

# **TOSHIBA**

## **Toshiba International Corporation Supplier Standards Manual**

### PURPOSE

- The objective of the TIC Supplier Standards Manual is to communicate requirements and recommendations of Toshiba International Corporation (TIC) to our Suppliers. TIC expects its Suppliers to adhere to all requirements and recommendations documented in this manual as well in the Toshiba America Group Business Partner Code of Conduct (Code of Conduct), which is also applicable to all Suppliers.  
[https://www.toshiba.com/tic/cms\\_files/Business\\_Partner\\_Code\\_of\\_Conduct.pdf](https://www.toshiba.com/tic/cms_files/Business_Partner_Code_of_Conduct.pdf)
- Toshiba International Corporation expects this manual and the Code of Conduct to provide the groundwork for a working relationship with our Suppliers. We will strive for excellence through continuous improvement in the products and services we receive through collaborative relationships with our Suppliers.

### MISSION

- TIC Supply Chain Management's mission is to provide exceptional value to our customers by developing, managing, and leveraging effective logistics and supply partners that provide high quality parts and services, on time, at the lowest total cost. This Supplier Standards Manual provides requirements and expectations that help us achieve our mission.

### SCOPE

#### Applicability:

- Except as otherwise provided herein, this policy applies globally to all suppliers of Toshiba International Corporation locations that are involved in the purchase of products and services.
- Divisions of TIC that provide product and/or services to the automotive industry shall be governed by 4P-741, Procurement Quality Standards.

### STANDARD PRACTICES

- The TIC Supplier Standards Manual along with the Code of Conduct constitute TIC's expected requirements to current and potential Suppliers.
- The manual is divided into seven specific areas:
  1. General Expectations
  2. Standard Terms & Conditions
  3. Quality Expectations
  4. Social and Environmental Responsibility
  5. Delivery Standards, Including Materials and Supply Chain Management
  6. Supplier Business Review
  7. Revision History

## TIC SUPPLIER STANDARDS MANUAL

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### 1. GENERAL EXPECTATIONS

#### 1.1 Management Standards

Toshiba International Corporation expects our Suppliers to operate ethically and abide by all laws and regulations, while also demonstrating their commitment to quality and the environment. The key to exhibiting their commitment is for our Suppliers to implement the appropriate quality and environmental management standards.

The goal of our Suppliers should be to be compliant with the minimum expectations stated in the following table:

Global Goals

	Quality System Registration	Environmental Management Registration	Occupational Health and Safety Management Registration	Occupational Health and Safety Management Systems
All Suppliers	ISO 9001	ISO14001	OHSAS 18001	ISO 45001

#### 1.2 Supplier Development

Through close working relationships with our Suppliers, developmental plans will be created to ensure compliance to the requirements established in this manual, and also allow for the opportunity to continuously improve.

#### 1.3 Right of Access

As a Supplier to TIC, the organization shall ensure the following:

- Any participant in the subcontracting chain makes the necessary provisions in the purchase order so that the customer contract requirements are taken into account, to the extent of the purchase made, by their own Suppliers.
- The Suppliers take the necessary steps to check that contractual requirements are met by their own Suppliers.
- Customers reserve the right to check the compliance of the products and of the quality management system with contractual requirements at any Supplier's site belonging to the subcontracting chain.

#### 1.4 Non-Disclosure Agreements

TIC will request a signed Non-Disclosure Agreement before allowing suppliers to quote production material. This agreement protects both parties and develops the foundation for a collaborative and strategic partnership.

### 2. STANDARD TERMS AND CONDITIONS

#### 2.1 Access to Standard Terms and Conditions

TIC's Standard Terms and Conditions of Purchase may be reviewed by accessing:

- [http://www.toshiba.com/ind/Purchasing\\_TandC.pdf](http://www.toshiba.com/ind/Purchasing_TandC.pdf)

### 3. QUALITY EXPECTATIONS

#### 3.1 Introduction

The purpose of this section is to communicate our Quality Expectations to our Suppliers. TIC expects to receive defect-free, competitively priced products and services delivered on time to our manufacturing, service, and distribution centers. This Zero-Defects approach, in conjunction with a collaborative relationship with Suppliers, will enable TIC measures to exceed our customers' expectations while continuously improving our operations.

#### 3.2 Process Controls

- Processes shall be controlled by procedures, instructions, drawings, checklists, travelers, or other appropriate means performed by qualified personnel.
- A measure shall be established and documented to assure that special processes are accomplished by qualified personnel using qualified procedures.
- Qualification for personnel, process, and equipment of each special process shall be performed, and qualification procedures and records shall be prepared and maintained.

#### 3.3 Inspection

- A plan for inspection of activities affecting quality shall be established and implemented by qualified personnel or groups, responsible for verifying that the items or activities are in compliance with the requirements of procedures, instructions, and drawings.
- The inspection and test status of work during production and installation is maintained to ensure that only work which has passed the required inspections and tests is accepted.

