



PHINIA
PARTNERSHIP
PROGRAM



WHAT IS 3P ?

Two-way partnership between our Supplier and PHINIA

Improve our collaboration, transparency, and **trust**

Provides specific advantages and commitments from PHINIA, based on supplier **performance** and **collaboration**

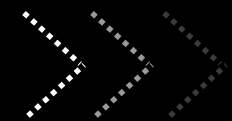


Supplier performance is based on tangible criteria—the Supplier Balanced Scorecard—but also based on **intimacy** with our plants and **strategic fit with our company**

The best-performing suppliers are eligible for the top level with increasing benefits

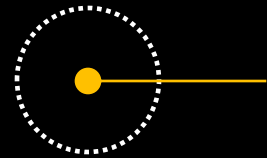
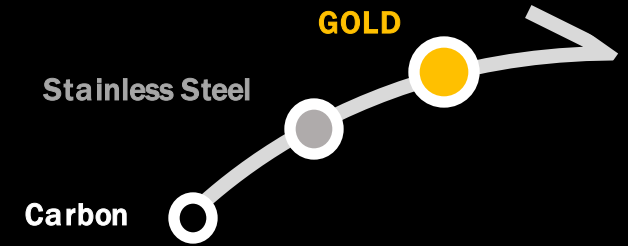
Program rollout in April 2024

TAKING OUR PARTNERSHIP TO THE NEXT LEVEL!

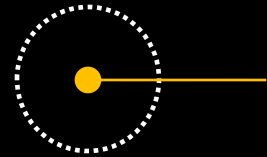




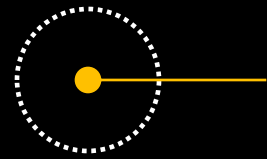
THIS IS WHAT WE ARE LOOKING FOR



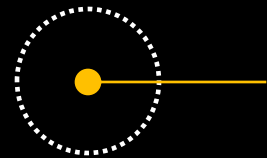
Creating an intrinsic motivation for suppliers to improve and be recognized as a **GOLD** supplier— Balanced Scorecard & Relationship score



Proactively propose value added initiatives for PHINIA in **VA/VE** and **Lean**



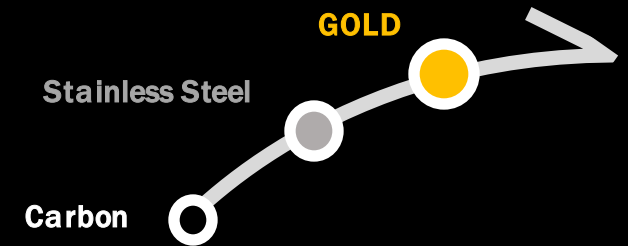
Capable and willing to **invest into ICE** technologies and footprint



Benefit from a **long-term sustainable** business relationship and positive attitude



LEVELS AND CRITERIA



Carbon

- ➔ **Approved Suppliers with PHINIA standard contracts** including FWA & Consignment stock
- ➔ **Supplier Scorecard (C grade or higher)**
- ➔ **Passed Assessment Audit** according to PHINIA's Supplier Manual requirements
- ➔ **Right staffing to support technology advancements**
- ➔ **Proactive risk mitigation behaviors**

Stainless Steel

- ➔ **Carbon level +**
- ➔ **Supplier Scorecard (B grade or higher)**
- ➔ **Culture of transparency, upfront discussions** about all aspects of the business
- ➔ **High collaboration with PHINIA** for cost reduction with overall value proposition
- ➔ **Business behaviors fully aligned to our strategies and values.** Reliability as a fair business partner in Fuel, CV & AFM.
- ➔ **Ready to invest into our global ICE business**

GOLD

- ➔ **Stainless Steel level +**
- ➔ **Supplier Scorecard (A grade)**
- ➔ **Strategic fit to our company and investing into our future in ICE and beyond**
- ➔ **ESG long term program commitments**
- ➔ **Adding value to our market offerings**
- ➔ **Vendor-aligned structures operate consistent with PHINIA's GOLD operating model**



