SUPPLIER QUALITY MANUAL

TABLE OF CONTENTS

1. INTRODUCTION

The purpose of this manual is to provide suppliers to IER Fujikura, Inc. a document that communicates IER Fujikura, Inc.'s requirements and expectations for those companies that wish to supply product and services to IER Fujikura, Inc. These requirements are in addition to the terms and conditions of the purchase order.

The basis for this manual is the requirements of ISO 9001, IATF 16949, AIAG reference manuals and our own requirements.

Our Management System processes, supporting documents and this manual as well as the performance of each supplier are reviewed on a continual basis.

This manual is the property of IER Fujikura, Inc. and is for the exclusive use of the suppliers to IER Fujikura, Inc. This manual must not be used in part or whole for other purposes or companies.

This supplier manual has been approved by:

Jeff Robinson
Chief Executive Officer

Matthew Mueller
Purchasing Manager

Omar Gomez
Quality Assurance Manager

2. SCOPE

This manual was developed for those suppliers who produce raw materials, products, components or provide some kind of service to IER Fujikura, Inc.

The requirements contained in this manual are intended to be applied to all suppliers that affect, *directly* or *indirectly,* product quality regardless of the type, size, or volume that you produce for us.

3. REFERENCE MATERIAL

When we developed this supplier manual the following reference sources were used and will be referenced throughout this manual. Requirements from these reference documents are stated within the context of this manual.

- APQP
- PPAP
- MSA
- FMEA
- SPC
- ISO 9001
- IATF 16949

4. SUPPLIER APPROVAL PROCESS

Supplier Certification Requirements

Product/ Service	Requirement
Raw Materials (e.g., polymer, purchased compound, bonding agent)	• ISO 9001 or equivalent certification
Outside Processing (e.g., plating, coating)	• ISO 9001 or equivalent certification • Applicable CQI Audit
Calibration Service/ Testing	• ISO/IEC 17025
Inserts (Key Suppliers)	• ISO 9001 or equivalent certification unless waived by customer • On-Site audit or Mail audit (optional) (i.e., MSD-163, *Supplier Audit*)
Tooling	• MSD-063, *Tooling Supplier Capability Evaluation* • No QMS Certification required
Indirect Impact Items/ Services (e.g., supplies, mfg./maintenance services)	• Capabilities & availability • No QMS Certification required
Equipment (i.e., capital)	• No QMS certification required

Note: In exception cases, a customer waiver or IER confirmation of supplier capability (e.g., PPAP or First Piece Approval) may be used in lieu of the above requirements.

4.1 CANDIDATE SELECTION

After the quoting process, Purchasing considers a new supplier for a new or existing product or material. Purchasing will make available to the candidate supplier an IER Supplier Manual.

4.2 SUPPLIER RISK ASSESSMENT

The next step in the approval process is the assessment of the Supplier's capability to satisfy our requirements.

During the approval process, IER Fujikura will perform a risk assessment and request that the supplier provide a copy of their Quality Management System certification(s) and contingency plan.

Based upon risk, further evaluation criteria is determined. It may be decided that an on-site or remote audit and/ or project review is appropriate.

Supplier Risk Factor Criteria

Risk Value	Risk Factor	Consideration Criteria*
1	Minimal	a) IATF 16949 Certified or ISO/IEC 17025 b) Good Supplier Performance c) Provides certified materials d) Indirect Impact Suppliers with no identified issues
2	Low	a) ISO 9001 Certified or equivalent b) Good Supplier Performance c) Provides certified materials d) Utilizes AIAG Core Tools – APQP, PPAP, SPC, etc.
3	Moderate	a) ISO 9001 Certified or equivalent b) Supplier Performance Issues being resolved by corrective action and increased monitoring c) Provides certified materials d) Supplies a unique technology e) Unionized supplier f) Start developing supplier towards IATF 16949 implementation to reduce overall risk g) Indirect Impact Suppliers with identified performance issues h) No QMS certification, but approval by Customer. i) No contingency plan available
4	Significant	a) Supplier Performance Issues are unresolved after corrective action, increased monitoring b) Performance issues impacting customer c) Financial issues d) Start resourcing process to qualify new suppliers
5	Unacceptable	a) Update Supplier Status by Disapproving supplier b) Wind down open orders and transition to new supplier

*Note: To be considered, as appropriate/ available based on discretion of the Purchasing Manager and other affected Managers/ employees.

