Sumitomo Electric Wiring Systems, Inc.
Supplier Manual

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SUPPLIER QUALITY

Sumitomo Business Principles

Sumitomo Electric Wiring Systems, Inc. (SEWS) and other companies of the Sumitomo Electric Group share the Sumitomo "Business Principles," which can be traced for over four hundred years to the original principles of placing "prime importance on integrity and sound management" and "not pursuing easy gains or acting imprudently", respecting humanity and attaching importance to technical expertise. SEWS expects the same level of commitment to ethics and integrity from our supplier chain.

MISSION

Our mission is to be the global leader delivering innovative electrical distribution systems and related products that meet the demands of today's ever-changing automotive market.

SEWS VISION

SEWS will continue to pioneer the industry's next generation of tailored, high-performance systems by focusing on the principles that matter most:

- Systems integration and modularization
- Global marketing, technical development and manufacturing
- Advanced product and manufacturing technology
- Developing better manufacturing by developing better people

Our Quality Policy

S	Superior Quality
E	Exact Delivery Effective Cost Management
W	Working Together
S	Satisfied Customers

Team SEWS is moving in one direction focused on the voice of the customer to drive continual improvement through risk-based thinking and mitigation, associate suggestions, lean kaizen and waste elimination.

SEWS uses the "bad news first" protocol to assure quick and effective communication for high-risk issues and promote the use of technology for systemic improvements. SEWS expects its suppliers to adopt this approach.

Our Quality Pledge

"Quality for a Better Tomorrow" is a commitment made by all members of the SEWS team to our customers, our worldwide markets, and to ourselves. Working as a team, we support this pledge by combining excellence in day-to-day communications with a world-class work ethic and state-of-the-art processes to produce products which consistently meet and exceed our customers' expectations of quality, delivery, and cost.

Importance of Supplier Quality

SEWS is a leading supplier of wiring harnesses, functional components, electronic control units, and connecting components to the automobile industry. We pride ourselves in showing the utmost quality and professionalism to achieve the desired end result. The automotive industry is a dynamic world filled with constant changes as new technology emerges and consumer tastes evolve with the growing number of choices available.

Some of the biggest advances have been made in the field of automotive electronics distribution systems technology. Consequently, the automotive wiring harness has become the lifeblood of the modern automobile. Wiring harnesses produced by SEWS not only act as a power conductor for basic functions, but also for a whole range of new and exciting safety and convenience features. Wiring harnesses, functional components, and electronic control units are composed of many component parts; therefore, quality control of components is essential to assure superior quality. SEWS' relationship with its supply chain is an integral part of its strategy for continual improvement.

Performance Standard

The basic standard of performance SEWS expects of our suppliers is the same as we demand of ourselves – that is to strive toward zero non-conformities. This must be the goal of each of us to effectively compete in the world market. SEWS is committed to develop and maintain collaborative relationships with suppliers based on mutual prosperity, excellent communication, and joint problem solving. We value suppliers who are committed to never ending improvement in quality, delivery, and productivity, which will mutually benefit the relationship. SEWS' suppliers are selected based on their ability to provide superior performing products, superior value, superior technologies, superior processes, and superior customer service. Suppliers awarded with SEWS business are expected to meet or exceed the expectations defined in this Manual.

How to read this Manual

This Manual contains SEWS' quality requirements for its supply chain, along with certain related requirements. SEWS expects each of its suppliers to focus on the voice of the customer and risk-based thinking throughout its entire quality management system. In this Manual, the word "shall" indicates a requirement. The word "should" indicates a recommendation. The official version of this Manual is located on SEWS' website at https://sewsus.com/supplier-portal/. Any printed copy of the Manual is considered uncontrolled. Printed copies will automatically print with "Reference only."

The following requirements, which are available on the SEWS website, are incorporated in this Manual and are binding on SEWS' suppliers:

- IMDS/SoC/SVHC Requirements
- Labeling Requirements
- Supplier Manual Forms
- 3-Point Control System

SCOPE

This Manual complies with the ISO 9001 and IATF 16949 technical specifications, customer requirements, and applicable regulatory and statutory requirements. The scope of this Manual includes all SEWS suppliers and logistics providers that supply automotive products to SEWS.

QUALITY SYSTEM

SEWS' suppliers shall join SEWS in becoming prevention oriented, using the process-based approach to drive continual improvement utilizing the voice of the customer, risk analysis and mitigation, and necessary quality control and quality assurance activities to produce acceptable quality on a continuing basis.

This Manual outlines the general requirements for SEWS' suppliers concerning the quality system used to assure the quality of products supplied to SEWS. SEWS' suppliers shall meet the requirements of this this Manual.

SEWS reserves the right to audit its suppliers for compliance to SEWS' quality systems requirements. Suppliers that are ISO 9001, ITAF 16949, or VDA 6.3 certified may be exempted from systems audits at SEWS' discretion based on risk assessments of the supplier.