BENEFITS PROVIDED



Carbon

- ➔ Long-term continuation of business with PHINIA
- ➔ Eligible to PHINIA RFQs

Stainless Steel

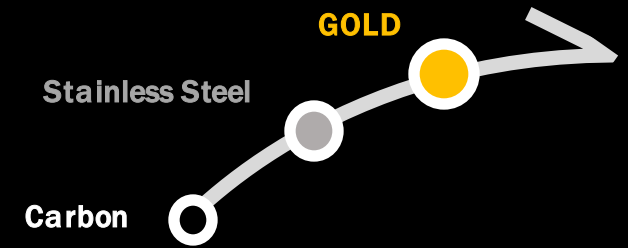
- ➔ Guarantee to PHINIA RFQs
- ➔ Access to GSM Sponsor - GSM Leadership Member -
- ➔ Target suppliers for collaboration with PHINIA Advanced R&D
- ➔ Business extension until end of program life and Aftermarket
- ➔ Eligible for ➔optimICE
- ➔ Extended business share opportunities

Gold

- ➔ Access to Executive Sponsor - PHINIA Executive Leadership member - Investing into Business Alignment Events (BAEs)
- ➔ Access to PHINIA specialists to consult for future business needs, e.g. H2 capabilities, aero certifications etc.
- ➔ Last call benefit during Sourcing Events
- ➔ Unrestricted business share opportunities

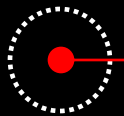


ELIGIBILITY AND RATING



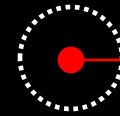
All our Direct Material suppliers are welcome to enter into our 3P program as long as our companies are connected through a strong contractual relationship including FWA / ISC / Risk Mitigation Stock Agreements and sufficient supplier performance

⇒ The Level will be determined annually and granted for 2 years



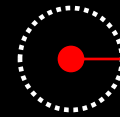
Balanced Scorecard Level (BSC)

- ⇒ Quality, Cost, Delivery, Launch, Sustainability



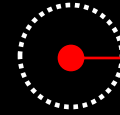
GOLD Level

- ⇒ BSC level A + Top 1/3rd Relationship Rating



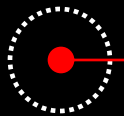
Stainless Steel

- ⇒ BSC level B + Mid 1/3rd Relationship Rating



Carbon

- ⇒ BSC level C + Bottom 1/3rd Relationship Rating

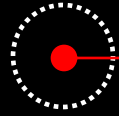


Relationship Criteria

- ⇒ Contractual relationship
- ⇒ Strategic fit to PHINIA
- ⇒ Supplier investment strategy & capabilities

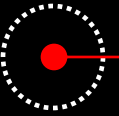


ROLL-OUT PLAN



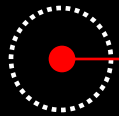
Communication

- ➔ 2 notification letters will be sent to you in **April** highlighting the implementation of **3P**
- ➔ First letter with a link to **3P** presentation including a video broadcast
- ➔ In the following week, if you are eligible to **3P**, you will receive a second notification letter showing your “indicative” level.
- ➔ If you are not eligible to **3P**, you will also receive a notification for awareness.



Implementation Period

- ➔ Beginning April 30th, you can find your **indicative 3P** level on your Balanced Scorecard
- ➔ The indicative **3P** level is based on your latest performance with the intention to transparently communicate gaps to the next level and give you an opportunity to use the coming months to improve your rating by the end of September 2024. The official level will be published in November 2024.

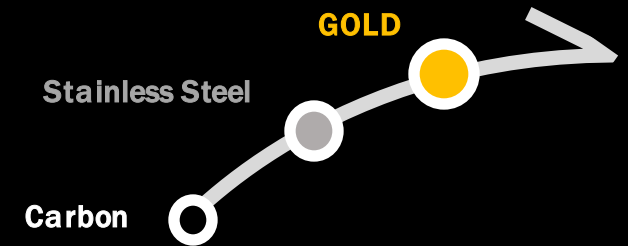


Follow up & Support

- ➔ Will be provided proactively by GCM and plant champions to potential **GOLD & Stainless Steel** suppliers
- ➔ “Partnership meeting” will take place twice a year between PHINIA executives and our Partners, one meeting at supplier location and one at PHINIA



EVALUATION PERIOD



2024



Performance used to establish official 3P level

2025 (New Candidates to 3P)



Performance used to establish official 3P level

2026 Onward



Performance used to establish official 3P level



3P level granted for 2 years



PHINIA