4.3 APPROVED SUPPLIER STATUS

Providing the supplier has met the above requirements, and we have obtained the required approvals, the supplier will be approved.

Suppliers must make available current copies of their certifications as they are renewed.

Suppliers must send notification if their certification is suspended.

4.4 SUPPLIER MANAGEMENT SYSTEM DEVELOPMENT

IER Fujikura requires their suppliers of automotive products and services to develop, implement, and improve a quality management system (QMS) with the ultimate objective of becoming certified to the Automotive QMS Standard.

Using a risk-based model, the organization has defined a minimum acceptable level of QMS development and a target QMS development level for each supplier.

Unless otherwise authorized by the customer, a QMS certified to ISO 9001 is the minimum acceptable level of development. Based on current performance and the potential risk to the customer, the objective is to move suppliers through the following QMS development progression:

a) certification to ISO 9001 through third-party audits; unless otherwise specified by the customer, suppliers to the organization demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (*International Accreditation Forum Multilateral Recognition Arrangement*) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021
Website for the current IAF MEMBER LIST – https://www.iaf.nu/articles/Accreditation_Body_Members_by_Name/52

b) certification to ISO 9001 with compliance to other customer-defined QMS requirements (*such as Minimum Automotive Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent*) through second-party audits;

c) certification to ISO 9001 with compliance to IATF 16949 through second-part audits;

d) certification to IATF 16949 through third-part audits (*valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body*).
Website for the current list of IATF recognized Certification Bodies - https://www.iatfglobaloversight.org/certification-bodies/under-contract/

Note: The minimum acceptable level of QMS development may be compliance to ISO 9001 through second-party audits, if authorized by the customer.

4.5 ADDITIONAL REQUIREMENTS

The supplier must flow down to the supply chain any applicable requirements including customer requirements.

Records (e.g., inspection, test, certifications), must be legible, identifiable, readily available and maintained for a minimum of fifteen years or unless otherwise specified.
They must be in the English language and made available to IER Fujikura, Inc. to be retained following our record retention policy.

The supplier must allow right of access to IER Fujikura, Inc., our customer, and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

The supplier must establish and maintain a contingency plan and documented procedures for identifying training needs and achieving competence of all personnel performing activities affecting product quality including part-time, temporary, seasonal, and contracted personnel. Personnel performing specific assigned tasks must be qualified, as required, with particular attention to the satisfaction of IER Fujikura, Inc. requirements.

5. PRODUCT APPROVAL PROCESS

5.1 Suppliers may be required to utilize the AIAG Core Tools.

5.2 Initial submission requirements will be defined in IER Fujikura's purchase order.

5.3 Designated Control Characteristics will be defined on IER Fujikura, Inc. Drawings.

Characteristics with these symbols must meet the required Ppk and Cpk requirements as outlined in the PPAP manual and IER Fujikura, Inc. prints.

5.4 All material supplied must conform to applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer identified country of destination, if provided.

5.5 Customer defined special controls as applicable for products with statutory and regulatory requirements must be implemented and maintained at suppliers.

6. ON-GOING PRODUCTION

6.1 After production approval, suppliers are to deliver products according to IER Fujikura, Inc. Purchase Order requirements. The supplier is responsible for shipping product that conforms to all delivery schedules and all IER Fujikura, Inc. customer specifications as described by the purchase order and documentation referenced in the purchase order.