#### 3.4 Test Control

- Tests necessary to demonstrate that the items will perform satisfactorily in actual service shall be selected and implemented by the documented procedures or test plans, as required by the contract.
- Test procedures or test plans shall include test requirements, acceptance criteria, and provisions for assuring that prerequisites for the given tests have been met; also that adequate instruments are selected and utilized, and that suitable environmental conditions are maintained.
- Test results shall be documented and evaluated by a responsible authority to assure that the test has been performed satisfactorily and that acceptance criteria have been observed.
- The records for inspector qualification and qualification procedures shall be prepared and maintained.

#### 3.5 Calibration

- The purpose is to ensure control and calibration of Inspection, Measuring and Test Equipment (IM&TE), software, standards, auxiliary inspection apparatus, process indicators and environmental monitoring equipment.
- All IM&TE, software, standards and auxiliary apparatus used to accept/reject product should be calibrated and properly identified for traceability.

- All inspection, measuring, test equipment, software, and auxiliary apparatus is identified with a suitable indicator to show calibration status and adjusted, as required, at prescribed intervals against a known certified standard.

### **3.6 Document and Data Control**

- A control measure for preparation, issuance, and change of documents that specify quality requirements or prescribe activities affecting quality shall be established and documented.
- The purpose is to provide a system to control documents and ensure that required documents are current and accessible.

### **3.7 Handling, Storage, Preservation, and Shipment**

- A control measure for handling, storage, cleaning, packaging, preservation, and shipping of items shall be established and documented to prevent damage or loss and to minimize deterioration.

### **3.8 Records Management**

- The purpose is to define the procedure for identification, collection, access indexing, filing, storage, maintenance, and disposition of Quality, Environmental, Health and Safety Records.
- Documented records for evidence of activities affecting quality shall be prepared and maintained to provide identification and traceability.
- Responsibility and requirement for document transmittal, retention, and maintenance after completion of work shall be documented in accordance with contract requirements.

### **3.9 Statistical Tools**

- The purpose is to define the process for identifying what statistical tools will be used to accept and monitor products and materials to achieve quality of products supplied to TIC.

### **3.10 Control of Non-Conforming Products**

- A measure to control items that do not conform to specified requirements shall be established to prevent inadvertent installation or use.
- This measure shall provide for identification, documentation, evaluation, segregation, disposition of non-conforming items, and notification to affected organizations.

### **3.11 Containment**

- The goal of containment is to protect TIC from defective material escapes.
- Containment is accomplished through deployment of additional controls in the Supplier's manufacturing process to identify a known or potential non-conformance and to prevent it from being shipped to TIC.
- When segregation of non-conforming items is impractical, a measure to prevent use of the rejected non-conforming item shall be prescribed (such as using appropriate identification methods such as marking and tagging).

### 3.12 Notification of Non-Conforming Material from TIC

- The respective Supplier concerned is given notification of the non-conformance. The notification can be in the form of an authorization, Returned Material Requisition (RMR) distribution, database review etc.

### 3.13 CARs/SCARs

- Corrective Action Requests (CARs) are issued for major quality issues by the TIC QA/QC department.
- The purpose of the Supplier Corrective Action Request (SCAR) is to document Suppliers' non-compliances with TIC standards and policies or contract requirements.
- A measure shall be established and implemented to identify and correct any condition adverse to quality, such as failures, malfunctions, deficiencies, defective materials and equipment.

### 3.14 Response to CARs/SCARs

- The Supplier is required to respond to the request by providing action plans to correct the non-compliances so they will continue to perform to meet or exceed TIC's goals and objectives.
- Responses to CARs/SCARs are required within 10 business days of receiving the report. The response should include a reason for the incident, cause of the incident, as well as steps that have been taken or will be taken to prevent such event from reoccurring.
- Failure to respond could result in a delay of payment for goods/services, and/or removal from the TIC Approved Vendor List.

### 3.15 Risk Management

Suppliers are expected to provide contingency plans for interruption events, such as, but not limited to:

- Interruptions to the flow of purchased products (bankruptcy, catastrophe, delivery interruptions, labor strife)
- Interruptions to the production process (machine breakdown, plant damage, labor strife).

## 4. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

### 4.1 Human Rights and Labor

Suppliers should ensure that human and labor rights are recognized and upheld. To do so, they should abide by the following guidelines:

- Not using or receiving goods produced from prohibited child labor, which includes: (i) the sale and trafficking of children; (ii) debt bondage and serfdom; (iii) forced or compulsory labor; (iv) use, procuring or offering of children for prostitution or pornographic performances; (v) use, procuring, or offering of a child for illicit activities including use in armed conflict or drug trafficking; and (vi) work which is likely to harm the health, safety, or morals of children;



- Not providing or obtaining labor or services of a person by any of the following means: (i) by means of force, threats of force, physical restraint, or threats of physical restraint to that person or another person; (ii) by means of serious harm or threats of serious harm to that person or another person; (iii) by means of the abuse or threatened abuse of law or legal process; and (iv) by means of any scheme, plan, or pattern intended to cause the person to believe that, if that person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint;
- Ensuring that no materials incorporated into Supplier's products is made by means of slavery, human trafficking, fixed, bonded, indentured, prison or illegal child labor, contain any "conflict minerals" as defined by Dodd-Frank and related regulations or contain any animal wildlife, plant product or by product prohibited under local or applicable import/export laws or regulations.

