FILPAL with their products throughout the lifecycle of FILPAL (M) SDN BHD's products. Support for FILPAL product changes is expected through participation in collaborative engineering to enable timely introductions, support continuous technology, quality and cost improvements, as well as support worldwide product regulation requirements.

Q: Quality

FILPAL (M) SDN BHD's Quality Policy is to earn customer loyalty by providing outstanding quality and great value of products and services. FILPAL expects that all materials are fit for use, and defect free for electrical, mechanical, and cosmetic reasons in order to achieve this commitment to our customers. FILPAL expects notification from suppliers for all discontinuances, obsolescence, and material or process changes that affect form, fit or function, so that FILPAL could make a thorough evaluation with sufficient notice. Quality and reliability are expected to be achieved through superior design, process control and continuous process improvements.

R: Responsiveness

FILPAL (M) SDN BHD has a broad and technologically complex product portfolio, resulting in an ultra-high mix procurement portfolio with frequent changes in design and demand. We achieve growth through well-implemented new product introductions. Our success is contingent upon delivering new products in breakthrough time while also exceeding customer expectations for all product delivery. FILPAL is dependent upon rapid turn-around time of prototypes from suppliers to support new product introductions. Suppliers are expected to be responsive and flexible when responding to changes in demand as well as design and manufacturing. Suppliers must provide excellent and timely communication, service, and issue resolution.

D: Delivery

FILPAL is focused on shortening the overall product delivery cycle time from customer order to product delivery. FILPAL expects supplier deliveries to be 100% on-time, and in alignment with the requirements of the delivery model (PO, SMI, SOI, DTL & JIT) used by their associated FILPAL business. Lead times must be short by industry standards, reliable and decreasing over time.

C: Cost

FILPAL (M) SDN BHD is focused on achieving Total Cost Leadership. We expect to drive continuous improvement in cost reductions. Our suppliers are accountable for offering effective low cost alternatives aimed at providing both supply chain flexibility and best value on a total cost basis.

E: Environmental and Social Responsibility

FILPAL (M) SDN BHD recognizes our obligation to be an economic, intellectual and social asset in each nation and community in which we do business. FILPAL must conduct its operations in such a manner that respects basic international principles relating to labor standards, and protects the environmental quality of these countries and communities. Our suppliers are an integral part of this effort; therefore, FILPAL's suppliers are expected to adhere to environmental and social responsibility principles that are similar to those valued at FILPAL and included in the FILPAL (M) SDN BHD' Supplier Environmental Code of Conduct.