# Joyson Italia

# Supplier Quality Requirements Manual

## Document No: 20220125

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**Document History**

| Revision: | Release Date | Modification |
|---|---|---|
| 0 | 19/09/2022 | New Release |
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**MESSAGE TO OUR SUPPLIERS PARTNERS**

The Joyson Italia mission is to continually deliver best values advanced safety products, components and services to Customers with a great team of motivated employees who are personally and professionally passionate towards our business of **Saving Lives**.

Collaborative efforts throughout the entire supply chain are required to enable Joyson Italia (JITA hereafter) to deliver an exceptional value to our customers. Our supplier partners play an integral role in support of our mission, and we rely on their commitment, expertise, and alignment with intense focus on Quality and Total Cost.

The essential in Saving Lives is that every single product has to work as predicted and in unison with the other safety restraint system parts, each and every time it is called upon. Therefore JITA has to be a **Zero Defect** company committed to excellence and all of our Supplier partners must do the same.

This manual is designed to outline and communicate the JITA Supplier Partners the Quality requirements and to ensure a thorough understanding of what is required to become, and remain, an approved Supplier.

We thank you for your commitment to support the Saving Lives business and sustain the **Zero Defect** principles.

# 1 Introduction

The JITA Purchasing and Supplier Quality are the Supplier's first line of communication and permission-granting authority whenever components or services are contracted and are provided to JITA. JITA Purchasing and Supplier Quality coordinate supplier information and provide the appropriate JITA support activity to the supplier, while relying upon the supplier's expertise with regard to manufacturing and quality of the product.

While various JITA activities may assist a supplier in achieving quality requirements and improving quality, the responsibility for supplier quality remains with the supplier.

# 2 Purpose

This manual is intended to communicate uniform quality requirements which JITA expects of suppliers. It provides general instruction and outlines procedures which are to be followed in order to become, and remain, an approved supplier.

# 3 Scope

This Supplier Quality Requirements Manual applies to all prototype and production intent product related materials (raw materials, processing, components, sub-assemblies, and assemblies) procured by JITA. This manual is a Quality Standard and requires the formation and maintenance of a documented, active, and effective quality system by all suppliers to JITA.

This Quality Standard establishes specific minimum requirements. It shall be the supplier's responsibility to implement and maintain any additional controls deemed necessary to continually ensure "fitness for use", reliability, and product conformance.

This Supplier Quality Requirements Manual describes the process by which a supplier of components, products, systems, and services can get qualified to supply JITA. It is designed to outline and communicate the JITA supplier quality requirements and to ensure a thorough understanding of what is required to become and remain an approved supplier. These requirements also apply to Joyson internal suppliers (Joyson supplying to JITA).

The process includes the initial qualification of the supplier, which will permit JITA to determine if a new supplier meets the minimum requirements established by JITA and can be added to the JITA Supplier Directory (SD, doc. # 20220127) and/or remain an approved Supplier. The next step covers the qualification of the Supplier's process (manufacturing, designing, sub-contracting) which will be used to supply JITA with a specific component, system, or service.

Suppliers are expected to meet the requirements stated herein. These requirements do not supersede any of the purchase order, engineering drawing or specification requirements, or relieve the supplier of exercising independent expertise and skill in providing products and services to JITA.

# 4 Supplier Selection and Approval

It is required that suppliers be current revision IATF 16949 certified or ISO 9001 certified (compliant with IATF 16949 “Minimum Automotive Quality Management System Requirements for Sub Tier”) third party registered by an accredited third-party certification body prior to being approved for business awards.

Suppliers are selected and approved by JITA on a supplier manufacturing location by location basis (i.e., approval of one supplier manufacturing facility does not constitute approval of any other facility).

## 4.2 Supplier Qualification

The supplier selection process formally starts within the JITA Purchasing Department. The Supplier may be visited by JITA to validate information provided and further evaluate their capability and systems.

JITA will provide the suppliers with:

- ✓ JITA Supplier Quality Requirements Manual (doc. # 20220125)
- ✓ JITA Purchase Order Terms and Conditions (doc. # 20220113-MR-010)
- ✓ Confidentiality Agreement (NDA) (doc. # 20220113-MR-005)

These key documents present JITA basic cooperation requirements. Any deviation from the contents of this manual must be agreed between JITA and the supplier.

No acceptance of these, results in the stop of the process and/or no new business.

Upon determination to move forward with qualification of the potential supplier, Purchasing will request Supplier quality to perform the Supplier pre-qualification assessment (doc. #20220126); based on the preliminary approach and JITA internal review (risk assessment), the assessment can take shape of a self-assessment or a pre-Qualification audit at supplier location.