### **4.2 Occupational Health and Safety**

Suppliers should ensure that occupational health and safety standards, laws and regulations are recognized and upheld. To do so they should abide by the following guidelines:

- Apply appropriate safety measures for equipment and instruments used in their company.
- Evaluate their own safety risks and ensure safety in the workplace with appropriate design, technique, and control methods.
- Evaluate the workplace, related to biological and chemical harms, noise, and odor, which are harmful to health, and provide appropriate measures to mitigate harms.
- Evaluate occupational injuries and illnesses in the workplace, and provide appropriate measures to mitigate such risks.
- Prepare the emergency response measures for possible disasters and accidents in order to protect human lives, and publicize the plan.
- Define the physically demanding activities, and control appropriately to prevent injury and illness.
- Keep all company facilities safe and hygienic.
- Provide appropriate health maintenance programs for employees.

### **4.3 Environment**

Adverse effects on the community, environment, and natural resources are to be minimized while safeguarding the health and safety of the public. In addition, Suppliers should adhere to the following guidelines:

- Establish a plan to reduce waste, and implement continuous activities for further reduction.

### **4.4 Fair Trading**

Suppliers should engage in fair trading. In doing so, they should adhere to the following guidelines:

- Provide accurate information on products and services to Supplier's consumers and customers.
- Perform activities to prevent improper acts, and streamline the system to discover and respond to improper acts at an early stage.

## 4.5 Product Quality and Safety

Suppliers should ensure that product quality and safety is recognized and upheld. To do so, they should adhere to the following guidelines:

- Suppliers should satisfy safety standards for their products, as defined by laws and regulations of each country; where they develop/design such products.
- Suppliers should establish and implement a quality management system.

## 4.6 Contribution to Society

- Suppliers are expected to practice proactive voluntary activities to contribute to the development and improvement of global society and the local community. Suppliers should also support safe, healthful communities and serve as responsible citizens in communities where they operate.

## 4.7 Sustainability

Suppliers should recognize, believe in, and practice the principles of a sustainable business woven into the fabric of how they will conduct themselves. Elements which Suppliers should consider include:

- Taking voluntary initiatives to reduce detrimental environmental impact. These include efforts to improve energy efficiency, recycle materials, minimize waste, and conduct life-cycle assessments of products.

## 4.8 Supply Chain Compliance

Suppliers should ensure that they are sourcing responsibly and abide by all applicable laws and regulations. In doing so, they should adhere to the following guidelines:

### 4.8.1 Conflict Minerals

- Comply with Section 1502 of the “Dodd-Frank Wall Street Reform and Consumer Protections Act” (“Conflict Minerals Law”)
- The Conflict Minerals Law requires all publically traded companies to report annually to the SEC whether they use “Conflict Minerals” (as such term is defined in the Conflict Minerals Law), including gold, wolframite, cassiterite, columbite-tantalite and their derivative metals, which include tin, tungsten, tantalum and any other compounds designated by the U.S. Secretary of State.
- Suppliers shall confirm their compliance with the Conflict Minerals Law by providing the necessary declarations to us in an accepted industry-standard Conflict Minerals Reporting template (e.g., the Responsible Minerals Initiative Conflict Minerals Reporting Template).
- If applicable, Suppliers should also disclose any measures to eliminate these “conflict minerals” from their supply chain.

## 5. DELIVERY

### 5.1 Purpose

This section describes the delivery standards that Suppliers are expected to meet. Non-compliance with these instructions and/or use of other non-approved carriers may result in a payment delay. If applicable, TIC may then choose to deduct the difference between negotiated rates and actual billed price.

### 5.2 Supply Chain Management Expectations Introduction

The TIC supply chain organization contributes to manufacturing excellence in quality, cost, and delivery to the customer. In particular, the supply chain function provides value to our customers by providing high quality parts and services, on time, at the lowest total cost.

Continued improvement in our global supply chain systems is and will continue to be a competitive advantage for TIC. To truly leverage the potential of these innovative systems and processes, the knowledge and capabilities of our extended enterprise must be flexible and capable of meeting our replenishment requirements.

Total Supply Chain Management is achieved through the execution of comprehensive, yet common business processes and systems such as:

- Oracle (or applicable ERP System)
- Communicating electronically between Suppliers and customers
- Implementing Lean Manufacturing practices
- Understanding and reacting to schedule forecast variation
- Comparing demand to capacity
- Proactive communication through the supply chain when there are potential issues in meeting demand requirements, especially when a delivery date will not be met
- Shipping according to the transportation logistics instructions
- Responding to TIC specified replenishment method(s) and establishing replenishment processes to assure on-time delivery from the extended supply chain
- Responding to “issue communication” tools (RMR, CARs, SCARs, etc.) in a timely manner
- Identification and measurement of key metrics

### 5.3 Responsibility

- Suppliers/Shippers should comply with shipping instructions
- Purchasing will furnish the Material/Purchasing Specification - Purchasing Specification for Inbound Freight to Suppliers as needed
- TIC Supply Chain Management is responsible for maintaining and communicating the Approved Core Carrier/Logistics Approved Company Listing, which should be utilized for all shipments.
- The Accounting department, in consultation with Supply Chain, may deduct the difference between preferred negotiated rates and actual billed price, if applicable.