Top management of each supplier shall establish a quality management system and shall ensure that SEWS requirements are incorporated into the supplier's quality management system. SEWS will cascade its customers' requirements to its supply chain as applicable.

QUALITY DATA AND INFORMATION

There have been documented cases in recent years of what has been called "quality falsification," in which companies have concealed or falsified the results of quality testing or other quality documents. SEWS is committed to integrity and transparency in reporting on the results of quality testing and expects the same high standards from all suppliers.

3-POINT CONTROL SYSTEM

The 3-Point Control System is a method designed to prevent critical problems and achieve "Zero Customer Claims." SEWS 3-Point Control System can be accessed https://sewsus.com/supplier-portal/ and then the 3-Point Control System section.

LABELING REQUIREMENTS

SEWS suppliers shall comply with the labeling requirements maintained at https://sewsus.com/supplier-portal/ and then the Labeling Requirements section. Note that the requirements from SEWS divisions will differ, and it is the supplier's responsibility to access the correct requirements, based on the division they are supplying products, materials or services to.

IDENTIFICATION AND TRACEABILITY

All suppliers to SEWS shall implement a traceability system that meets the requirements of this Manual, applicable government regulations, ISO, and IATF requirements.

The purpose of traceability is to support identification of clear start and stop points for products received by the customer or in the field that may contain quality and/or safety-related nonconformities.

In case of suspected or actual flow-out identified by either the supplier or SEWS, the supplier shall be able to communicate in a timely and accurate manner the suspect range with a clear start point (occurrence that produced a non-conforming part) and clear stop point (applied effective containment), based on their traceability method and documented records.

The traceability method, part identification, and first-in/first-out method (FIFO) are the key components of the supplier traceability system. Each supplier, including its supply chain, must follow these requirements.

- Traceability Method – the manner and ability to track back the part and subcomponents history (raw materials included).

- Serial number (S/N) traceability – a unique code assigned to identify a part permanently by using a barcode label or barcode direct part marking (DPM) applied on the part.
- Lot traceability – a specified amount of materials or sub-components that is allocated to a particular production size or volume (i.e. production shift, date/s, range, quantity, etc.)
- Part identification – refers to how a supplier and its supply chain identify their parts, which assists in the control of sub-components and materials in the supply chain. Examples of part identification: production date, ship date, barcode labels (1D or 2D), mold #, cavity #, production location, barcode laser etch DPM
- First in / first out (FIFO) – the supplier shall have FIFO at their plants and shall confirm its supply chain's FIFO to support and sustain traceability. FIFO shall be followed for all materials and sub-components through all production stages and parts completion, until finished goods delivery.

At its discretion, SEWS reserves the right to audit the supplier's traceability system including its supply chain. The supplier and its supply chain will support the traceability audit to confirm procedures, work instructions, processes, and data accuracy. SEWS will notify the supplier in advance of an audit.

1.0 Supplier Documentation and Quality Audits

1.1 Quality and Environmental Requirements

1.1.1 Quality Requirements

Supplier Quality Management System (QMS) Development (Ref: IATF 8.4.2.3, SI-8)

SEWS' suppliers shall develop, implement, and continually improve a Quality Management System (QMS) with the ultimate objective of achieving certification to the IATF 16949 standard. For logistics companies, the ultimate objective is ISO 9001 certification. Unless explicitly authorized by SEWS, an ISO 9001-certified QMS is the minimum acceptable level of development.

Based on current performance levels and risk assessments to SEWS and its customers, suppliers are expected to progress through the following QMS development stages:

Step 1: Certification to ISO 9001 through third-party audits.
Unless specified otherwise by SEWS, suppliers shall demonstrate conformity to ISO 9001 by maintaining valid third-party certification, including certification to ISO/IEC 17021 where applicable.

Step 2: Certification to ISO 9001 with compliance to other customer-defined QMS requirements. Examples include compliance with the Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers (MAQMSR) or equivalent, verified through second-party audits.

Step 3: Certification to ISO 9001 with compliance to IATF 16949 requirements.
Compliance is verified through second-party audits.

Step 4: Certification to IATF 16949 through third-party audits.
This requires valid third-party certification by an IATF-recognized certification body.

Note: The minimum acceptance level of QMS development may be compliance to ISO 9001 through second-party audits if specifically authorized by SEWS.

1.1.2 Environmental / Regulatory Requirements

1.1.2.1 IMDS/SOC/SVHC

Suppliers shall conform to the requirements of the IMDS (International Material Data Systems) and submit information about their raw material usage. Suppliers shall also monitor and control their processes to assure that there are no sources of contamination that would cause the product sold to SEWS to exceed any of the SoC (Substances of Concern) and ELV (End-of-Life Vehicles) and SVHC (Substance of Very High Concern) elements as indicated in the GADSL (Global Automotive Declarable Substance List) and/or Customer requirements.