6.2 IER Fujikura, Inc. may perform receiving inspection on samples taken from production shipments. If nonconformities are found, the lot will be placed on hold and a notification will be submitted to the supplier, which may include a corrective action.

IER Fujikura, Inc. will determine the usability of product that does not meet specification. We will work with the supplier to address issues of containment and/ or replacement.

6.3 For rejections that require corrective action, suppliers must complete a Corrective Action Request (CAR) provided by IER Fujikura, Inc.

6.4 PROCESS CHANGE AND PRODUCT RE-APPROVAL

The supplier must manufacture the product using the same process and quality system(s) used for the product approval samples. If the supplier wants to make a change to a process, the supplier must notify us in writing the requested change using IER's Deviation form, MSD-156. Process changes include changes in suppliers, manufacturing location, product, materials and manufacturing processes.

Supporting information for a change request should include:

- A description of the current process
- A description of the proposed process
- A summary of the reason for the change

Changes may require additional data or reporting and may not proceed without the written approval from IER Fujikura, Inc.

6.5 CUSTOMER VERIFICATION OF PRODUCT

Requirements for test specimens for inspection, verification, investigation, or auditing may be requested.

IER Fujikura may request annual submission of part requalification information and/or special process assessments (i.e. PPAP level 4 and CQI audits)

7. SUPPLIER ASSESSMENT PROCESS

IER Fujikura, Inc. will select suppliers on their ability to meet our requirements and expectations including the supplier's commitment to continual improvement and PPM reduction using 0-failure strategies. Suppliers will be rated on a quarterly basis in the areas of quality and delivery performance.

The rating is intended to provide an on-going metric of the supplier's performance and to provide feedback to the supplier for continual improvement. A description of the rating criteria follows:

On-Time Rating:

- 2 days late, 7 days early = On-Time
- On-Time/ Shipments Received = On-Time Rating
  100% = Excellent
  95% - 99% = Acceptable
  Below 95% = Improvement required

Quality Rating:

- Shipments received without a CAR per Shipment
- CARs Received/ Shipments = Quality Rating
  100% = Excellent
  95% - 99% = Acceptable
  Below 95% = Improvement required

IER Fujikura, Inc. will send an annual summary performance report to key suppliers. Ratings below 95% require an action plan submitted within 30 days of receipt.

Revision Record

Revision	Description of Change	Date
None	Original	November, 1996
A	Re-write to QS Third Edition	10/01/2002
B	Re-write to TS-16949, AS9100A	01/09/2004
C	Section 5 - Clarified supplier requirements	03/12/2007
4	Added section 4.4, Additional Requirements, added requirement for test specimens in section 6.6	01/11/2013
5	Updated Manual to IATF 16949. **Section 1 –** Removed AS9100 & TS 16949 reference; added IATF 16949. **Section 2 –** Clarified scope of the requirements within this manual. **Section 3 –** Removed AS9100 & TS 16949 reference; added IATF 16949. **Section 4 –** Revised Supplier Certification Requirements. Revised title of section 4.2 to Supplier Risk Assessment, removed Supplier Company Overview, added remote audit, added Supplier Risk Factor Criteria. Added section 4.4, Supplier Management System Development. Revised section 4.5 to clarify record types and changed retention from 7 years to 15 years. **Section 5 –** Revised 5.4 & added 5.5 to include additional requirements. **Section 6 –** Removed 8D problem solving format from 6.3. Deleted section 6.5, periodic assessments due to redundancy. **Section 7 –** Removed NCMR & replaced with CAR.	1/19/2018
6	**Section 4.4a and 4.4d** – added web addresses to listings of accreditation and certification bodies	04/19/2021
7	**Section 4.1 and 4.3** – added “make available”	07/06/2021
8	**Section 4.2-** Contingency plans added to sourcing and risk table **Section 4.5 –** Added contingency plans **Section 6.5-** Annual PPAP submission and special audits added. **Section 7**- Added PPM reduction and 0-failure strategies	11/14/2022