### 5.4 General Specifications

- No prepaid and add will be accepted unless pre-negotiated, approved and documented by the applicable Buyer. If the Buyer negotiated freight terms are “Pre-paid & allow,” the Supplier may use a carrier of their choice. We recognize that Suppliers may not always be able to comply with these guidelines for every single shipment for various legitimate reasons. TIC Supply Chain Management will provide guidance, and if necessary, provide an authorization to use a non-approved carrier.
- Purchase order numbers must appear on all packages, packing lists, Bills of Lading, invoices and correspondences. This is especially critical on sub-supplier, third party shipments. Any expedited shipments must have the Buyer’s approval.
- All freight charges for shipments inbound to TIC Houston are to be shipped collect unless otherwise negotiated in advance.
- A copy of the bill of lading must accompany all invoices.
- Unless otherwise agreed to, all ground shipments with a total combined weight of 150 pounds and under must ship UPS GROUND TRACK or FedEx Ground.
- Next Day and Second Day shipments will be routed by Buyers. The preferred methods are UPS or FedEx.
- The packing list is to be attached to each box.
- Parts for different plants are to be separated into separate boxes.
- All boxes weighing greater than 40 pounds must be palletized.

### 5.5 Supply Agreements

TIC values the utilization of strategic relationships with our Suppliers. Depending on the commodity or Supplier, TIC may choose to enter into a long-term supply agreement.

### 5.6 Electronic Commerce

Through continuous improvement efforts in the area of electronic commerce, we aim to utilize EDI (Electronic Data Interchange) and expect our Suppliers to support us in such collaborative improvement efforts.

### 5.7 Advanced Shipping Notice (ASN)

An ASN is the electronic transfer of shipment data from a Supplier to a customer. TIC is working to make ASN a standard part of the process. TIC utilizes the information contained within an ASN in two ways:

- Determine and confirm goods in transit
- Verify the product(s) in the shipment

Confirmation of ASN receipt is available to Suppliers (contact TIC for availability). In order for the ASN to be successfully transmitted to TIC, the ASN must contain all of the specified information listed below:

- Shipment date/time
- Gross weight of shipment
- Part number
- Quantity shipped
- Purchase order number
- Tracking Information

## 5.8 Shipping and Replenishment Performance

TIC expects our Suppliers to deliver ordered parts and services on-time. This means shipping the correct quantity, of the correct product, to the correct location, according to the designated replenishment method, and contacting TIC if the release schedule cannot be met.

The Supplier shall have a process in place to ensure that any potential problems that could impact TIC's operations are communicated as soon as they are identified. Differences shall be resolved with appropriate customer contact prior to shipment time.

## 5.9 Forecast Expectations

Suppliers are expected to review forecasts to determine whether any capacity or material constraints are violated. Any violations that cannot be resolved must be communicated to TIC in a proactive and timely manner.

## 5.10 Replenishment

Authorization to ship specific product will be communicated to the Supplier through TIC plant designated replenishment method. In order to standardize supply chains, optimize inventory levels, and minimize freight expense, TIC uses a variety of tools.

## 5.11 Packaging Requirements

The Supplier is responsible for ensuring that all materials are packaged to arrive safely, securely, and without damage to the TIC facility. TIC is committed to sustainable practices including efforts to reduce packaging, use returnable packaging, and maximize recycling of packaging materials in order to minimize packaging waste, and expects Suppliers to share in these commitments. Packaging must be compliant with all applicable legal requirements and guidelines. Additional specific packaging requirements are listed below:

- Wood used in packaging should be correctly treated according to the ISPM 15 guidelines.
- Corrugated Containers should be of sufficient strength to prevent damage to the contents based on the method of shipment.
- All pallets shall have its load banded with plastic or metal strapping. Stretch wrapping should be used to prevent shifting of the load during transit. Corner boards should be used as necessary or required to provide additional protection and load stabilization.
- Utilize reusable packaging whenever possible.

## 5.12 Mixed Loads – Pallets

- All boxes weighing greater than 40 pounds must be palletized.
- Mixed loads should only be used when shipping quantities prevent full pallet loads for a single part number.
- A "Mixed Load" label must be applied to each skid containing a mixed load.
- Similar part numbers should be grouped together to allow for ease of part number identification.
- Heavier containers must not be placed on top of lighter weight containers. The weight of the load must be balanced on the pallet, while keeping similar parts together.
- The carton quantity for each part, part number, and part quantity shall be listed on two sides of the pallet.

