



Supplier Quality Requirements Manual

Nissha Eimo Technologies

Supplier Quality Requirements Manual

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1.0 FOREWORD

Our industry is both competitive and demanding, with ever increasing levels of customer expectations for product performance, reliability, and cost.

We at Nissha Eimo Technologies realize the enrichment of people's lives by creating technology and developing it into economic and social value through diverse capabilities, passion, and leadership.

Our objective is to create Supplier Partnerships that offer a cost competitive advantage and exhibit our same passion for economic and social value, and strong commitment to product quality and service.

Materials purchased from our supply base is a vital ingredient for our success, and the purpose of this manual is to define the basic systems and procedures we expect our suppliers to adopt to ensure that Nissha Eimo Technologies' quality requirements are met.

We try to utilize a diversified supplier base and expect our suppliers to consider and include within their abilities, minority suppliers as well. If your company is a certified minority- owned company, please submit a copy of your certification to our Purchasing Department at purchasing@nisshaeimo.com.

It is the intention of Nissha Eimo Technologies to develop a long term partnership with suppliers who can consistently achieve these standards so that together we can provide the level of quality excellence necessary to satisfy all our customer's needs and requirements.

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2.0 INTRODUCTION

Goal

The goal of this manual is to communicate to the supplier minimum requirements to assure the quality of supplied product to Nissha Eimo Technologies.

Purpose

The purpose of the manual is to define the systems and controls Nissha Eimo Technologies requires their suppliers to fulfill. *By doing business with Nissha Eimo Technologies you are agreeing to the requirements stated in this Supplier Quality Manual and the purchase order.*

Implementation

Suppliers are to progress to: current revision *ISO9001 or IATF16949* requirements; *all statutory and regulatory requirements for country of origin, country of receipt and country of destination, if known in compliance with ROHS, REACH, CONFLICT MINERALS*; and utilize current AIAG publications as applicable.

References:

ISO9001:2015 Quality Management Systems-
Requirements IATF 16949 Automotive QMS Standard
Measurement Systems Analysis (MSA)
Statistical Process Control Manual (SPC)
Potential Failure Mode and Effect Analysis Manual (FMEA)
Production Part Approval Process (PPAP)
Advanced Product Quality Planning and Control Plan Reference Manual
(APQP) AIAG B-10 Bar Code Label Guide
AIAG M-7 Global Material Management Operations Guideline (MMOG)
CQI-9 Heat Treating Assessment
CQI-11 Plating System Assessment
CQI-12 Coating System Assessment
CQI-23-Molding System Assessment

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Continuity of Supply

Suppliers are required to have well-defined business contingency plans in place to ensure continuity of supply in the event of disruption to their operations and/or supply of materials. Proposed contingency plans must be retained at supplier and submitted per Nissha Eimo Technologies' request. If the proposed contingency plan is not acceptable by Nissha Eimo Technologies as submitted, supplier will modify the proposed contingency plan as required within a specified timeframe and re-submit the revised contingency plan for review. Supplier will continue to make the necessary revisions until the contingency plan is acceptable to Nissha Eimo Technologies.

Supplier shall identify an individual that has sufficient authority to assume responsibility for dealing with any product quality and / or delivery issues that may impact Nissha Eimo Technologies. Supplier is responsible to forward that individual's contact information to our Purchasing Department:

Conduct & Ethics

Nissha Eimo Technologies conducts business with integrity, fairness, and respect. We are committed to comply with all applicable laws and regulations. The same is required from all suppliers, contractors, consultants, or other representatives we may conduct business with.

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Working Conditions

We are committed to maintaining working conditions and standards that result in dignified and respectful treatment of all employees within our operation as well as those of our supply chain. Suppliers will support the following standards:

- a) Child labor as defined by local, state, or federal law will not be utilized under any circumstances.
- b) There will be no form of forced or compulsory labor.
- c) A safe and healthy work environment free from any type of harassment or discrimination as defined by law shall be provided.
- d) Workers shall be accorded open communication with management regarding working conditions without the fear of reprisal, intimidation, harassment, or any other negative actions.