**JITA Pre-Qualification Audit at supplier location**

In the case of on-site pre-Qualification audit, this shall be conducted as part of the initial introduction as a new supplier, or new supplier location, prior to sourcing. This audit assesses the supplier’s entire Quality System and is based on the principles established in current revision IATF 16949 or ISO 9001 (compliant with IATF 16949 “Minimum Automotive Quality Management System Requirements for Sub Tier”) and JITA specific requirements.

Notification of the audit will be given well in advance. The SQA shall contact the supplier to schedule the on-site audit. At this time, the supplier will also be provided with the JITA Pre-Qualification Audit form and asked to perform a self-assessment in preparation. This will allow the supplier to prepare evidence in advance of the visit, and serves to offer a comparison between the Supplier and SQA assessment.

Suppliers must achieve a score of at least 80% to pass the audit. Once the audit is successfully completed, the supplier’s location is considered “Approved”.

Each Supplier production facility must be approved individually, and suppliers are only authorized to produce JITA product from “Approved” sites. Supplier shall be required to provide corrective actions to any non-conformances identified in the audit and complete implementation in timeframe provided.

Suppliers failing to pass the Pre-Qualification Audit will not be eligible for business with JITA, but may be considered for development; this consideration will be given at the discretion of JITA Purchasing and plant Director. Supplier will be on hold for business pending achievement of passing score.

**Supplier Directory (SD)**

JITA maintains a controlled Supplier Directory (SD) which consists of all suppliers to JITA and their approval status (Approved, New Business Hold, Customer Directed or Desource). The SD is revised as a supplier’s status changes.

JITA Purchasing will select a supplier from the SD based on its technical ability to supply a specific component, system, or service, and to meet Quality, Costs and Delivery criteria.

# 5 General Supplier Quality System Requirements and Assessment

JITA recognizes the current revision of IATF 16949 & ISO 9001 standards as the supplier quality system requirements.

Suppliers are required to provide to JITA Purchasing and SQA a copy of their valid quality system registration certificate at Request for Quote (RFQ) if not already on file, and provide updates if / when any changes are made to the certificate (scope, expiration dates, standards, etc.). If at any time a supplier's quality system registration is allowed to expire, or is rescinded by the registrar, JITA Purchasing and SQA team must be notified immediately.

# 6 Advanced Product Quality Planning

Advanced Product Quality Planning (APQP) is the process of establishing quality objectives (the voice of the customer) and establishing the schedules or plans for consistently meeting or exceeding these objectives. It is the cornerstone of non-conformance prevention and continual improvement.

APQP is required in the following situations:

- ✓ During the development of new processes and products.
- ✓ Prior to significant changes in processes and products (as determined by JITA).
- ✓ Before tooling is transferred to new producers or new plants.

The supplier is responsible to track APQP timing, milestones, and completion as determined during Sourcing Phase/ RFQ process as per Supplier Kick-off Feasibility form" (doc.# 20220113-MR-008).
Tracking of the progress is in charge of the supplier and has to be submitted to JITA SQA upon request.

Suppliers shall use the quality planning techniques identified in the AIAG APQP (Advanced Product Quality Planning ) manual, as well as JITA specific requirements.

APQP status can be documented by supplier using its own document or a JITA proposed one.

During sourcing phase for the components classified as CDC (Collaborative Development Components) due to functional impact, complexity, special requirements, the suppliers involved in the RFQ process are requested to support the component design with the goal of confirming design feasibility, optimizing manufacturability and costs.

Meetings between Supplier and the JITA multidisciplinary team shall be held to review and develop consensus on component requirements, program expectations and milestones. Drawings are reviewed specific to manufacturability, dimensional and tolerance schemes; tooling design and realization details are analysed, process capacity, program deliverables and timing are also reviewed.

## 6.1 Drawings and specifications

The supplier must maintain the latest revision of the JITA drawing and specifications as part of quality documents. All technical changes and/or revisions must be documented, stating clearly what changes, date of changes, revision of changes, etc.

## 6.2 Process Flow Diagram

Flow Diagrams of the process establish and document the relationships between operations and control points. Flow Diagrams provide essential information for other quality planning techniques such as the process FMEA and the Control Plan. Flow diagrams are required for PPAP approval and shall be tied to the Control Plan and PFMEA operation steps numerically.

*Refer to the AIAG APQP manual for specific details on creating Process Flow Diagrams*

## 6.3 Failure Mode and Effects Analysis (FMEA)

The FMEA assists in the prevention of nonconforming materials and components through a structured analysis of potential failure modes. FMEA's shall be used in both product design, if applicable, and manufacturing process planning. FMEA's are required for all new or changed products and processes. FMEA's are "living documents" and must be updated for design and process changes, as well as lessons learned throughout the product life.