### 5.13 Minimum Labeling Requirements

- Unless otherwise agreed to by both parties, Suppliers must ensure that all materials shipped to TIC are correctly labeled and that the labels are properly attached.
- Label protection against moisture, weathering, abrasion, etc., may be required in harsh environments and is encouraged whenever practical. Care must be taken to ensure that labels can be scanned with contact and non-contact devices.
- Unless otherwise agreed to, TIC specific labels should be applied to inbound product (in addition to any carrier labels) and should contain, as a minimum, the following information:
  - Plant (Control Plant, Power Electronics Plant, Motor Plant, HEV Plant)
  - TIC part number (Text and Bar-coded)
  - TIC purchase order (Text and Bar-coded)
  - TIC purchase order line number (Text and Bar-coded)
  - Box Quantity (Text and Bar-coded)
  - Supplier
- Shipping labels for UPS/FedEx, LTL, etc. are to contain:
  - Toshiba International Corporation
  - Plant/Dock Number
  - 13131 West Little York Road, Houston, Texas 77041 (for most items) or 10510 Okanella Street, Suite 200, Dock Door 24 Houston, Texas 77041 (for HEV items)
- Barcodes used are to be compatible with our system (CODE 128 and CODE 39).
- Multiple box UPS or FedEx shipments shall be marked box   X   of   N   on each box.
- Multiple pallet shipments shall be marked with an 11" x 8.5" or larger label on a minimum of two sides.
- Location of the TIC Label is to be on two adjacent sides.

#### 5.13.1 International Shipment Labeling

Shipments to or from countries (e.g., Mexico, U.S., Canada, European Union) may require special labeling or markings. TIC should be contacted to assist in obtaining the proper labels or markings required if needed.

### 5.14 Logistics Requirements

Unless otherwise agreed to, TIC will determine carrier selections and routing instructions in order to effectively manage inbound freight through the careful consideration of these factors:

- Supplier location
- Product volume
- Packaging
- Transportation costs

TIC expects our Suppliers to share in the ownership of the shipping process to ensure products are received in a timely and cost effective manner – essentially, at the right time, in the right container, at the right shipping price, to the right location. Below you will find the Supplier responsibilities necessary in order to fulfill our transportation requirement.

### 5.14.1 Logistics Requirements Communication

All shipments must be accompanied by appropriate documentation. Documentation may include but not limited to, packing slip, bill of lading, Trade Agreements or any other international certificates, commercial invoices, and hazardous materials information.

The Supplier is responsible for contacting the appropriate carrier, freight forwarder and TIC Buyer to ensure timely pick-up and delivery. It is the Supplier's responsibility to set shipping window times in conjunction with TIC supply chain personnel and the carrier to ensure delivery at the TIC facility by the delivery date shown on the release.

### 5.14.2 Packing Slip Requirement

TIC requires all Suppliers to prepare their packing slip(s) in a standard format. Items required in a specific location include:

- Packing Slip #
- Sold to Information
- Supplier Production Plant
- Ship To
- BOL #
- Customer Part #
- Description
- Supplier Part #
- Quantity Shipped
- PO#
- Footer which includes page number and repeats the Packing Slip #

### 5.14.3 Bill of Lading Requirements

The following information instructs a TIC Supplier on how to properly complete a bill of lading (BOL) form for shipments that are sent collect to TIC. Non-compliance to these requirements that results in excess freight charges to TIC will be debited back to the Supplier.

A separate bill of lading must be created for each ship-to location, even when shipping on the same carrier. Each BOL must contain a unique BOL #.

**Consignee and Destination:** the consignee should be shown as: Toshiba International Corporation, Plant name, and receiving dock number. The destination must include: Street address, city, state, and zip code.

1. Number of Packages and/or Handling Units – If packages are consolidated on a skid, provide both package count and skid count on the bill of lading.
2. Description of Shipment – Enter the description of each line item. Please note the type of package (carton, tote, carrel, etc.) and the quantity per package. This information is critical to ensure correct rating to avoid excessive charges.
3. Weight – Enter the total gross weight, in pounds, for each line item. Include the weights of pallets, skids or any secondary containers.

4. Freight Terms – Indicate ‘FOB Origin, Freight Collect’ terms if TIC is responsible to pay for the shipment. All freight shipped to TIC must be shipped freight collect unless the Purchase Order states otherwise or shipment is a Supplier paid expedite or routing deviation.

### 5.14.4 Premium Freight/Expedites

Any premium freight which results from a Supplier event (i.e. late shipment) will be managed and paid for by the Supplier. TIC will not take responsibility for the set-up, management, tracking, or payment of a Supplier-caused premium freight event. The Supplier will communicate the appropriate expedite information and provide updates to keep TIC informed on the arrival of the expedited components. TIC reserves the right to take over the management of the premium freight event if the Supplier fails to communicate and effectively manage the event themselves, and the Supplier may be charged for TIC’s time.

When expediting freight at TIC’s expense, authorization must be obtained from the appropriate TIC personnel. Unauthorized expedited freight may result in debit to the Supplier to compensate for excess freight charges, or administrative fees.

### 5.14.5 Mixed Part Containers – Small Package Shipments

- Mixed part containers shall be minimized
- A single part should not be mixed into multiple mixed containers. Overflow of a single part should be limited to one mixed container.
- Mixed part containers must have a “Mixed Part” label applied

### 5.14.6 Multiple Container Shipments – Small Package Shipments

- Multiple container UPS or FedEx shipments shall be marked box  X  of  N  on each box.
- Each Box shall be clearly labeled with TIC purchase order number and quantity.