This includes all sub materials that pertain to the product such as inks, markers, additives, storage techniques (cross contamination) etc.

SEWS may define special controls for certain products with statutory or regulatory requirements, the supplier shall ensure any special controls are implemented and maintained as defined.

For access to SEWS chemical standard and other environmental procedures and requirements go to; https://sewsus.com/supplier-portal/ and then the IMDS/ELV/SoC requirements section.

Suppliers shall have a standard in place to control, monitor and report GADSL, SoC and SVHC items to SEWS including as a minimum the following points:

☐ Responsible department or person for regulatory compliance is defined.
☐ There is a list of purchased items, including sub-materials with specific names or internal part numbers controlled and verified by the Supplier, for regulatory compliance.
☐ GADSL, SoC and SVHC requirements are verified at the feasibility stage of product realization activities.
☐ There is a rule for the control of materials used for maintenance operations to assure SoC substances are not introduced into the process, i.e. Lead Solder, etc.
☐ Suppliers shall have the capability, either internally or externally, to test product supplied to SEWS for the 6 SoC substances; Pb, Cd, Hg, Cr (6), PBB and PBDE in addition to any other substances identified by SEWS.
☐ SEWS requires IMDS with PPAP submissions, including change points that necessitate PPAP resubmission (reference SEWS change point control table). The analysis of SoC substances is required only if requested and is conducted using XRF for non-metallic parts or ICP for metallic parts.
- Control of materials to assure as changes are made to GADSL, SoC and SVHC requirements, the inventories are exhausted or disposed of to comply with "Sunset Dates" or agreements with SEWS.

☐ Supplier shall specify the type of SoC present upon request from Supplier Quality Assurance (SQA) or SoC/ELV Department (ex: type of Bromine or Chromium), if applicable, verify the exemption that applies to a particular substance and submit a plan to remove the substance if it does not possess an exemption. This may include periodic testing, based on SEWS risk analysis.
☐ Annual SoC self-audit utilizing SEWS SoC audit form shall be returned to SEWS SoC/IMDS department.

If supplier reports that a substance identified is not present and further XRF analysis at SEWS conclude the substance is present, the supplier is subject to an ICP test at a 3rd party research institute at the supplier's expense.

1.1.2.2 Responsible Material Sourcing

SEWS complies with the requirements of its customers for conflict minerals reporting. As a general rule, SEWS' suppliers are required to comply with the conflict minerals reporting requirements of the Dodd-Frank Act regarding tin, tantalum, tungsten, gold, and their ores originating in the Democratic Republic of Congo and adjoining areas. SEWS requires its supply base to provide any information to SEWS that SEWS requires to comply with its customers' reporting requirements. These inquiries may come from SEWS or an outside company acting upon SEWS' behalf.

Requirements will include but are not limited to:

☐ Conflict Minerals Reporting Template (CMRT) including minerals tin, tantalum, tungsten, and gold.
☐ Extended Minerals Reporting Template (EMRT) which currently includes Cobalt and Mica.

1.1.2.3 Additional Minerals Reporting (Other Minerals of Concern)

SEWS complies with the requirements of its customers for additional minerals when required. SEWS' suppliers are required to comply with the minerals reporting requirements for additional minerals as requested by SEWS.

1.1.2.4 Sanctions Compliance

Suppliers shall comply with US sanction obligations. To confirm compliance, suppliers shall complete the following steps.

☐ Review smelter list before submitting the Mineral Reports to determine if any of the sanctioned Smelter or refiner (SORS), including SORs in sanctioned countries, are in the supply chain.
☐ If a sanctioned Smelter or refiner (SOR) is in the supply chain, conduct due diligence to determine whether the sanctioned SOR can be traced to products supplied to SEWS.
☐ No sanctioned party should be included in the reports without explanation of the appropriate authorization for such inclusion.

- If this expectation is not met with a "company-level" report, SEWS will require the supplier to submit a product-level or user-defined report for parts supplied to SEWS. This is a commercial requirement, and supplier is expected to meet Conflict Mineral deadlines.

1.1.2.5 Packing and Packaging Requirements

Suppliers shall ensure compliance with the European Directive 2004/12/EC amending directive 94/62/EC on Packing and Packaging Waste.

This includes any part, item, or material which aids in the containment, protection, transportation and/or presentation of a product and which is intended to be removed or can be removed without impacting the user's operation of the product. This includes items such as boxes, tapes, foams, and some labels and tags.