FMEA's are used at two distinct times in the product life cycle:

- ✓ Design FMEAs (DFMEA) is to be initiated by the design responsible personnel as an integral part of the design and development process (for design responsible suppliers only)

- ✓ Process FMEAs (PFMEA) identify potential process concerns and the actions taken, and to be taken to prevent them. PFMEA's are to be prepared by the supplier prior to the commencement of tooling. Ideally, a DFMEA should be available prior to the preparation of the PFMEA, however, the DFMEA is not a precondition for the PFMEA, and the lack of a DFMEA should never delay development of a PFMEA.

JITA may require a preliminary PFMEA to be submitted in advance of PPAP as part of the APQP process. PFMEAs are required for PPAP approval. DFMEA's are required only if the supplier is responsible for the design of the supplied products.

*Refer to the AIAG FMEA manual current revision for specific details on creating FMEA's. Suppliers are required to adhere to JITA specific requirements in addition to AIAG and IATF requirements.*

## 6.4 Product Special Characteristics Classification

There are four different types of product characteristics:

1. **Critical Characteristics (** 

**)** are product characteristics that may affect the:
   - ✓ Safety of product or operator
   - ✓ Compliance with legal requirements
   - ✓ Environmental requirements.

These characteristics are designated in the DFMEA or PFMEA, having a causal relationship to the effect of potential failure modes rated 9-10 for severity.

The manufacturing process (JITA and/or suppliers) may have an influence on characteristics which can result in a 

and may require special control to maintain the required process capability and customer requirements.

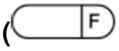
2. **Major Characteristics (** 

**)** are product characteristics that may affect:
   - ✓ Fit
   - ✓ Non-safety function, form,
   - ✓ Durability
   - ✓ Appearance of the product

These characteristics are designated in the DFMEA or PFMEA having a causal relationship to the effect of potential failure modes rated 5-8 for severity, or where agreed by the cross-functional team, having severity rated less than 5.

Major characteristics may be influenced by the manufacturing process and may require special control to maintain the required process capability and customer requirements.

3. **Regulation Characteristics (** 

**)** are product characteristics present on drawings or customer/internal specifications which are usually required for type approval/homologation/product certification purposes, including CE, DOT (hazardous materials) and equivalent classifications
4. **Focus Characteristics (** 

**)** are product characteristics which shall be particularly considered with regard to extent and / or degree of inspection during mass production

For details refer to JITA procedure 20220421 (Special Characteristics, Identification & Control).

## 6.5 Control Plan

A Control Plan is a document that summarizes the supplier's methods to assure continual conformance to drawing, specification, and Supplier Quality Requirements, as well as "fitness for use" for a specific part or family of parts. It provides an effective way for suppliers to develop and document quality controls for products and to review changes made after production begins.

Refinements to Control Plans are encouraged as more data about the process becomes available, with the following notes:

- ✓ Changes of significance (form, fit, function, durability, appearance or level of control) are to be approved by JITA via PPAP submission.

Changes of no significance (document format, spelling, etc.) do not require JITA approval.

If there is any question concerning approval requirements, contact JITA SQA for direction.

The starting point for a Control Plan is the list of control characteristics. Once the control characteristics are identified, control methods must be developed and documented in the Control Plan. The goal of control characteristic monitoring is to determine when action is required to maintain process stability and product conformance, and conversely when no action should be taken (avoidance of over control) because such unnecessary actions would destabilize the process.

Control Plans shall detail all controls from receipt of raw materials through finished product shipment and shall not focus exclusively on Special Characteristics (see par. 6.4). Control Plans shall include provisions to sample product from all streams of production for all Control Plan characteristics (i.e. multiple out dies, multiple cavity tools, etc.).

All JITA designated Special Characteristics's shall be included into the Control Plan; guideline support for control requirements can be retrieved in JITA document id. 20220421 (Special Characteristics, Identification & Control).

Mistake proofing controls shall be referenced in the Control Plan.

All Control Plans must include reference to "Annual Validation: PPAP level 4 requirements"; Control Plans submitted without this reference will not be accepted.

JITA may require preliminary Control Plans to be submitted in advance of PPAP as part of the APQP process; completed Control Plans must be submitted for PPAP approval.

As per JITA SQA request, Control Plan might include incremental testing applicable for the launch phase in order to reconfirm process stability and product quality; criteria for sample size and number of batched delivered affected had to be established by JITA SQA as part of the APQP/PPAP process.

IMPORTANT NOTE:

JITA relies upon the supplier to be the expert with regard to the manufacturing and quality of the product being purchased. JITA's approval of supplier Control Plans is required to ensure conformance to the AIAG current revision and JITA "Supplier Quality Requirements Manual". JITA's approval of a supplier's Control Plan is in no way to be interpreted as unconditional approval of the process, or quality of materials / components produced by the process and supplied under that Control Plan. The responsibility for supplier quality remains with the supplier at all times.

