

Supplier Requirements Manual

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Federal-Mogul Powertrain | 27300 W 11 MILE RD, SOUTHFIELD, MI 48033

CONTENTS

1.0 Introduction..... 3

1.1 Federal-Mogul Powertrain Purchasing Vision..... 4

1.2 Federal-Mogul Powertrain Purchasing Mission..... 4

1.3 Federal-Mogul Powertrain Purchasing Policies..... 4

1.4 AIAG Documents 4

2.1 Federal-Mogul Powertrain Quality policy..... 4

2.2 Federal-Mogul Powertrain EH&S policy..... 5

3.1 Supplier requirements 6

3.1.1 General..... 6

3.1.2 Code of Conduct and Basic Working Conditions..... 7

3.1.3 Schedule & Delivery 7

3.1.4 Zero defect..... 8

3.1.5 Performance Measurement Criteria 8

3.1.6 Advanced Product Quality Planning (APQP) 9

3.1.7 Production Parts approval Process (PPAP) 10

3.1.8 Supplier change notification..... 11

3.1.9 Corrective and Preventive Action..... 12

3.1.10 Continual Improvement..... 13

3.1.11 Contingency plans 14

3.1.12 On-Site Contractor Services 14

4.1 Gifts and Entertainment..... 15

Help..... 18

Glossary 18

1.0 INTRODUCTION

Realizing that communication and cooperation are key elements in maintaining high quality standards, this manual has been developed as a guide for aiding suppliers to understand Federal-Mogul Powertrain requirements. The “Supplier Requirements Manual” outlines the minimum practices that must be effectively implemented at your facility. By outlining common global policies, Federal-Mogul Powertrain hopes to simplify procedures for suppliers.

The “Supplier Requirements Manual” applies to all suppliers to Distribution Centres, internal and external suppliers of production materials, production or service parts, and manufacturers of machinery or any component thereof. Machinery consists of tooling and equipment to perform such processes as assembly, plating, machining, casting, stamping, measuring, moulding, forming, packaging, gauging, welding, painting/coating, or other related manufacturing technologies.

Increasing quality and delivery expectations, on time delivery, cost reduction pressures from auto-makers, and globalization of markets are putting tremendous pressures on our business to identify new ways to deliver high quality products and systems and to continually improve on our processes.

It is Federal-Mogul Powertrain’s mission to supply our customer with zero defects, supply them with such product globally and at the lowest total cost. Our goal is simple – be the benchmark supplier in every market we participate. This goal can only be achieved with the support and commitment of you, our supplier. Clear and concise expectations and requirements should make the supplier- customer relationship more productive.

1.1 FEDERAL-MOGUL POWERTRAIN PURCHASING VISION

“We are a leading innovative high performing Global Supply Chain organization within our Industry recognized by our Customers, Operations, and Suppliers. We add value through innovation, quality, delivery performance, and cost reductions.”

1.2 FEDERAL-MOGUL POWERTRAIN PURCHASING MISSION

To create competitive advantage for Federal-Mogul Powertrain through purchasing of products and services which provide comprehensive value add to the customers and Powertrain production plants.

1.3 FEDERAL-MOGUL POWERTRAIN PURCHASING POLICIES AND DOCUMENT ACCESS

Federal-Mogul Powertrain Purchasing Policies are available at Federal-Mogul Powertrain External Website:

<http://www.federalmogul.com/en-US/Suppliers/Pages/Purchasing-Policies.aspx>

1.4 AIAG DOCUMENTS

We encourage our suppliers to utilise AIAG documents, such as PPAP, FMEA and APQP manuals, which can be ordered from: www.AIAG.org

2.1 FEDERAL-MOGUL POWERTRAIN QUALITY POLICY

“Federal-Mogul Powertrain is committed to providing products and services that meet or exceed our customer’s requirements by maintaining a management system compliant with ISO 9001, IATF 16949 and/or applicable industry standards. We accomplish this by fostering commitment, training and excellence in our people and continual improvement in our products and processes.”