Conflict Minerals

To ensure compliance with the SEC requirements, Nissha Eimo Technologies must request information regarding the use of conflict minerals, from any appropriate suppliers. Any supplier contacted must support by accurately providing all requested data and reports.

3.0 SUPPLIER SELECTION REQUIREMENTS

Purchasing will procure material only from approved supply sources. Purchasing will ensure that only capable suppliers are considered for approval, unless otherwise mandated or directed by our customers.

Suppliers must be certified to a minimum of the current ISO 9001 standard with goals of achieving IATF 16949 certification if an automotive supplier. In certain cases, suppliers can be used – added to the approved supplier list by Management decision.

- 3.1 Supplier Profile form must be completed by all suppliers, updated when changes occur, and submitted to your Contact at Nissha Eimo Technologies.
- 3.2 A request may be made to review a supplier on site.
- 3.3 2nd Party Audits may be utilized if deemed necessary.

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4.0 SUPPLIER QUALITY RATING SYSTEM

On-going supplier quality performance will be assessed based on PPM, Delivery Performance, [Premium Freight Occurrences and Customer disruptions \(SCARS's issued\)](#). The method is based on the resulting status of all direct incoming material problems experienced.

The Performance Rating is comprised of the following subcategories:

- 4.1 **PPM performance** is the direct result of rejection against the number of parts delivered from the supplier. This will be measured as follows:

$$\text{PPM Rating} = (\text{defect} / \text{amount shipped}) * 1,000,000$$

Unless otherwise required, the *maximum* acceptable PPMs is less than or equal to 100. Without prejudice to its other rights and remedies, we may require implementation of an improvement plan for PPM ratings greater than 100, or, if applicable, the other specified maximum PPM level,

- 4.2 **Delivery Performance** is measured against 100% on time delivery.

$$\text{Delivery Performance} = (\text{delivery violation} / \text{amount of shipments})$$

Without prejudice to its other rights and remedies, may require implementation of an improvement plan approved by Nissha Eimo Technologies if seller fails to meet 100% on-time delivery. Nissha Eimo Technologies reserves the right to charge \$250.00 per occurrence to Supplier for Quality disruptions and \$25.00 per hour sorting in the event Nissha Eimo Technologies should have to sort your defective product to ensure shipment to our Customer.

- 4.3 Tracking of **Premium Freight Occurrences** and any **Customer Disruptions**.
Overall Rating to be adjusted per occurrence at Supply Chain Manager's discretion.

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5.0 CORRECTIVE AND PREVENTATIVE ACTION

When a quality or delivery problem has been reported to the supplier it is the supplier's responsibility to respond to Nissha Eimo Technologies within 24 hours with Interim Corrective Action. The interim shall include a plan to quarantine, recall, sort, rework, or replace all material in the logistics flow. The supplier shall respond with Permanent Corrective Action within 10 working days. If Permanent Action cannot be met in the allotted 10 days, it is the responsibility of the supplier to submit in writing for an extension prior to the 10-working day deadline. Nissha Eimo Technologies may approve or reject any such requested extension in its sole discretion. Interim actions are to stay in effect until Permanent Corrective Actions have been verified. An 8-D Corrective Action report is required to be used.

Repeat quality problems could result in Level I or Level II controlled shipping set forth by Nissha Eimo Technologies and /or an on- site 2nd Party Audit.

Level 1 Controlled Shipping includes a problem-solving process as well as a redundant inspection process. The inspection process is enacted by the supplier's employees at the supplier's location in order to protect Nissha Eimo Technologies from receipt of nonconforming parts/material.

Level 2 Controlled Shipping includes the same process as Level 1 controlled shipping, with an added inspection process that is completed by an impartial third party. The third party is selected by Nissha Eimo Technologies and paid by the supplier. In special cases, the Level 2 inspection may be required to be performed outside the supplier's facility if deemed appropriate by Nissha Eimo Technologies.