### 5.14.7 Delivery Locations

- Unless otherwise specified, delivery locations at TIC, 13131 West Little York Road, Houston, Texas 77041, are as follows:

Plant	Dock	Freight Dock
Power Electronics Plant (PEP)	C28	Use B20
Control Plant (CP)	B8	Yes
Motor Plant (MP)	C24	Yes
Front Office (default)	B20	Yes

- For HEV Plant material (freight), the delivery address is 10510 Okanella Street, Suite 200, Dock Door 24 Houston, Texas 77041
- For HEV FedEx/UPS Shipments, use the Front Office address in the table above.



### 5.14.8 Domestic Truck or Parcel Shipments

All shipments are to be sent collect unless pre-negotiated, approved and documented by the applicable Buyer. TIC Buyers may select a carrier for specific shipments and must authorize expedited shipments and deviation from approved carriers.

### 5.14.9 Shipments Over 150 lbs. up to 15,000 lbs. and less than 28 Linear feet of Trailer

Ship by an approved Toshiba International Corp. Less Than Truckload (LTL) or 3PL carrier.

### 5.14.10 Shipments Over 15,000 lbs. or more than 28 Linear feet of Trailer

Routing instruction will normally be provided by the Buyer for any weight/size shipments that require specialized services such as air ride trailers, flatbed equipment, etc. If there are any questions please contact the appropriate Buyer or TIC Traffic Department for routing instructions.

### 5.14.11 Shipping Accounts

Shipper	Type	Account
UPS	All	Please contact TIC Logistics team for account number
FedEx Express & Ground	All	Please contact TIC Logistics team for account number

## **5.15 International Shipping**

The purpose of this section is to provide TIC Suppliers with a better understanding of their responsibilities as exporters. Our goal is to ensure that Suppliers are aligned with the procedures of TIC and we adhere to Customs Regulations together.

This section contains information regarding:

- Shipment requirements for exports to TIC
- Warehouse and inventory requirements for international shipments
- Documentation requirements

Each Supplier to TIC is responsible for complying with all customs, laws, and regulations as it relates to their activity with TIC. This includes, but is not limited to, the items outlined in this procedures manual.

### 5.15.1 Incoterms 2020

Regardless of Incoterms 2020, title passes to the Buyer only upon acceptance by the Buyer at the Buyer's facility where the supplies are to be used. TIC uses one of two Incoterms 2020 for international shipments, with the preference of FCA:

5.15.1.1 **FCA** (free carrier), where the named place is:

- a shipping port, for a full container shipment

- an airport, for an air shipment
- a warehouse within the country of origin, if less than a container or part of a shipment consolidation process

This means the Seller/Supplier will be responsible for:

- loading material onto transport vehicle
- providing all necessary paperwork such as export licenses, documentation
- securing required authorizations
- checking that the quantity and quality of the goods are in conformance with the submitted documentation
- provide appropriate packaging and markings
- container loading

5.15.1.2 **DDP** (delivered duty paid), where the named place is the TIC receiving location. Foreign suppliers that are not registered in the US or cannot clear customs cannot commit to DDP terms. The Seller/Supplier will be responsible for all items listed in #1 above; inclusive of inland freight and any duties/fees payable for import until it reaches the destination. The Seller/Supplier is also responsible for:

- cost and management of movement from manufacturing facility to regional warehouse, including and duties/fees payable for import until it reaches the warehouse
- obtaining all import licenses, documentation and authorizations required to be the importer of record
- assume all risk of loss or damage from time material has been
- delivered to carrier until title at destination where goods will be used

If your shipments will be utilizing a different Incoterms 2020, you will be notified by the buyer, materials manager, or logistics analyst.

### 5.15.2 Importer Security Filing (ISF)

The regulation applies to ocean vessel shipments only (with the exemption of bulk cargo), and requires importers or their designated agents to submit 10 new elements of data at least 24 hours prior to the departure of the vessel destined for the United States. In addition, ocean carriers must also provide two new data elements about the status of containers under their control.

Toshiba International Corporation (TIC), as the importer of record, should be able to reasonably verify the information required for the ISF filing. TIC, or the designated agents, should submit the information on the basis of what it reasonably believes to be true. The information must be updated after the filing and before the goods arrive within the limits of a port in the United States. The ISF importer is bound to provide a complete, accurate and timely filing or risk liquidated damages in the amount of \$5,000 per violation; in addition to penalties applicable under other provisions of law.

The data elements are:

1. Importer of record (EIN)
2. Consignee number (EIN)
3. Seller name and address
4. Buyer name and address
5. Ship to party
6. Manufacturer (or Supplier) name and address
7. Country of origin
8. Commodity code(s) – 6-digits
9. Container stuffing location
10. Consolidator name and address

The bill of lading number (master or house bill of lading) is not one of the required data elements, but is necessary to properly link the ISF to the customs manifest data. Under existing 24 Hour Rule requirements, the bill of lading number is required for containerized cargo 24 hours prior to lading. For break bulk cargo, the carrier must submit the bill of lading number 24 hours prior to arrival.

As part of our standard purchase order terms and conditions, we require our foreign vendors to provide the applicable data elements, as early as possible in the movement of the cargo.