<http://www.federalmogul.com/en-US/Company/Pages/Policy-Documents.aspx>

2.2 FEDERAL-MOGUL POWERTRAIN EH&S POLICY

Federal-Mogul Powertrain will provide safe and healthful workplaces and will protect the environment insofar as it is affected by our activities, products or services. We and our suppliers/partners:

- Meet or exceed applicable environmental, health and safety (EH&S) requirements imposed by law and any EH&S standards or procedures which the company adopts.
- Manage EH&S in accordance with ISO 14001, and continually improve the EH&S management system and overall EH&S performance in pursuit of the company's goal of zero defects in all that we do.
- Develop and implement best practices for the worker and environmental protection, including practices to prevent pollution and minimize waste. Inform all employees of this policy and provide the training and resources necessary to implement it. Develop and implement appropriate EH&S objectives and targets as part of our various business plans.
- Employ appropriate EH&S performance measures and recognize exemplary accomplishments.
- Conduct periodic self-evaluations and audits of EH&S compliance and of EH&S management systems, the results of which will be considered during management reviews of the adequacy of such systems.
- Identify potentially applicable improved EH&S Management practices, through benchmarking and participation in appropriate cooperative programs to develop such improvements.
- Identify, consider and minimize potential EH&S impacts of new & modified products and production processes in research & development, acquisition, and capital project review & approval activities.
- Consider EH&S performance in the selection of suppliers and contractors and work cooperatively with them so that they will support Federal-Mogul Powertrain's adherence to this policy.
- Work constructively with government regulators and concerned citizens on EH&S issues.
- Encourage employees to act safely away from work as well as at work.
- Make this policy available to the public. It is the responsibility of our line managers to provide the leadership and resources needed to meet this policy.

<http://www.federalmogul.com/en-US/Company/Pages/Policy-Documents.aspx>

3.1 SUPPLIER REQUIREMENTS

3.1.1 GENERAL

As a global manufacturer of automotive components and sub-systems to original equipment manufacturers, Federal-Mogul Powertrain must meet the requirements set forth by the current IATF 16949 Quality System. This system is based on the process approach of ISO 9001.

Certification to a minimum of current version ISO 9001 (ISO 17025 if applicable) and compliance to the Supplier Requirements Manual is mandatory. However Federal-Mogul Powertrain need its suppliers to follow progressive approach that goes from compliance to ISO 9001 through certification to IATF 16949 through to Third Party certification.

Potential new suppliers are required to complete a Federal-Mogul Powertrain Supplier Profile and provide a copy of their quality and/or environmental management certificates to F-M Powertrain Buyer. Certification will be current version of ISO 9001, IATF 16949, AS9100, ISO 14001, and ISO 17025 as applicable. In addition, new suppliers to Federal-Mogul will be required to undergo an Initial Supplier Qualification Assessment. The goal is to better understand the capabilities and systems of each supplier. This information will assist Federal-Mogul in determining each supplier's ability to provide quality products and services necessary to remain an industry leader.

Suppliers are fully responsible for the quality of their products, and for assuring their products and/or materials function properly as part of a system or assembly. Federal-Mogul Powertrain reserves the right to have product tested by an accredited third-party laboratory at any time.

All materials used in part manufacture shall satisfy current governmental and Federal-Mogul Powertrain constraints on restricted, toxic and hazardous materials (including the Federal- Mogul's Restricted Substances Standard); along with environmental, electrical and electromagnetic considerations applicable to the country of manufacture and/or sale. Supplier shall have a process to assure that constraints on restricted, toxic and hazardous substances are complied with relative to purchased products and the manufacturing process.

Suppliers are required to include copy of the Material Safety Data Sheet (or legal equivalent outside of the United States) with the shipping documents accompanying their initial shipment and with the first shipment after any of the said documents are updated. These documents must be provided in the predominant language(s) spoken in the countries where storage and transportation occurs.