An exit plan with supporting data will be required prior to release from Level 2 Controlled Shipping.

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6.0 PPAP PROCEDURE

Suppliers submitting PPAP will ensure that all submissions are Level 3 unless otherwise specified by Nissha Eimo Technologies.

The supplier will fully comply with all requirements in the current Production Part Approval Process (PPAP) manual.

PPAP dates will be agreed upon with Nissha Eimo Technologies' representative and the supplier as stated in the Purchase Order. If dates cannot be met it is the responsibility of the supplier to notify the representative with corrective action and new timing.

No production parts will be shipped without PPAP approval.

6.1 SUPPLIER CHANGE REQUEST

Supplier will not make any change relating to the products and/or services provided, including without limitation, with respect to the product's contents, approved suppliers, design, specifications, manufacture, assembly, processing, packing, marking, shipping, price, date or place of delivery, or place of manufacture, assembly or production, except at Buyer's written instruction or with the written approval of Nissha Eimo Technologies' Purchasing Department.

The supplier shall convey this requirement to their suppliers.

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7.0 PACKAGING AND LABELING

A Nissha Eimo Technologies' representative must approve packaging in writing prior to shipments of production parts. Pack for all parts, components and tapes must be sufficient to protect from damage during shipping and storage.

7.1 Labeling

Nissha Eimo Technologies requires that ALL material being received into the facility be labeled per this format specification, unless otherwise specified in writing.

Label Description:

The label shall contain the following: Nissha Eimo Technologies' part number, part description, part quantity, lot number, revision level, purchase order number, manufacture date.

Placement of the Label:

The label shall be securely fastened to the container.

7.2 Packing Slips

A packing slip must accompany each shipment. The packing slip must be securely fastened to the container or presented by the carrier (truck driver) at time of delivery to the plant. It must contain the following: Supplier Name, Address, Phone Number, Nissha Eimo Technologies' Part Number, Part Description, Part Quantity by Nissha Eimo Technologies' Part Number, Number of packages shipped (boxes, skids, etc.), Packing slip Number, Purchase Order Number, Ship date.

7.3 Material Certification to be emailed to appropriate buyer or accompany each shipment.

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8.0 CUSTOMER OWNED-TOOLING

The supplier shall maintain and implement a preventative maintenance program that is satisfactory to both Nissha Eimo Technologies and Nissha Eimo Technologies' customer(s) for any customer-owned tooling, secondary equipment, and gage. Nissha Eimo Technologies and customer shall be entitled, at any time, upon request to the supplier, to require improvements to the supplier's preventative maintenance program. At minimum, such program must include and address:

- Customer Tool Identification

- Tool preventative maintenance system per cycle

- Tool room department personnel for minor repairs

- Secondary equipment preventative maintenance

- Secondary equipment personnel for repair

- Gage maintenance, calibration, and R&R as needed.

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9.0 INTERNATIONAL MATERIAL DATA SYSTEM (IMDS) REQUIREMENTS

If an Automotive supplier, Material Data Sheets (MDS) must be created on the IMDS about the components and materials that your company is supplying to Nissha Eimo Technologies, you should contact your buyer for the Site Code. **Failure to submit this information will lead to PPAP rejection.**

We are requesting that our suppliers register their company with the IMDS and submit data as soon as possible. To register your company, go to http://www.mdssystem.com/html/en/home_en.htm and follow the simple online instructions. Information on IMDS Training is also available on the IMDS web page.

All Suppliers are to maintain regulatory compliance and follow Reach & RoHs I,II, Conflict Minerals Certification. Nissha Eimo Technologies reserves the right to request these certifications yearly.

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Revision History

DATE	REVISION DESCRIPTION (most recent updates in BLUE font)	APPROVAL
8-2-19	Revision 1 Initial Release	<i>Jean Hentkowski</i> Supply Chain Manager
12-29-21	Revision 2 updated manual to reflect new company name. Nissha Eimo Technologies.	<i>Jean Hentkowski</i> Supply Chain Manager