

20th April, 2017

Dear Supplier,

Subject: Disruptions in Electronic Components Supply Chain – MEM Task Force

Following 2016 mergers, acquisitions, raw material increased prices, wafer production capacity, and semiconductor industry trends, 2017 will be a challenging year concerning:

- Parts on allocation
- Increase in lead times

Methode Electronics Malta [MEM] received multiple notifications showing potential risk of disruption in supply chain and therefore, we are taking measures to secure critical material supply on the market:

1. Visibility of our schedules will increase from normal horizon to **52 weeks**, shown as floating forecast. **We expect our suppliers to plan properly booking of material against our schedules.**
2. Suppliers must **confirm on a weekly basis against our weekly schedules**, 16 weeks [+20% industry fluctuations] of raw material in-stock availability to the respective scheduler.
3. **Suppliers must identify and monitor their own list of critical items affected by the above-mentioned market situation, including current standard lead times.** On a monthly basis, this list will be reviewed together with MEM Task Force team.
4. For these critical items, **suppliers must provide an action plan on how this situation is being controlled to ensure that material coverage is secured. We remind our supplier that agility is a key factor of success in such Task Force.** This critical items list should be sent to MEM within 4 weeks [based upon your long range forecast].
5. For projects in ramp-up mode, **suppliers shall proactively plan material in accordance to the long lead-time items [bottleneck].**

Should you require any support from MEM Purchasing / Logistics team, we expect **to be engaged at least 8 weeks before actual shortage is happening.**

Kindly acknowledge receipt of this letter and identify your key contact on this subject by replying with feedback to taskforce@methode-eur.com by EOB Friday, 5th May, 2017.

Best Regards,



Marvin Abela

Purchasing Manager



Ian Caldicott

Supply Chain Deputy
Manager



Michael Mizzi

Material Management and Logistics
Senior Manager