☐ Sum of concentration levels of the four heavy metals lead (Pb), cadmium (Cd), mercury (Hg) and hexavalent chromium (CrVI) for all packaging or packaging components supplied, cannot exceed 100ppm by weight of the materials of the packaging being used.
☐ This means that each individual packaging element (i.e.: box, bag, label, strapping, pallet base, etc.) must not contain more than 100ppm by weight of the four metals combined Pb + CD + Hg + CrVI <100ppm

- Materials such as corrugated, bubble wrap, tape, poly bogs, boxes, dividers etc. In addition, a supplier uses any prohibited substances in it's packaging, the supplier must inform SEWS immediately. If a supplier finds any Substances of Very High Concern (SVHCs) >0.1% by weight of the packaging material, the supplier must inform SEWS.

1.2 Quality Audits

SEWS and its customers may require various audits throughout the lifecycle of each program. SEWS encourages suppliers to pursue continual improvement in their quality systems by utilizing the results of these audits and conducting thorough follow-up actions in areas of concern.

When non-conformances are identified during an audit, suppliers are required to submit an improvement plan with implementation status to the auditor. Suppliers shall fully understand the audit purpose and scope beforehand and be adequately prepared. SEWS will provide an audit guideline outlining expectations. Suppliers are responsible for conducting a pre-audit to verify compliance with SEWS procedures.

Audits will be conducted in compliance with IATF 16949 requirements, incorporating the expectations of SEWS' customers. Suppliers shall make their facilities available to SEWS and its customers for auditing purposes, with prior notification from SEWS. Audit forms will be provided as needed.

1.2.1 Quality Management System and Potential Supplier Audit

As part of the evaluation of potential new suppliers, SEWS may conduct a Quality Management System (QMS) or a Potential Supplier Audit (PSA) at the supplier's facility before acceptance. Suppliers will receive a copy of the audit format prior to the visit.

For wire harness components developed by SEWS or its overseas design facilities, additional steps may be required before conducting the PSA. Suppliers interested in becoming SEWS-approved should contact the SEWS Procurement Department for further details.

1.2.2 Pre-production, Run-at-Rate, Are-You-Ready (AYR) Audit

When a supplier is ready for mass production, SEWS may perform an audit to validate processes and quality systems. This audit ensures all requirements for starting new or modified processes are met.

This audit can be conducted by SEWS quality representatives or as a self-audit performed by the supplier's qualified auditors. Self-audit results shall be submitted to the SEWS representative or department that requested the audit.

Reasons for conducting this type of audit include, but are not limited to

- Start-up of a new component
- Manufacturing location change
- Significant process changes
- Raw material changes
- SEWS customer requests
- Major tool repairs

1.2.3 Mass Production Audit

SEWS quality representatives may audit the supplier's quality systems to verify control plans and standards for components or processes currently in mass production. The supplier will be evaluated using SEWS' audit format(s).

If the supplier fails to meet the required minimum score or if areas of concern are identified, the supplier shall submit corrective actions with evidence of improvement. SEWS quality representatives will determine whether the documentation is sufficient to close the audit or if a follow-up audit is necessary.

There are many reasons for conducting Mass Production Audits including the following.

- OEM customer complaints
- Problem Improvement Reports (PIRs) or Quality Concern Reports (QCRs)
- Low-quality performance trends

1.2.4 Supplier Development Audit (SDA)

SEWS quality representatives may conduct Advanced Product Quality Planning Supplier Development Audits (APQP SDA).

APQP SDA:

This audit ensures supplier processes align with evolving customer expectations and comply with their internal procedures. This audit will primarily focus on the APQP (Advanced Product Quality Planning) phase of your Quality Management System.

Through APQP SDA, SEWS and the supplier aim to:

- Identify high-risk processes within your operations.
- Bridge gaps between SEWS requirements and your current processes, procedures, and documentation, and
- Highlight opportunities for continuous improvement as outlined by IATF standards.

2.0 Part / Production Documentation

2.1 Initial Part Approval Process

SEWS requires all suppliers to submit a Level 3 PPAP for new components. PPAPs shall be submitted using the AIAG or SEWS customer guidelines and format. Refer to the latest version of the AIAG Manual to ensure full compliance with PPAP requirements. PPAP documentation shall be submitted by the due date specified by SEWS' quality representative. PPAP approval is required before the supplier ships mass production-level parts.

SEWS reserves the right to waive AIAG PPAP requirements in favor of specified documentation to meet SEWS and SEWS customers' requirements. Note: Waiving the requirement to submit a Level 3 PPAP does not absolve the supplier of the obligation to maintain full PPAP documentation as outlined in the AIAG PPAP manual.

If a supplier cannot meet any of the PPAP requirements, the supplier shall request a waiver or deviation approval from SEWS. SEWS' quality representative will evaluate the request and approve or reject it based on SEWS and SEWS customers' requirements and internal guidelines.