Links between Process Flow, PFMEA and Control Plan MUST be established and easily recognizable on all these documents. All references indicated on Process Flow and Control Plans must be available and provided on request.

*Refer to the AIAG APQP manual current revision for specific details on creating Control Plans. Suppliers are required to adhere to JITA specific requirements in addition to AIAG and IATF requirements.*

## 6.6 Gaging requirements

It is the responsibility of the supplier to deliver parts according to the drawing dimensions and tolerances. To assure this, the supplier may have to build gages and other measurement devices for his own in-house use. The design and function of those gages shall be reviewed and discussed during the sourcing phase and subsequent technical reviews/meetings.

Gages for final component inspection shall be duplicated, one for each supplier and JITA location.

## 6.7 Measurement System Analysis (MSA)

Product and process conformance must be determined by measurements made with appropriate test equipment and gages. The supplier must establish the error of measurement to specification ratio since the test equipment or gage is a significant part of the process. Any error in these measurements, whether known or unknown, has a direct bearing on the ability to judge process / product conformance and capability.

JITA requires that test equipment and gages used to evaluate agreed Control Plan characteristics have Gage R&R studies conducted which meet the requirements of the AIAG MSA Manual current revision.

GR&R studies shall be submitted for all  and  gaging for PPAP approval.

*Refer to the AIAG Measurement Systems Analysis (MSA) manual current revision for specific details on conducting GR&R studies.*

## 6.8 Process Capability / Statistical Process Control (SPC)

Statistical Process Control (SPC) must be used as an integral part of the supplier's process to provide the information necessary for those process parameters and product characteristics (as per par. 6.4) that affects the form, fit, function, durability or appearance of the product. Variables control charts are the preferred method of SPC.

Suppliers are expected to utilize data from the Control Charts to identify opportunities for continually reducing variation in process output. At minimum, all JITA drawing and specification designated Critical and Major characteristics must have on-going statistical controls or mistake-proofing. These controls must be referenced in the supplier's Control Plan.

When unique process conditions, historical data, or other factors suggest an exception to the use of Statistical Controls, supporting rationale must be provided with a proposed Control Plan and Part Submission Warrant (PSW) to JITA SQA for approval.

*Refer to the AIAG Statistical Process Control (SPC) manual current revision for specific details on appropriate implementation of SPC, as well as available SPC methods.*

## 6.9 Lot Size

Supplier lots must be the quantity of products produced under similar conditions such that the products within the lot are expected to be homogeneous in all significant attributes. Maximum lot size shall be limited as follows:

- ✓ One shift of production
- ✓ One batch of product produced in a batch process
- ✓ One slit coil for heat treated or HSLA (High Strength Low Alloy) products.

Note:

Some processes may require a lot number change based upon major process changes, set-ups, or adjustments within the material lot; in these cases, the material lot identifier must be readily traceable from the lot number change.

Each lot number must contain homogeneous components or raw materials. If a specific product and / or manufacturing process does not lend itself to these requirements, alternate methods may be used if approved in advance by JITA SQA.

## 6.10 Lot Traceability

For all JITA products, the supplier shall establish and maintain procedures for identifying the product during all stages of production including receipt, work in process, storage, and delivery. In addition, lot traceability of all sub-components, raw materials and process inspection data shall be maintained. Each production lot shall be identified by a supplier lot number. The supplier may ship more than one lot per pallet, but each container on the pallet must contain only parts from one lot, unless the parts are individually and discretely serialized.

The supplier lot traceability system must provide for the following situations:

- ✓ Permit isolation of suspect product on a precise basis based upon lot number on each container.
- ✓ Barcode identification of supplier lot number on each container. This lot number must be the key to all traceability in the supplier's system.
- ✓ Localize causes of failure and take corrective action at minimal cost to supplier and JITA.
- ✓ Determine traceability to component lot numbers and production / quality data specific to the lot number identified on the container (backward traceability).

- ✓ Determine supplier finished product lot number(s) produced with a given lot of components or on a given shift of production (forward traceability).

## 6.11 Record Retention

Supplier records shall be retained for the length of time and suppliers must have a procedure for record retention, which defines the retention period for all records (those referenced in ISO 9001 and IATF 16949 and other records generated by a supplier), as well as archive and disposal procedures. Quality records shall be made available to JITA upon request.

## 6.12 Supplier Packaging Guidelines

Suppliers shall establish, document and maintain procedures for handling, storage and delivery of product per current revision ISO 9001 and IATF 16949 requirements. Suppliers must also conform to any specific requirements documented on the JITA purchase order or drawing / engineering specification. JITA specific requirements are as follows:

**Handling:** The supplier shall utilize methods of handling that prevent damage or deterioration before, during, and after the manufacturing process.