Suppliers must respond to the conflict minerals questionnaire via the EICC (Electronic Industry Citizenship Coalition) / GeSI (Global e-Sustainability Initiative) conflict minerals reporting template or

I-Point report tool. The information collected in this template should be updated annually. Any changes within the annual cycle should be resubmitted immediately to Federal-Mogul Powertrain purchasing

Statistical Process Control (SPC) must be an integral part of the supplier's process to provide the necessary information for continual improvement in quality, productivity and cost reduction through variation reduction.

3.1.2 CODE OF CONDUCT AND BASIC WORKING CONDITIONS

Supplier agrees to abide by Federal-Mogul Powertrain Supplier Code of Conduct and Basic Working Conditions, as can be accessed on the Federal-Mogul Powertrain website:

<http://www.federalmogul.com/en-US/Suppliers/Pages/Purchasing-Policies.aspx>

3.1.3 SCHEDULE & DELIVERY

Federal-Mogul requires 100% on-time delivery performance from all its suppliers and sub-contractors. It is the responsibility of the supplier to notify the affected Federal-Mogul facility of all possible delivery delays. Suppliers that ship to Distribution Centers must provide Advanced Shipping Notification (ASN's)

Federal-Mogul requires notification of the shipment of suspect material. Suppliers are to notify the Supplier Quality organization at the receiving Federal-Mogul facility.

The ordering Federal-Mogul plant defines packaging and labeling requirements. The supplier must ensure satisfactory protection against damage, contamination, and corrosion during shipment. Suppliers are encouraged to consider using returnable containers, where possible, and to provide internal separation/lining, if necessary, to maintain cleanliness, integrity, and appearance requirements.

Federal-Mogul owned returnable packaging that is lost, damaged, or otherwise unsuitable for use shall be reported to the Materials Department of the Federal-Mogul location which provides the returnable packaging

The supplier shall establish and maintain documented procedures for identifying the product by suitable means to ensure full product traceability from receipt, through all stages of production, delivery and installation.

Safety critical component traceability requirements shall be provided by the Federal-Mogul facility.

In order to avoid premium freight charges, suppliers are required to utilize cartage companies Federal-Mogul has approved. The appropriate Federal-Mogul personnel must authorize all proposed shipping

deviations and/or changes. Where extra charges or costs are incurred that exceed the norm (e.g. existing cartage contracts) the supplier shall track and keep good record of such “premium freight” costs. These may be resultant of such events as poor scheduling, quality, or production inefficiencies. The need for premium freight could be caused by the customer, Federal-Mogul or the supplier.

3.1.4 ZERO DEFECT

Suppliers are required to accept 'Zero Defects' as a target, and have action plans in place to continually reduce PPM defective levels in line with the Federal Mogul's mission to supply our customers with zero defects.

3.1.5 PERFORMANCE MEASUREMENT CRITERIA

To be effective, Federal-Mogul Powertrain must build relationships with suppliers who can consistently meet our needs. We give preference in source selection to suppliers who help us minimize waste.

The Federal-Mogul Powertrain Global Supplier Score Card utilizes composite measures, which cover various aspects of supplier performance. It provides an on-going way to evaluate suppliers' quality, delivery and cost reduction initiatives. The purpose of the Supplier Score Card is:

- To Identify the Risk in Supply Chain
- To recognize exceptional supplier performance
- To promote & encourage improved communication on performance issues
- To provide objective data for use in supplier management & sourcing decisions
- To identify continual improvement opportunities

Supplier quality and delivery performances are monitored regularly by Federal-Mogul Powertrain manufacturing facilities. Corporate Supplier Quality summarizes the data provided by the manufacturing facilities and issues the Supplier Score Card monthly, both internally and externally.

Supplier ratings are assigned based on the Supplier Score Card Overall Rating. Corrective Action is requested when unacceptable performance exists. Persistent poor performance or recurrence of the same issues may be cause for supplier development activities or for purchasing to resource a product.