Suppliers may also be required to complete a dimensional capability study, which may include but is not limited to:
☐ Cpk (Process Capability Index) for specified dimensions.
☐ Ppk (Process Performance Index) for specified dimensions; and
☐ Capability studies for functional testing of specified features.

The supplier's PPAP submission shall include the following documentation:
- Material requirements compliant with SEWS North America EU Chemical Standards. Refer to the IMDS/ELV/SoC Requirements document available on SEWS' website: https://sewsus.com/supplier-portal/.
☐ Packaging specifications, if requested before PPAP submission.
☐ IMDS (International Material Data System) reporting.
☐ DVP&R (Design Verification Plan and Report) with OEM approval, if applicable.

2.2 Prototype Tools and Components

Suppliers shall ensure quality for prototype tools and components by adhering to the general prototype requirements outlined in the SEWS Procurement Department's Terms of Agreement and RFQ (Request For Quote) Request.

2.3 Advanced Product Quality Planning

SEWS suppliers shall follow the AIAG Advanced Product Quality Planning and Control Plan Manual, as well as SEWS-specific requirements.

For components developed by SEWS or its affiliate design facilities, extensive requirements apply from the RFQ phase through to the start of mass production, including PPAP submission. These details are outlined during new supplier onboarding training. For specific component quality requirements, SEWS will schedule a project kick-off meeting following the Procurement Department's Award Notification.

2.4 Mass Production Parts

SEWS suppliers shall comply with the following requirements for all mass production parts:

☐ Annual dimensional layout inspections must be performed in accordance with applicable OEM Customer Specific Requirements (CSRs). Additional details can be accessed via the SEWS Supplier Portal under the OEM Annual Layout Requirements section.

☐ Compliance with all SEWS customer-specific requirements for the program.

☐ Adherence to the latest edition of IATF-16949 Automotive Quality Management System standard.

☐ Implementation of AIAG CQI (Continuous Quality Improvement) assessments, as applicable to special processes.

☐ Retention of production lot samples, including first and last shots, on a part-specific basis.

☐ Maintenance of up-to-date Control Plans that clearly identify Cpk-monitored characteristics and functional requirements.

For characteristics or components that "pass through" SEWS' quality management system without validation or controls, the supplier shall ensure appropriate controls are implemented at the point of manufacture and documented in the control plan.

Requirement for Wire Manufacturing Suppliers

SEWS requires automotive wire manufacturing suppliers to implement and maintain a process to do the following.

- Avoid "Weld/Joint" flow out to SEWS Wire Harness Plants by collecting the physical weld/joint in the suppliers manufacturing process.

☐ Demonstrate and maintain acceptable minimum-wall values according to the required manufacturing standard during production including acceptable manufacturing CpK value of 1.33 or greater. Minimum wall characteristic shall be identified as a critical characteristic in the supplier manufacturing process and in the suppliers Control Plan.

- Demonstrate and maintain acceptable conductor resistance values according to the required manufacturing standard during production including acceptable manufacturing CpK value of 1.33 or greater. Conductor resistance characteristic shall be identified as a critical characteristic in the supplier's manufacturing process and in the suppliers Control Plan.

☐ Assure the correct number of conductor strands (also known as "elementals").

Requirement for Embedded Software
SEWS requires suppliers of product-related software or automotive products with embedded software to implement and maintain a process for software quality assurance for their products. Suppliers shall utilize a software development assessment methodology to assess the software development process using prioritization based on risk and potential impact to the customer and end-users. SEWS requires its suppliers to retain documented information on the suppliers' software development capability.

2.5 Mass Production Change Point Control

2.5.1 Advanced Notification of Initial Production Parts

Suppliers shall submit notification of changes at least 120 days prior to the planned implementation date. The **Advanced Notification of Initial Production Parts** form (CORP-QA-7.4.3.2-06), an equivalent supplier form and/or email must be submitted to all SEWS ship-to locations. The SEWS form is available at https://sewsus.com/supplier-portal/ under the **Supplier Manual and Forms** section.

This form and/or email is the primary communication tool between SEWS and the supplier for proposed changes to mass production components or operations. Notifications are required for the following types of changes, but are not limited to the following.

☐ **Raw Material Modifications**: Supplier, type, grade, or ingredients.
☐ **Assembly Process Alterations**: Including location changes.
☐ **Process Adjustments**: Including location changes.
☐ **Packaging Changes**: Such as box type or quantity.
☐ **Additional Tooling Requirements**

For detailed information on change point control requirements, refer to **SQAM-ChangePointControlMatrix20141031**. Upon receiving the supplier's notification, each SEWS ship-to location will inform the supplier of any additional documentation requirements to approve the change. The SQAM change point control verification and notification requirements document is also available in the **Supplier Manual and Forms** section of the SEWS website.

2.5.2 Change Point Control Process

Suppliers shall implement a robust Change Point Control Process to systematically manage changes to products, materials, processes, or systems. This ensures all changes are properly evaluated, approved, implemented, and documented.