**Storage:** The supplier shall utilize secure storage areas to prevent damage or deterioration of product pending use or delivery. Appropriate methods for authorizing receipt and dispatch to and from such areas shall be stipulated in order to maintain control and assure FIFO (First In – First Out). Shelf life shall be monitored, as applicable, to ensure products shipped to JITA have greater than 50% of the original shelf life remaining, unless approved in advance by JITA Production Control. Shelf life expiration date and / or product manufacture date must be identified on each carton / container. Special storage condition requirements (i.e., temperature / humidity levels) shall be determined, and implemented, to prevent deterioration during storage at supplier locations.

**Delivery:** The supplier shall arrange for the protection of product quality subsequent to manufacture. This protection shall include delivery to destination. The supplier is responsible to design and utilize packaging which is most cost effective and ensures that when the product reaches JITA it is conforming and “fit for use”, regardless of F.O.B. terms, (with the exception of blatant carrier damage and / or neglect). Suppliers are responsible to ship finished product to JITA on a FIFO basis.

Suppliers shall notify JITA Plant Material Control and Purchasing in advance of any planned shutdowns or extended downtime that will affect shipment schedules. This notice shall be communicated as far in advance as necessary to provide sufficient time for the supplier to produce and ship inventory to cover the downtime period.

Suppliers are required to ship on time per JITA release schedules and quantities. Over shipments may be rejected and returned at the supplier’s expense, short shipments may require expedited shipments at the supplier’s expense. Additionally, packing slips must accurately reflect the JITA purchase order number, JITA part number, revision level, and quantity shipped. Discrepancies may result in customs issues where JITA is moving the material across borders for production. Such incidents may result in a supplier chargeback to recover any related costs to JITA.

**Barcode Container Shipping Label requirements:** It is the responsibility of the supplier to provide barcoded container shipping labels that meet JITA’s requirements. Strict adherence to these specifications for the barcode identification labels will reduce implementation cost and increase benefits throughout industry. Failure to comply with these requirements may result in rejection of the shipment.

## 6.13 Prototype / Pre-Production Product

All prototype or pre-production product supplied to JITA is expected to conform to the applicable drawing, specification, and purchase order requirements in their entirety. *Dimensional Layout and Material Certification Reports are required to be provided with pre-production and prototype*. If such requirements cannot be met for any reason, the supplier shall notify JITA at the time of order placement, or immediately following subsequent discovery of any discrepancy and request disposition. Non-conforming product shipped without JITA written authorization is subject to rejection / return and chargeback for any related costs incurred by JITA as a result of the non-conformance (product built, test failure, customer impact / costs, etc.).

## 6.14 Prototype/FOT deliveries

The supplier shall provide a “First Delivery Inspection report” for Prototype and First Off Tool (FOT) samples. This is required for the first batch produced from a new or modified drawing, after a change of the manufacturing process, or as directed by JITA purchase order. A “First Delivery Inspection” is a representative sample size (agreed between Technical Department or SQA) from the batch, which shall be inspected for conformance to mechanical and/or performance requirements and should also include Material Certifications.

Supplier will develop a plan to monitor the initial delivery of components, products, systems or services to ensure that the manufacturing/delivery process is generating the quality level expected by JITA. The plan may involve submittal of initial samples or demonstration of services by the supplier.

The plan should include necessary actions to detect and contain any nonconformity. The plan should also include corrective actions to be taken in case of non-conformance. This plan should be submitted and approved by JITA.

They must be dispatched on time for the attention of JITA supply chain department. A specific label “Initial Samples” with at least the following information: quantity, part number, and index of the drawing, shall be provided by the supplier.

## 6.16 Run at Rate

To ensure that new components meet yield, rate, and quality requirements, Run at Rates are required. Run at Rates are mandatory on newly tooled components, components with significant volume increases or components with changes that require significant process or assembly changes.

Run at Rates data can be documented by a supplier own form or a documente suggested by JITA. Run at Rates may be customer monitored (witnessed by JITA personnel), or supplier monitored (performed by the supplier with results submitted to JITA). Run at Rates shall be successfully completed prior to PPAP approval. If this is not accomplished, component PPAP approval will be on-hold.

If any, specific Run at Rate requirements will be established during Supplier Kick-off process.

## 6.17 Tooling

The supplier is required to provide periodical updates regarding tool design, construction and qualification up to component PPAP approval; status of tooling shall be periodically submitted by supplier to the JITA Engineer in charge to follow the tool progress.

Each individual die, mould, fixture, equipment, etc. purchased by JITA must be labelled to permanently identify it as property of JITA with a tool tag. The tool tag layout and content are communicated by the JITA Engineer.

Tooling owned by Joyson Italia' Customer shall be identified with a specific Customer tool tag reporting information to their specifications; JITA Engineer shall provide to supplier the tool tags and information as received from Customer.