3.1.6 ADVANCED PRODUCT QUALITY PLANNING (APQP)

Federal-Mogul Powertrain utilizes Advanced Product Quality Plan (APQP) to develop new program. This process provides a structure to guide suppliers to the necessary program elements to be address when launching programs. Federal-Mogul Powertrain will work with suppliers when APQP is to be utilized.

Process parameters and product characteristics shall be managed to ensure that the initial process capability is $Ppk > 1.67$ and then on-going process control shall be maintained. On- going process control is demonstrated by the application of control charts or other statistical methods that demonstrate the process has not changed.

- Control Characteristic: A Control Characteristic is a product characteristic that may affect the form, fit, and/or function of the product and that require managing its variation within the specified tolerances.
- Safety Characteristic: A Safety/Regulatory Characteristic is a product characteristic that the customer or Federal-Mogul Corporation has determined is impacted by that safety, environmental or other regulatory compliance requirements.

These symbols shall be used on all appropriate documentation, unless a customer requires the use of specific customer symbols. Federal-Mogul drawings issued prior to 06/27/2000, which use other symbols, are acceptable for continued use. However, future drawings shall use the symbols above.

3.1.7 PRODUCTION PARTS APPROVAL PROCESS (PPAP)

Suppliers of production material are required to complete a Production Part Approval Process (PPAP) submission for each part or material prior to initial shipment, unless instructed otherwise by Federal-Mogul Powertrain. If requested, suppliers will provide a Layout drawing/sales print for receiving inspection purposes.

- For IATF 16949 certificated suppliers providing to any market sector the default PPAP is Level 3, as defined by the Production Part Approval Process Handbook published by AIAG, unless otherwise stated or required by Global Purchasing or the receiving site. To be produced in English or as agreed with the F-M site.
- For non-IATF 16949 suppliers providing to any market sector, submission content will be a minimum of:
 - Process Flow description
 - Control Plan
 - PFMEA (Process Failure Mode & Effects Analysis)
 - F-M certified Print or Product description
 - Process Capability study for Critical (or Safety) Characteristics, as defined by the receiving site
 - Gauge R&R studies for above Characteristics, as defined by the receiving site
 - Material Certificate of Analysis as measured by the material manufacturer
 - Packaging specification and Shelf-life requirements as defined by the receiving site.
 - Customer Specific requirements

3.1.8 SUPPLIER CHANGE NOTIFICATION

After PPAP approval ANY and ALL permanent, temporary or emergency requests for changes to product design, process or service, including proprietary designs, must be documented and forwarded to Federal-Mogul Powertrain for Approval PRIOR to implementation. The Supplier Change/ Deviation Request form shall be used when applying for a Change Request. Under no circumstances will verbal requests for change be accommodated.

PRIOR to PPAP approval, requests for change shall be dealt with using the APQP process.

Every request for change shall include the following information:

Permanent change – detailed information of the proposed change, the timing of the changeover, and the reason for change.

Temporary change – where the change is intended for a specified period, then to return to meet the original specification. For this position:

- If an extension to the original expiry date is required, the Supplier shall submit a notification by email to the original recipients, at minimum 14 days prior to the expiry date, requesting that the existing condition continue to a new closure date.
- At minimum, 14 days prior to the date of expiry the Supplier shall communicate by email, to the original recipients, indicating that the authorized exit date will be met.

In addition to the Supplier's own Change process, documentation may be required for Federal-Mogul Powertrain and/or Customer-specific requirements.

To access Supplier Change / Deviation Request form, visit:

<http://www.federalmogul.com/en-US/Suppliers/Pages/Purchasing-Policies.aspx>

3.1.9 CORRECTIVE AND PREVENTIVE ACTION

Response to nonconforming product requires corrective and preventive action. All root cause analysis activities shall be conducted using the **Federal-Mogul Powertrain-Techniques in Problem Solving (FM-TIPS)** Corrective Action methodology as outlined in the Supplier Corrective Action Request (SCAR) database. The process will flow as follows:

1. **Use Team Approach:** Establish a small group of people, with the process/product knowledge, allocated time, authority, and skill in the required technical disciplines to solve the problem and implement corrective actions. The group must have a designated champion.
2. **Describe the Problem:** Specify the internal/external customer problem by identifying in quantifiable terms who, what, when, where, why, how, and how many (5W2H) of the problem.
3. **Implement and validate Interim Containment Actions:** Define and implement containment actions to isolate the problem from any internal/external customer until permanent corrective action is available. Verify the effectiveness of the action.
4. **Define Root Cause(s): Identify ALL potential causes** - The FM-TIPS process requires the team to identify ALL the potential root causes BEFORE selecting and acting on the real root causes.
5. **Choose Real Root Cause and Permanent Corrective Actions:** Review ALL root causes identified and either ACCEPT or REJECT each, maintain documentation on decisions. Identify permanent corrective action for EACH root cause accepted. Through pre-production test programs quantitatively confirm that the selected corrective actions will resolve the problem for the customer and will not cause undesirable side effects. Define contingency actions, if necessary based on risk assessments.
6. **Implement Permanent Corrective Actions:** Implement the best permanent corrective actions. Choose on-going controls to ensure the root cause is eliminated. Once in production, monitor the long-term effects and implement contingency actions, if necessary
7. **System Prevention:** Identify what management systems, if in place, would have prevented this problem. Modify the management systems, operating systems, practices, and procedures to prevent recurrence of this and all similar problems and provide copies of updates to the customer. Apply this solution to similar processes within the organization.
8. **Congratulate Your Team:** Recognize the collective efforts of the team.

The supplier has financial responsibility for nonconforming materials and their effects, which may include warranty issues and/or cost recoveries for sorting, re-work, scrap, premium transportation, etc. The supplier Corrective Action (SCAR) application enables interactive communication and documentation of Corrective Actions with the supplier.

The SCAR database is used as a communication tool to notify suppliers of non-conformance and track their resolution.

3.1.10 CONTINUAL IMPROVEMENT

Supplier shall have a documented continuous improvement process. i.e. Waste Reduction, Value Analysis, Scrap Reduction. The process should focus on quality, delivery and flexibility. The focus of the improvement process shall be on “prevention”, not on “detection.” Tools such as DMFEA, PFMEA should be used to identify and mitigate potential risks in the process.

In response to customer demands for year over year cost reductions, Federal-Mogul Powertrain has been forced to reduce price by up to 5% every year to retain current business and gain future business. Federal-Mogul needs your efforts and help in obtaining cost reductions along with your continued commitment to year over year cost improvement.

SCSS (Supplier Cost Saving Suggestion) is a proactive cost reduction proposal mechanism that allows suppliers to be awarded credit for cost saving ideas based on feasibility and implementation. It is an approach designed to identify process cost “drivers”, and to implement simple, common sense process changes, to reduce overall cost. SCSS is also a means for advertising and giving credit to those suppliers who reduce price through commercial considerations. Areas of SCSS focus include:

- *Payment Terms*
- *Year-over-year Price Reductions*
- *Consignment Inventory Programs*
- *Negotiated Supply Agreements*
- *Design Simplification*
- *Process Improvement*
- *Alternative Materials*
- *New Technologies*
- *Packaging*
- *Product Weight Reduction Practices*
- *Material Content/Utilization*
- *Scrap Reduction*
- *Inventory/Lead Time Reduction*
- *Complexity Reduction/Part Consolidation*
- *Improved Sub-supplier Sourcing*
- *Optimization of Manufacturing Location*
- *Market Competition*
- *Freight/FOB Changes*
- *Multiple Sourcing*
- *Federal-Mogul/Supplier Business*

Suppliers are expected to accumulate 5% annually in value propositions, based on purchase dollars.

3.1.11 CONTIGENCY PLANS

In order to secure a stable and uninterrupted supply of goods and services to Federal-Mogul Powertrain production plants, Supplier shall have a documented manufacturing contingency plan. This shall cover as a minimum interruptions or negative impacts to production due to equipment-, tooling-, capacity-constraints, natural calamity, weather consequences, labor issues, social/political unrest and other events.