The purpose of this process is to:
☐ Prevent unnecessary changes.
☐ Ensure all changes are thoroughly documented.
☐ Minimize disruptions to services; and
☐ Optimize resource efficiency.

The following steps, at a minimum, must be included in the change control process.

Documentation: Record every detail of the proposed change for future review and reference, including the following.
☐ Who proposed the change?
☐ What the change entails.
☐ Why the change is necessary.
☐ How the change will be implemented.

Assessment: Conduct a comprehensive review to evaluate the potential impact of the change. This includes assessing risks, weighing benefits against drawbacks, and determining whether the change should proceed.

Planning: Upon approval, create a detailed plan outlining the following.
☐ Implementation steps.
☐ Responsibilities.
☐ Timelines.

Testing: Test the change in a controlled environment to ensure its functionality and evaluate its impact.

Implementation: After successful testing, implement the change in the live environment. Communicate the change and its potential effects to all stakeholders.

Final Review: Conduct a post-implementation review to verify that the change was executed as planned and to assess its overall effectiveness.

By adhering to this structured process, suppliers can ensure changes are well-managed and aligned with SEWS' expectations.

2.5.3 Label Requirement for Initial Production Parts of a Change Point

For PPAP submissions related to change points (e.g., replacement tooling, supplier changes, or additional tooling), the first shipment of new components must include an **Initial Production Parts (IPP)** tag if required by SEWS' quality representative.

This IPP tag shall reference a SEWS-issued internal number specific to the component's PPAP. Failure to comply with this labeling requirement will result in rejection of the first shipment and the issuance of a Problem Incident Report (PIR) against the supplier.

2.6 Deviations for Non-Conforming Parts

Suppliers are fully responsible for ensuring that all products shipped to SEWS meet the applicable specifications and drawings. When a specification or drawing cannot be met, the supplier shall request a deviation using the **Deviation Request Sheet** (CORP-QA-7.4.3.2-07). Supporting evidence shall demonstrate that at least one of the following criteria applies.

- The part complies with all finished goods PPAP requirements of SEWS' customers.
- ☐ Non-conformity cannot be corrected through material, mold, or die changes or rework.
- Rework or mold/die changes would disrupt SEWS' assembly or delivery processes.
- ☐ The deviation does not affect fit, form, function, or safety.

Under no circumstances may non-conforming parts be shipped to SEWS without prior written approval.

Types of Deviations

A. Limited Quantity: Limits the number of non-conforming parts allowed for urgent use to support SEWS production.
B. Limited Period: Restricts the time frame during which non-conforming parts may be used.
C. Lifetime: Provides permanent approval for specific molds or dies and is granted only under special circumstances.

To request a deviation for characteristics specified in SEWS drawings or specifications, the supplier shall submit the following:
☐ A completed **Deviation Request Sheet**
☐ Relevant supporting data

☐ Samples (including samples from each mold or cavity for multi-production tooling, if applicable)

The required sample quantity and testing requirements will be communicated by SEWS. SEWS will review the deviation request, provide a disposition, and notify the supplier of its decision. Non-conforming parts must not be delivered without written approval from SEWS.

If the deviation is approved, SEWS will inform the supplier of any special identification requirements for shipments containing deviated parts.

3.0 Problem Resolution

3.1 Non-Conformance and Quality Issue Management

When SEWS identifies a problem or non-conformity with mass production parts or APQP phase components from any supplier, the severity of the issue will be evaluated based on non-conforming samples and/or supporting documents to determine the necessary corrective actions.

3.1.1 Problem Improvement Request (PIR)

A PIR will be issued when a nonconformance is identified that:

☐ Is reported by the OEM or customer;
☐ Impacts functionality, fit, or safety;
☐ Represents a recurring failure mode, or;
☐ Results in any form of incurred cost.

3.1.2 Quality Concern Report (QCR)

A QCR will be issued to the supplier when the issue is determined to be of low impact or a potential defect, based on SEWS' risk assessment.

3.1.3 Request for Improvement and Countermeasure (RFIC)

SEWS issues an RFIC (Request for Improvement and Countermeasure) for quality concerns related to APQP phase components. The RFIC is initiated when suppliers fail to meet critical requirements, including:

☐ Component quality standards: Ensuring products meet predefined specifications.
☐ Requirement compliance: Adhering to schedules, meeting delivery timelines, providing proper documentation, and completing each milestone as required.

3.2 Initial Response

Suppliers shall provide an initial response to any of the claims reports listed above, within **24 hours** in an **8D format**. This response should include the following.

☐ Containment activities.
☐ Details certifying the production of good parts.
☐ Sort and rework plans, including authorization of associated costs; and
☐ Progress updates on the investigation.

Containment reporting shall include the following.