The supplier is required to submit one complete set of “as-built” tool drawings in the form of either blue prints and/or electronic file (in a JITA approved format) along with additional support documents as required.

JITA Engineer has to provide internal approval of the tool prior to the component PPAP submission; lack of approval will result in component PPAP approval on-hold status.

The supplier is required to provide an accessible storage area where all tagged JITA / Customer tools are located. If any tooling is stored off-site, approval must be supplied by JITA Engineering prior to any tool movement. Any tool independent of the ownership must be stored for minimum fifteen years after End of Production (EOP), until tool disposal instruction is received by supplier from JITA. The supplier is responsible for proper storage and to apply proper protective methods (corrosion protection, etc.). The supplier shall provide a list of tooling inventory on JITA request.

## 6.18 Process Audit

JITA can perform VDA 6.3 Process Audits at the supplier site according to VDA6.3 standard. Process Audits will be performed by JITA for critical components, products, systems, or services, in the case of recurring non-conformances, or any other reason at JITA discretion, as detailed below:

- ✓ Secure a product launch and process approval
- ✓ Periodic monitoring audit program
- ✓ Supplier performance issues
- ✓ Continuous improvement process
- ✓ Failed Process Audit (rating C)
- ✓ Requirements (client; standards; legislation)

## 6.19 Production Part Approval Process (PPAP)

JITA recognizes the AIAG Production Part Approval Process (PPAP) manual current revision as the requirements for production part approval. PPAP submission date commitments are to be provided by suppliers for all new and changed parts and commitment dates are to be met at all times. If any supplier or JITA issue causes a date to be jeopardized, the supplier must immediately communicate this to the JITA SQA, JITA PM and JITA Purchasing and agree upon a revised submission date that will support program timing.

PPAP submissions are expected to be 100% complete and conforming to the JITA PPAP checklist supplied by JITA SQA. On-time ppap submission is an indicator for assessing supplier performances.

All PPAP documentation must be submitted in English (preferred) or Italian; submissions in other languages will be rejected.

It is the supplier's responsibility to resolve any issues preventing complete and conforming submission in advance of the submission date. Incomplete and non-conforming PPAP's will be rejected.

PPAP approval must be granted by JITA SQA prior to any production shipments by the supplier, including PV (production validation); otherwise a deviation has to be formally requested by supplier and approved by JITA relevant departments; JITA srea form has to be used.

Unless agreed to in writing by JITA Plant SQA prior to submission, all PPAP packages are to be scanned and submitted electronically in .pdf file format, respecting the order from the PPAP checklist.

Unless otherwise specified by JITA, the required PPAP submission level is 3.

For source controlled products with third party owned tooling (i.e., automotive OEM connectors, terminals, etc.), or for components already approved by customers (from customer directed suppliers), PPAP submission to JITA shall be a copy of the approval document from the governing customer and a PPAP level 1 Part Submission Warrant (PSW) from the supplier; additional documents of the original ppap approved shall be supplied by the supplier upon JITA request.

Each supplier PPAP submission must include actual dimensional, material and test data (as applicable) documenting conformance to all print characteristics, notes and referenced specifications. **Blanket statements of conformance are not acceptable.**

**Proprietary Documents:** Proprietary documents may be excluded from PPAP submission upon approval of JITA Plant SQA and Technical Department. When such conditions exist, the supplier shall notify JITA in the Supplier Kick-off meeting and include a letter in the PPAP submission adequately justifying the reason the document is proprietary and stating that the document is available for review by JITA at the supplier location, or at JITA upon request.

**Dimensional Layout requirement:** JITA requires that a minimum five (5) five piece dimensional layout be performed. For multiple cavity / die tooling, a minimum of one (1) one piece layout per cavity / die is required for PPAP level 3; where are less than five (5) five cavity / die, additional pieces will be measured till the number of five (5) five results; for other PPAP levels, as requested by JITA Plant SQA.

Dimensional report to include info related to the type / measurement equipment used and each measured dimension to be marked with the note as shown on the print. Parts used for verification must be identified and included with PPAP sample provided with submission.

All dimensional, material, and performance data must be less than one (1) year old at the time of PPAP submission.

**Capability study requirements:** Capability study (Ppk) submission need to be based on a minimum of parts agreed with JITA, for 

and 

dimensions where applicable, according to the product characteristics classification (JITA doc. # 20220421); in case of multi-cavity tool, the samples shall be equally divided between the tool cavities.

**Sub-Assembly PPAP Submissions:** Where JITA maintains design control of components purchased in assembly, JITA requires that sub-supplier PPAP submissions be submitted along with the supplier's PPAP submission to JITA. Example: JITA purchases an assembly from a supplier, the supplier submits assembly PPAP package and approved sub-component PPAP packages (as defined by JITA SQA, PSW approved by supplier as a minimum). The JITA supplier is responsible to manage the quality and PPAP approval of all sub-supplied components and materials.