Supplier is also required to immediately communicate (within 24 hours of discovery) to Federal-Mogul Powertrain plants and react, in the event an actual shortfall or disaster is foreseen or happening. The nature of the problem along with a recovery plan is to be documented and provided.

3.1.12 ON-SITE CONTRACTOR SERVICES

All contractors working in or on Federal-Mogul Powertrain premises are responsible for themselves, their employees and any sub-contractors employed by them for the following:

- Complying with all legal or Federal-Mogul Powertrain EH&S requirements
- Complying with all health, safety, fire security and site instruction requirements
- Ensuring that all equipment brought onto the site, including any borrowed or hired, is safe and only used in accordance with legal requirements.
- Indemnifying the company against any and all loss, injury, damage or claim which may arise directly or indirectly as a result of any EH&S acts or omissions on the part of the contractor. The contractor must prove adequate insurance covering this liability.
- Reporting all accidents and occurrences, as required by law, to the EH&S Coordinator and Site Manager employing their services, and any other such accidents or occurrences that pose a hazard to Federal-Mogul Powertrain employees and/or property.
- Reporting any unsafe act or conditions that may affect the ability to meet the contract.
- Wearing appropriate safety equipment on-site.
- Notifying Federal-Mogul Powertrain personnel of any chemicals to be brought on-site and disposition of any waste generated.

4.1 GIFTS AND ENTERTAINMENT

SUMMARY

Federal-Mogul Powertrain recognizes there are times when suppliers or customers will offer to our employees' gifts or entertainment opportunities and when our employees may want to offer the same to our suppliers or customers. Pursuant to Federal-Mogul Powertrain's Integrity Program, it is Federal-Mogul Powertrain's policy that all relationships with suppliers and customers be based entirely on sound business decisions and fair dealing. Business gifts and entertainment can build goodwill, but they can also make it harder for the recipient to be objective about the person providing them. In short, gifts and entertainment can create their own "conflicts of interest."

DEFINITION

Federal-Mogul Powertrain's gifts and entertainment policy applies to all Federal-Mogul Powertrain operations globally. The terms "suppliers" and "customers" are used in this policy in the broadest possible sense. A supplier is any person or organization who furnishes goods and/or services to Federal-Mogul Powertrain. A customer is any person or organization who receives goods and/or services from Federal-Mogul.

POLICY/SCOPE

Gifts and entertainment to governmental officials raise special risks -- see "Avoiding Improper payments or Gifts to Government Officials" in Section E below.

A. Accepting/Providing Gifts or Entertainment from/to Suppliers and Customers

As a general guideline, you should not accept/provide anything that:

- Compromises or appears to compromise the integrity of the business relationship;
- Places you or others in an unsafe environment (e.g., gifts of alcohol, wine, beer or alcohol-related activities); or
- Potentially embarrasses or damages your reputation or the reputation of Federal-Mogul Powertrain (e.g., adult entertainment or establishments, including brothels, erotic dancing establishments or sex clubs).

Accepting or providing gifts or entertainment from or to suppliers, customers or potential suppliers or customers should be infrequent, freely offered, consistent with the customer or supplier's policy and/or practice, be reasonable and customary in scope, legal, and have a business-related purpose that advances Federal-Mogul Powertrain's interests. Infrequent is defined as uncommon or occurring at widely separate intervals. Employees around the world are to apply this understanding prior to accepting or providing gifts or entertainment.