☐ Quantities of suspect parts in inventory and transit.
☐ Sort/rework authorization number (if applicable).
☐ Return Material Authorization (RMA) number.
☐ A photo of the certification tag with, at minimum: claim number, failure mode, and certification date.

Failure to provide a sort/rework authorization number does not absolve the supplier of the associated containment/sort costs.

3.3 Sort and Rework Requirements

If sort and rework activities are necessary, suppliers shall:

☐ Assign a representative to be on-site within **24 hours** of notification to supervise and administer these activities.
☐ Cover all associated costs incurred at SEWS or OEM locations; and
☐ Coordinate all sorting activities as mandated by SEWS.

Failure to provide a sort/rework authorization number does not exempt the supplier from responsibility for containment costs. SEWS reserves the right to arrange containment activities within **24 hours** (or sooner if warranted by a risk assessment).

SEWS will have final approval of all sorting and rework plans.

NOTE: Suppliers shall provide an RMA (Return Merchandise Authorization) to return or scrap material within **14 days** of notification of material quantities. Failure to comply may result in additional costs to the supplier for managing suspect material on SEWS premises.

3.4 Countermeasure Response

The supplier shall submit a countermeasure response in 8D format and evidence of the implemented action to SEWS within 14 calendar days of the PIR issue date, unless otherwise specified by SEWS. It is the supplier's responsibility to request an extension if the deadline cannot be met.

The countermeasure response shall include:
☐ A root cause analysis; and
☐ A final corrective action and plan
The root cause analysis should detail how the non-conformity occurred and why the non-conformity was not detected during the flow-out process. **5-Why** or **Fishbone** analysis methods should be used.

The final countermeasures shall provide detailed information to ensure the non-conformity does not recur, including the responsible party and implementation date.

PFMEA / Control Plan shall be submitted with all countermeasure responses.

Identification of Countermeasure Parts
The supplier shall identify each box of initial containment with a certification label until the permanent countermeasure is implemented.

3.5 Quality Improvement Plan

SEWS will initiate a Quality Improvement Plan ("QIP") process for the suppliers identified as critical because of OEM claims or a high trend of PIR and/or QCR claims.
If a QIP is issued the methodology and rules to follow are agreed upon at the kickoff meeting.

3.6 Controlled Shipping

When necessary, or if designated by the OEM or SEWS customer, SEWS will initiate controlled shipping with the supplier at the following levels:

- Level 1 (CSL1): A secondary inspection process implemented by the supplier, separate from the normal process flow. This inspection must be carried out by the supplier's permanent personnel.
- Level 2 (CSL2): The supplier shall maintain CSL1 and additionally implement 100% inspection by a third-party sorting company. This containment can be performed at the supplier's site or externally.

The criteria for implementing controlled shipping may include, but are not limited to:

☐ Ineffective corrective actions
☐ Recurring claims
☐ Prolonged duration of any issue; or
☐ Special containment required due to the start of a Quality Improvement Plan

The rules and exit criteria for the controlled shipping process will be specified in the controlled shipping kickoff meeting.

RELATED REQUIREMENTS FOR SUPPLIERS

In addition to the Supplier Quality requirements described above, each supplier must also comply with other related requirements of Procurement, Material Control, Material Planning and Logistics, and other departments of SEWS. Some of these requirements are described below. Others may be available on the Supplier Portal section of the SEWS website or be described in the SEWS Global Terms and Conditions or other documents provided by the relevant SEWS departments. ITAF requirements may also apply. It is the obligation of the supplier to identify the relevant requirements.

SUPPLIER PORTAL

The following requirements appear in the Supplier Portal section of the SEWS website.

- **EDI Specification for Suppliers**
- **CSR Procurement Guidelines**
- **MMOG-LE Requirements**
- **Supplier Code of Conduct**

DELIVERY SYSTEM

SEWS requires that the supplier obtain 100% on-time delivery performance. In the event that 100% on-time delivery cannot be achieved, the supplier shall communicate to SEWS Material Control and/or Production Control to resolve all issues, in a manner consistent with each purchase order and SEWS' Global Terms and Conditions. On-time delivery will be monitored as part of the Supplier Scorecard Rating Program.

MMOG/LE REQUIREMENTS

SEWS suppliers shall comply with Materials Management Operations Guideline/Logistics Evaluation (MMOG/LE) requirements as instructed. SEWS MMOG/LE information can be accessed at https://sewsus.com/supplier-portal/ and then the MMOG/LE Requirements section.

EDI REQUIREMENTS

SEWS suppliers shall comply with the Electronic Data Interchange (EDI) requirements, located at https://sewsus.com/supplier-portal/.

SUPPLIER RATING

Supplier Monthly Report

SEWS will provide suppliers with a monthly rating report evaluating performance in the area of Quality. Suppliers are expected to maintain a score between 90 and 100.