**PLEASE SUBMIT THE COMPLETED FORM AND PROVIDE A PRO-FORMA OR COMMERCIAL INVOICE, 72 HOURS PRIOR TO THE DEPARTURE OF THE VESSEL TO: [TIC-ISF@toshiba.com](mailto:TIC-ISF@toshiba.com)**

### 5.15.3 Custom Brokers

TIC has designated Customs Brokers to clear shipments on our behalf. Suppliers must use the designated broker as per the routing instructions set forth by TIC.

### 5.15.4 International Shipment Documentation

Suppliers are responsible for providing complete and accurate documentation for all international shipments. Documents must be sent with each cross border shipment and also faxed to the broker that will be clearing the product through customs. Documents include, but are not limited to, the Bill of Lading, Packing List, Commercial or Pro-Forma Invoice, a Certificate of Origin or any other free trade agreement certificates, where applicable. Incomplete or inaccurate documents may delay the timely delivery of product to TIC's facility; therefore, failure to supply complete and accurate documentation could result in a SCAR and a debit for the cost incurred in a delayed shipment.

### 5.15.5 Valuation of Merchandise

Suppliers are responsible for stating the proper value of the product being shipped per terms and conditions of your contract with TIC. Failure to do so may result in a CAR.

### 5.15.6 Harmonized Tariff Schedule

All Suppliers are required to show the proper tariff classification on the commercial or pro-forma invoice.

5.15.6.1 Commercial or Pro-Forma Invoice. A commercial or pro-forma invoice shall accompany each export to a TIC facility. Contents of invoices and general requirements:

- Port of entry to which the merchandise is destined.
- Complete name and address of consignee, along with the plant
- Complete name and address of the customs broker
- Ship date
- A detailed description of the merchandise, including the TIC part number. It is very important that the TIC part number is listed so that TIC, as the importer, can apply proper HS Classification. Do not modify the TIC part number (e.g. add a suffix or prefix). If shipment involves equipment, the invoice must also include the serial # and make and model #.
- Quantities, weights and unit of measures of the merchandise shipped. (e.g. liters, gallons, kilograms, lbs.)
- The purchase price in the currency of purchase
- Value of each item in the currency in which the transactions are usually made.
- Type of currency
- All charges upon the merchandise itemized by name/category and amount.
- All rebates, drawbacks, bounties, separately itemized, allowed upon the exportation of the merchandise.
- Country of origin
- Assists, dies, molds, tools, engineering work and cost associated
- Tariff classification number.
- Incoterms 2020. See section on Incoterms 2020.
- Invoice #
- Declaration of truth

Invoices and all attachments must be in the language appropriate in the country of importation. When the above contents are excluded from the invoice, the customs clearance of the shipment is delayed. Often times, a shipment is flagged for examination by customs due to the absence of values, description, and country of origin.

### 5.15.7 Country of Origin Marking

Every article of foreign origin (or its container) shall be marked in accordance with the regulations of the importing country.

### 5.15.8 International Shipment Checklist

- Completed Bill of Lading with the name and address of the shipper, the consignee, and the broker. This must be the same BOL # as on the ASN
- Completed Packing List
- Completed Commercial or Pro-Forma Invoice per guidelines listed above
- Completed Certificate of Origin or other applicable free trade agreement certificate

### **5.16 Minimum Security Criteria**

TIC is committed to ensuring the security of its supply chain. Security measures are set in place with the primary goal of preserving the safety of our employees, protecting the physical property from loss or damage, safeguarding the integrity of our intellectual property and preventing interruptions in the manufacturing process. To that extent, we expect our Suppliers to commit to working with TIC to create/maintain a secure and efficient supply chain.

#### 5.16.1 CTPAT Vendor's Compliance

CTPAT (Customs Trade Partnership Against Terrorism) is a joint initiative between US Customs and Border Protection and the business community to build cooperative relationships that strengthen overall supply chain and border security.

In order to carry out the CTPAT policies, TIC has established a comprehensive program that is reviewed and audited by US Customs and Border Protection. Business partners and suppliers participating in the CTPAT program will be monitored using the program portal Status Verification Interface (SVI). Foreign entities, they must provide a complete Supplier's Security Questionnaire and the Vendor's Procedure Acknowledgement Form, or provide proof of participation in their country Authorized Economic Operator (AEO) program. Additional information related to the Vendor's Compliance Procedure will be provided to full container shippers.

### **5.17 Trade Agreements**

As put forth in our standard terms and conditions, each Supplier to TIC is responsible for complying with all customs laws and regulations as it relates to their activity with TIC. This includes, but is not limited to, the items outlined in this standards manual.

#### 5.17.1 Certification Requirements

When requested, Trade Agreement, Export Control Classification Number (ECCN), Buy American Certificates, and Manufacturer's Affidavit (for US origin products only) must be provided for ALL production parts and follow the criteria listed below:

5.17.1.1 For certification valid for up to 12 months. Each calendar year certificates must be received no later than December 1<sup>st</sup> of the preceding year, e.g. certificates for calendar year 2021 must be received no later than December 1<sup>st</sup>, 2020.