**Sub-Supplier Initial Sample Approval:** Suppliers will maintain approved samples of key components, products, or systems manufactured by their sub-suppliers, which will be used in the supply of the JITA component, system, or service in question. Initial Samples reports shall be kept by the supplier at JITA's disposal.

**Master Samples:** Additional to the required PPAP samples by JITA SQA, supplier shall submit a minimum of two (2) PPAP master samples (for multiple cavity / die tooling, minimum one (1) part per cavity / die) with the PPAP submission and retain the balance of the master samples as indicated in the AIAG PPAP manual current revision. Master samples are to be identified and numbered to ensure traceability of the sample to the corresponding layout data. JITA and / or the supplier may use these supplier-retained samples for future reference. As such, they must be easily identified and retrievable. If submission of master samples is not practical (i.e. chemicals), contact JITA SQA for direction.

**Colour** / **Appearance Approval Submissions:** Unless otherwise specified by JITA, the sample size for Colour and Appearance Approval is a minimum of three (3) pieces per cavity. Colour and Appearance Submissions should take place prior to submission of the PPAP package to JITA, and approved AAR's shall be included with the PPAP documentation package submission.

**Regrind:** The use of Plastic regrind in moulding processes is not allowed, unless otherwise indicated in the drawings.

**Perishable** / **Expendable** / **Refurbished Tooling:** Perishable / Expendable tooling is defined as tooling that has limited useful life and is expected to be replaced during normal production activity (this information to be defined during supplier kick-off phase). Tooling replacement and refurbishment activities shall be tracked by the supplier and coordinated with the JITA's Engineer responsible.

**Bulk Material:** Bulk material is defined as standard, commercially available material and does not require PPAP resubmission when changing sub-suppliers (i.e. metal products; rod, sheet, or coil; standard plastic: resins and chemicals). At a minimum, a level 1 Warrant with applicable conformance testing / analysis data is required for bulk material PPAP. Welded or rolled tubing and customized special material requires full PPAP submission when changing sub-suppliers. All suppliers used must be approved by JITA and must meet all JITA quality requirements.

**Packaging:** It is the supplier responsibility to submit to JITA a "Packaging Approval Sheet" and obtain approval from the JITA prior to PPAP submission; signed version of the JITA Packaging Approval Sheet shall be included into the PPAP package submission; lack of JITA "Packaging Approval Sheet" approval will result in component PPAP approval on-hold status. A "Packaging Approval Sheet" can be a supplier document or proposed by JITA (to be agreed wth JITA SQA/Logistics).

PPAP submission is not required for packaging and packaging materials supplied to JITA (i.e. boxes, dividers, plastic wrap, box labels, etc.). Evidence of industry standard testing may be requested by JITA.

**International Material Data System (IMDS) Requirements:** It is the supplier responsibility to follow drawing requirements and enter all material information into the IMDS system (www.mdsystem.com).

The approved IMDS: # / revision is to be included in the PSW submission; this requires:

a) Compliance to restricted materials specification (as defined in drawings)

b) evidence from the IMDS system; in addition, all plastic parts shall be identified with appropriate ISO marking codes.

Lack of JITA IMDS approved submission will result in component PPAP approval on-hold status.

**Annual Validation - PPAP level 4 requirements:** An annual validation is required to be performed by the supplier and has to be documented in the Control Plan (see chapter 6.5); the following items are required:

- ✓ A minimum (2) two piece full dimensional layout be performed. For multiple cavity / die tooling, a minimum of (1) one part layout per cavity / die is required.
- ✓ Capability study based on a minimum of 50 parts for 

and 

dimensions (where applicable); in case of multi-cavity tool, the samples shall be equally divided between the tool cavities
- ✓ For parts with A-surface specific appearance test to be performed (for ex. paint cross-cut)
- ✓ All special tests as defined in the drawing's (corrosion, flammability, etc.).

Results shall be maintained by the supplier and have to be submitted to JITA upon request.

If results are not according to applicable drawing/specification/standards requirements, it is the supplier shall inform JITA SQA, together with containment/corrective action plan.

"Annual Validation - PPAP level 4" submissions are subject to random audit by JITA.

Service component: when service parts are ordered by JITA, it is required that suppliers implement the same controls as documented on the most recent Control Plan PPAP approved for volume production. Any changes to the Control Plan for service must be approved in advance by JITA.

Lack of PPAP approval is not an acceptable excuse for not meeting JITA shipment releases. It is the supplier's responsibility to submit a complete, conforming PPAP package on time to JITA.

First time submission approval is expected of all suppliers. If lack of PPAP approval may affect the supplier's ability to ship product on time per JITA releases, the issue must immediately be brought to the attention of JITA SQA, Logistic, PM and Purchasing. Shipping has to be approved by JITA through SREA process (see par.16, reason for SREA request: Ship in advance of PPAP).