B. Accepting/Providing Gifts from/to Suppliers and Customers

Gifts must not be lavish and should be nominal in value. For purposes of this policy, nominal means US\$50.00 or less (unless a different value has been determined for a country by the Federal-Mogul Powertrain Human Resources Department based on local law, custom and practice). Cash gifts or equivalents, whether in the form of gift certificates, gift cards, prepaid debit cards or consumption cards, shall not be accepted or provided under any circumstances. All gifts provided must be disclosed on an expense report. Depending on the country in which we are doing business, appropriate gifts may vary. Certain exceptions to these guidelines, including offering gifts in excess of US\$50.00 (or such other value determined for a country by the Federal-Mogul Powertrain Human Resources Department based on local law, custom and practice), may be made in countries where differing practices are customary, with the prior approval of the relevant Business Unit Senior Vice President or a member of the Federal-Mogul Powertrain Strategy Board, in consultation with the senior member of the Federal-Mogul Powertrain Legal Staff in your region. If any employee receives any gift in excess of US\$50.00 (or such other value determined for a country by the Federal-Mogul Powertrain Human Resources Department based on local law, custom and practice) and such gift cannot be rejected because it may potentially damage Federal-Mogul Powertrain's business relations with the customer or supplier or under local customs and practices it is unacceptable to reject such gift in such circumstances, then such gift shall: (a) be accepted by an employee on behalf of Federal-Mogul Powertrain; (b) immediately be turned over to the Human Resources Director in the country; and (c) be publicly displayed in the lobby or other public area of a Federal-Mogul Powertrain office designated by such Human Resources Director.

Examples of generally acceptable gifts, assuming they do not exceed the generally acceptable maximum, include:

- Fruit baskets and other foods
- Flowers
- Standard sales promotion, advertising or publicity items.

C. Accepting/Providing Entertainment from/to Suppliers and Customers

Business-related entertainment or social contact may be appropriate when properly conducted on a non-lavish, limited basis and must not involve adult entertainment (e.g., brothels, erotic dancing establishments or sex clubs), regardless of whether or not it is an acceptable practice in a particular part of the world. Employees should make every effort to ensure the nature of entertainment would withstand public scrutiny. Business-related entertainment and social contact must never give the appearance of impropriety.

Examples of permissible entertainment include:

- Refreshments before, during or after a business meeting
- Meals before, during or after business meetings or when otherwise business-related
- Infrequent business-related invitations to engage in activities such as golfing, hunting, fishing, sporting, theatre or other cultural events or a dinner invitation when accompanied by a representative of the supplier or customer.

If an overnight stay is involved, the employee should give consideration to the nature of the business purpose in relation to the entertainment provided. In any case, the employee must advise his or her supervisor that an overnight stay is involved and obtain approval prior to accepting.

D. Soliciting Gifts, Cash, Cash Equivalents or Entertainment

Employees shall not solicit gifts, cash, cash equivalents or entertainment from anyone. Soliciting gifts, cash, cash equivalents or entertainment, either directly or indirectly for yourself or family members is strictly prohibited (and, in some countries, may be a criminal offense). The size of the gift, cash, cash equivalent or entertainment is immaterial.

E. Avoiding Improper Payments or Gifts to Government Officials

We believe in promoting good governance and the fair and impartial administration of laws. Under applicable laws, bribery, improper payments or gifts to government

officials, political party officials, or employees of state-owned or controlled entities (collectively, "Government Officials") by any Federal-Mogul Powertrain employee or agent are illegal. Under these laws, Federal-Mogul Powertrain is accountable for the actions of its employees, including employees of all its subsidiaries, controlled joint ventures and agents throughout the world.

It is, therefore, strictly prohibited for any Federal-Mogul Powertrain employee to give, offer or promise to give a Government Official anything of value (including cash or cash equivalents, whether in the form of

gift certificates, gift cards, prepaid debit cards or consumption cards), directly or indirectly, to influence his or her judgment in the performance of official duties, in order to obtain or retain business or to secure any improper advantage. Additionally, Federal-Mogul Powertrain's policy on interacting with Government Officials recognizes and reflects local law, custom and practice in the countries in which we operate. Make sure you know and follow such law, custom and practice when interacting with Government Officials.