Monthly Scoring Criteria:

90-100: The supplier meets SEWS' expectations.

80-89: The supplier mostly meets SEWS' expectations, but improvements may be required. If scoring remains at this level for a sustained period, SEWS may visit the supplier to conduct a general process audit and investigate the root causes of the issues contributing to the reduced rating.

70-79: The supplier does not meet SEWS' expectations. SEWS may arrange a process audit with the supplier, and any findings will require immediate corrective action.

Below 70: The supplier does not meet SEWS' expectations and risks being de-sourced. SEWS may place the supplier on a new business hold at its discretion.

SEWS will evaluate whether the supplier has the potential for improvement or if it is in SEWS' best interest to begin preparing for the termination of all or some business transactions with the supplier.

Suppliers scoring below satisfactory standards in any individual section (Quality, Cost, or Delivery) may face additional corrective action requests, audits, and de-sourcing discussions beyond those outlined above.

Focus Suppliers
Suppliers with recurring issues in quality, delivery, or management; failure to respond to Problem Improvement Requests or system improvement requests; or those posing significant risks to SEWS' business may be designated as **Focus Suppliers**.

Suppliers in this category will be required to do the following.

- Develop and present improvement plans to SEWS.
- Attend meetings at a SEWS facility. The frequency (e.g., weekly, bi-weekly, monthly) and format (e.g., in-person, virtual) will be determined by SEWS and communicated to the supplier.

Suppliers experiencing ongoing quality-related problems may also be placed on **Special Containment**, requiring **30 consecutive days** of defect-free shipments before the containment measures are lifted. Inspection results during this period shall be submitted to SEWS.

Revision History

Revision Level	Date	Revision History
0-3	8/21/1995	Previous Revisions
4	4/28/1997	Re-issue of complete manual. Suppliers to destroy old version. Addition of delivery standard. Addition of System Audit. Addition of Pre-Production Audit. Revised Supplier Rating System to include delivery rating. Addition of revision record.
5	7/1/2000	Revision of PIR Procedure
6	7/31/2002	Re-issue of manual
7	1/10/2003	Addition of requirements (per end customer) for IMDS
8	10/30/2003	Format and Grammar. Revised PIR procedure. Revised Sort and Rework requirements. Revised PPAP expectations. Revised General Procedures. Revised Registration Requirements. Added organizational chart. Added SEWS Business Principles. Revised audit guidelines and procedures
9	12/15/2005	Revised monetary values. Revised organization chart. Added requirements for IPP Tag. Updated PPAP requirements. Updated Mass Production requirements. Updated IMDS requirements. Added bar code requirements. Added tool transfer requirements. Updated PPAP requirements. Added confirmation audit. Updated supplier rating for quality.
10	3/5/2007	Revised Supplier Rating and monthly scoring.
11	9/29/2008	Addition of MP Audit check sheet. Addition of N+3 audit check sheet, addition of MPR requirements. Addition of W/H PIR process flow, revised Quality and Environmental requirements. Revised PPAP requirements. Deleted Org Chart. Deleted general tooling guidelines.
12	03/14/2012	REMOVED: "Quality Systems Audit", "Countermeasure Audit", "Quality Assurance Confirmation Audit", "N+3 Audit" UPDATED: Quality and Environmental Requirements, Notice of Responsible Person of Quality Assurance, PPAP Requirements, Tool Transfer Approvals / Localizations, Mass Product Parts, Deviations for Non-conforming Parts, Lifetime Deviations, Defect Notification Report, Problem Improvement Request (PIR) / Quality Concern Report (QCR) / Abnormality Report (ABR), Sort and Rework Requirements, Countermeasure Response, Supplier Rating, Relation to Purchase Order ADDED: Conflict Materials Requirements, Potential Supplier Audit, PK Audit, Defect Notification Report, Initial Response, Focus Suppliers
13	6/19/14	Added requirements for TS16949 compliance (Sub-Tier Requirements) Added new requirements for IMDS/SoC/Conflict Minerals reporting Added revised requirement for annual layout Added section for Components Division specific requirements
14	3/30/18	Revise to comply with ISO 9001-15 / IATF 16949-16 and CSR requirements, MMOG/LE requirements. Addition of hyperlinks for requirements, Revise the name of the supplier manual

15	9/30/25	Added/Updated sections: Quality Policy, How to read this manual, Scope, Quality data and Information, 3 Point Control System, MMOG/LE Requirements, EDI Requirements, Labeling Requirements, Quality Requirements, Environmental / Regulation Requirements, Quality Audits, Prototype Tools and Components, Advance Product Quality Planning, Mass Production Parts, Change Point Control Process, Problem Resolution, Sort and Rework Requirements, Quality Improvement Plan, Controlled Shipping. Remove supplier commitment form