5.17.1.2 Certificates for parts that are launched during the calendar year must be provided.

### 5.17.2 Suppliers doing business from North America

Any Supplier with a North American address to whom a purchase order is given, regardless of where the parts are manufactured, is expected to provide a trade agreement, or any other certificate of origin for each part that it supplies to TIC, if applicable.

### 5.17.3 Submitting your certificates

Certificates for Toshiba International Corporation and all related accounts can be submitted in any of the following ways:

- Mail:
  - Toshiba International Corporation  
Attn: International Trade Compliance Department  
13131 West Little York Road  
Houston, Texas 77041 USA
- E-mail:
  - [TIC-trade-compliance@toshiba.com](mailto:TIC-trade-compliance@toshiba.com)

## **6. SUPPLIER BUSINESS REVIEW (SBR)**

### **6.1 Purpose**

The purpose is to review and evaluate a Supplier's performance by conducting a periodic business review. Frequency is dependent upon the mutual agreement between the respective Supplier and TIC.

### **6.2 Performance Areas Monitored**

The areas of performance that are monitored are:

- Quality
- Supply Assurance (On-Time Performance)
- Pricing
- Customer Service

## 6.3 Definitions

While each of the above categories has some specific nuances identified by each division and region, broad definitions for the entire organization are as follows:

### 6.3.1 Quality Section

The Quality section of the SBR collects data regarding the quality of material used to produce goods (direct materials), year over year quality improvement, performance regarding warranty claims, and corrective action responsiveness.

### 6.3.2 Supply Assurance Section

The Supply Assurance section focuses on accuracy and timeliness of material delivery and order completeness.

### 6.3.3 Pricing Section

The Pricing section measures pricing on an annual basis compared to previous pricing as well as competitive market pricing. It also includes Suppliers' initiatives to offer cost down alternatives.

### 6.3.4 Customer Service Section

The Customer Service Section measures the Supplier's overall customer service. This includes their responsiveness to inquiries, flexibility to schedule changes, initiative to implement supply chain strategies on their own, as well as the extent to which Suppliers communicate proactively. This section also allows the receiving department to have an influence in how the Supplier is packaging and labeling the material. The last measure in this section is Supply Chain Support, which tracks the Suppliers lead time, stocking program, and how much involvement TIC has in the process.

## 7. REVISION HISTORY

Rev.	Date	Description
0	03/27/13	<ul style="list-style-type: none"> <li>• New</li> </ul>
1	12/10/13	<ul style="list-style-type: none"> <li>• Added “for the industrial business” to the end of “Scope” on Page 2</li> <li>• Added second bullet point to “Scope” on page 2</li> <li>• Added 7.0 REVISION HISTORY</li> </ul>
2	10/02/15	<ul style="list-style-type: none"> <li>• Scope: Replaced ‘Industrial Division’ with ‘Social Infrastructure Group’</li> <li>• Section 1.1 Management Standards: Removed ‘2000’ from ‘ISO 9001:2000’</li> <li>• Added 3.15 Risk Management</li> <li>• Changed e-mail address under section 5.15.2 to <a href="mailto:TIC-ISF@toshiba.com">TIC-ISF@toshiba.com</a></li> <li>• Changed e-mail address under section 5.17.3 to <a href="mailto:TIC-trade.compliance@toshiba.com">TIC-trade.compliance@toshiba.com</a></li> </ul>
3	11/05/15	<ul style="list-style-type: none"> <li>• Added Section 4.9 – Supply Chain Compliance</li> <li>• 7/8/16: Changed the organization’s name in the ‘Scope’</li> <li>• 10/11/17: Reviewed by J. O’Day – No Changes Needed – V. Tran</li> </ul>
4	03/26/18	<ul style="list-style-type: none"> <li>• Added fourth and fifth bullet points to “4.8 Sustainability” section</li> </ul>
5	06/13/19	<ul style="list-style-type: none"> <li>• Changed reference of BaaN to Oracle in section 5.2</li> <li>• Updated FedEx Shipping Account number in Section 5.14.11</li> </ul>
6	08/01/19	<ul style="list-style-type: none"> <li>• Removed FedEx Shipping and UPS Account Numbers in Section 5.14.11</li> </ul>
7	03/30/22	<ul style="list-style-type: none"> <li>• Revised sections 5.15.1 (Incoterms), 5.15.2 (ISF), 5.15.4 (International Shipment Documentation), 5.6.1 (CTPAT) and 5.17 (Trade Agreements).</li> </ul>
8	07/27/22	<ul style="list-style-type: none"> <li>• Purpose – Added reference for Toshiba America Group Business Partner Code of Conduct (Code of Conduct) and link to Code of Conduct</li> <li>• Scope – Removed Social Infrastructure Group</li> <li>• Standard Practices – Added reference for Code of Conduct</li> <li>• Section 1.1 – Added Occupational Health and Safety Management Systems ISO 45001 under ‘Global Goals’ table</li> <li>• Revised Section 4.3 Environment</li> <li>• Revised Section 4.4 Fair Trading</li> <li>• Removed Section Information Security Section (Previously 4.6)</li> <li>• Revised Section 4.6 Contribution to Society</li> <li>• Revised Section 4.6 Sustainability</li> <li>• Revised Section 4.8 Supply Chain Compliance</li> </ul>