There are circumstances where facilitating payments may be appropriate or nominal gifts or entertainment may be customary, but those situations must be discussed with and approved by the Federal-Mogul Powertrain Legal Staff, the relevant Business Unit Senior Vice President and the senior officer responsible for Federal-Mogul Powertrain operations in your region prior to any action being taken. All such facilitating payments or nominal gifts or entertainment must be appropriately disclosed on an expense report and properly reported in our accounting records. Any questions regarding the appropriateness of a facilitating payment or gift should be addressed with the senior officer responsible for Federal-Mogul Powertrain operations in your region and the senior member of the Federal-Mogul Legal Staff in your region.

A reminder to all Federal-Mogul Powertrain employees: "Everybody does it," or "It's the only way we can compete," are not reasons for making payments to Government Officials in any country to influence their judgment regarding doing business with Federal-Mogul Powertrain.

HELP

In case of any questions or clarification, please contact Processgroup@federalmogul.com

GLOSSARY

Acceptance Criteria

Specified limits placed on characteristics of an item, process, or service defined in codes, standards, or other requirement documents.

Accreditation

Certification by a duly recognized body of the facilities, capability, objectivity, competence and integrity of an agency, service or operational group or individual to provide the specific service(s) or operations(s) needed.

Accredited Laboratory Accredited Laboratory is one that has been reviewed and approved by a nationally recognized accreditation body [e.g. American Association for Laboratory Accreditation (A2LA), the Standards Council of Canada (SCC), United Kingdom accreditation Service (UKAS), the LRCCP, or the AINF].

Accuracy The extent to which the measured value of a quantity with the accepted value for that quantity.

Advanced Product Quality Planning (APQP) The basis for program management for Federal-Mogul Powertrain Corporation. (See AIAG Advanced Product Quality Planning and Control Plan reference manual).

ASN's
(Advanced Shipping Notifications) Required document for proper identification of inbound material. The preferred method is electronic notification.

Approval An act of endorsing or adding positive authorization.

Assessment An evaluation process including a document review, on-site Initial Qualification and/or Product Process Assessment and report.

Attribute A characteristic or property of a product.

Audit A structured and documented on-site used to determine the effective implementation supplier's documented quality system.

Awareness Personal understanding of the interrelationship of quality and productivity, directing attention to the requirement for management commitment and statistical thinking to achieve never-ending improvement.

Benchmark Data The results of an investigation to determine how competitors and/or best-in-class companies achieve their level of performance

Bill of Material Total list of all components/materials to manufacture the product.

CAD/CAM Data A form of design record by which all dimensional information necessary to define a product is conveyed electronically.

Layout Drawing, Sales Print Drawing that shows all projected views, key measurements and special characteristics of the received manufactured part for receiving verification.

Material Certification A document demonstrating compliance to requirements, signed by an authorized supplier representative, which states test results for all special characteristics established in the standard or on the print.

Parts Per Million (PPM) PPM is a way of stating the performance of a process in terms of actual or projected defective material. PPM data can be used to indicate areas of variation requiring attention.

Production Part Approval Process: (PPAP) Generic requirements for the production part approval for all production and service commodities, including bulk materials. (See AIAG [production Part Approval Process](#) reference manual.)

Quality Assurance A planned and systematic pattern of all actions necessary to provide adequate confidence that a product or service will satisfy given needs. This includes a continuing evaluation of adequacy and effectiveness with a view to having timely corrective measures and feedback where necessary.

Quality Planning

Activities that establish the objectives and requirements for quality and for the application of quality system elements.
 Note: quality planning covers product planning, managerial and operational planning and the preparation of quality plans and the making of provisions for quality improvement such as business plans. (See AIAG Advanced Product Quality Planning and Control Plan reference manual.)

Quality Management System

The organizational structure, responsibilities, procedures, processes and resources for implementing quality management. This includes the collective plans, activities and events that are provided to ensure that a product, process or service will satisfy given needs. Management system to direct and control an organization with regard to quality.

Quality

The totality of the characteristics of a product or service that affect its ability to satisfy specified requirements.

Safety Characteristic

A product characteristics or process parameter where significant variation will impact the form, fit, and function of the product.