*Refer to the AIAG PPAP manual current revision for specific details on PPAP requirements. Suppliers are required to adhere to JITA specific requirements in addition to current AIAG and IATF requirements.*

# 7 Shipment Certification Requirements

At the request of JITA SQA, suppliers shall submit data demonstrating conformance of raw materials data (i.e. steel, plastic, and chemicals), dimensional inspection, test, and/or applicable SPC data. Supplier must provide data at the request of JITA within 24 hours for any characteristic in the approved Control Plan, even if the data is not required to be submitted with each shipment.

# 8 Notification of Quality Concerns

JITA requires that suppliers formally notify JITA of any quality concerns within 24 hours of discovery without exception. This applies to all quality concerns identified by suppliers for which product shipped is suspect. Suppliers should be prepared to present the concern in detail, the exposure of the concern (i.e., what lot number(s) is / are affected), the containment and corrective action plan.

# 9 Notification of obsolescences

The suppliers must notify JITA of any situation of obsolescence of materials / components that may impact their supplies to JITA.

The notification must be made as early as possible and at least 6 months in advance, to allow JITA to evaluate the impacts on its products and the validation activities of alternative components / materials.

# 10 Rework / Repair

Rework consists of any actions to the product that are not part of the documented PPAP approved production process. For certain commodities, unique terminology exists ("reformulation" for chemical processes, "repair" for electronics) which describes synonymous concepts to rework. Since any action to

salvage a product which does not originally meet customer requirements is both a source of variation and inherently costly, JITA's goal is to eliminate such actions.

When rework is necessary as an isolated measure, the supplier must develop written procedures/rework instruction and validation process. These procedures must assure adequate inspection and testing after rework to ensure conformance to JITA's specifications prior to shipment or further processing.

In all cases, rework must be approved in advance by JITA via the SREA process (see Chapter 17). The SREA must be submitted along with all rework procedures, Control Plans and technical justifications.

Where on-line repair is part of the manufacturing process, disposition of such activities will be made by JITA as part of the PPAP process. As such, all PPAP documentation must reflect repair procedures and controls (Process Flow Diagram, PFMEA, and Control Plan). If the repair is not included in the PPAP approved documents, it is not approved by JITA.

## 11 Returned Product Analysis

The supplier is required to analyse nonconforming product returned from JITA (coming from incoming, production, engineering tests, OEMs returns and vehicles in the field). Records of the results of these analyses must be submitted to JITA upon completion.

Suppliers shall submit corrective actions for any defects discovered during analysis to JITA (see chapter 18: "Corrective Action").

## 12 Cost Recovery for Nonconforming Product

The supplier shall absorb costs associated with nonconforming product as received or processed through JITA. These costs shall include, but not be limited to: premium freight (inbound and outbound), scrap, returned material, labour (sorting, rework, repair, teardown, overtime, downtime, etc.), testing beyond normal requirements, customer communications, liaison visits, customs fees, and related customer charge-backs.

Written notification to the supplier as well as written agreement from the supplier shall be obtained by JITA prior to any debit memos being issued. Supplier approval / dispute response to chargeback requests from JITA plants is required within two (2) business days of notice. Any supplier disputes must be accompanied by factual reasons that the charge-back or portions thereof, are not the supplier's responsibility. Lack of timely response may result in supplier chargeback and product return (as applicable) utilizing the JITA QN number as the Return Material Authorization (RMA) number.

## 13 Special Process Requirements

JITA requires that suppliers maintain evidence of conformance to all applicable AIAG Special Process requirements for the products they provide. These requirements include, but are not limited to the following standards, at their current revision level:

- ✓ CQI-9 Heat Treat Assessment
- ✓ CQI-11 Plating System Assessment
- ✓ CQI-12 Coating System Assessment
- ✓ CQI-15 Welding System Assessment
- ✓ CQI-17 Soldering System Assessment
- ✓ CQI-23 Molding System Assessment
- ✓ CQI-27 Casting System Assessment
- ✓ CQI-29 Brazing System Assessment
- ✓ CQI-30 Rubber Molding System Assessment

Evidence of conformance to AIAG requirements has to be provided to JITA upon request.

## 14 Supplier Control of Subcontractors

Suppliers to JITA shall select subcontractors on the basis of their ability to meet subcontract requirements, including JITA quality requirements defined herein.

The JITA supplier shall ensure that subcontractor quality and system controls are effective and meet JITA Supplier Quality Requirements requirements. The supplier shall be prepared to show documented evidence

of subcontractor quality levels at the request of JITA and also provide JITA, and JITA customers, access to subcontractor facilities and records if requested at any time.

Suppliers shall target subcontracted business with ISO 9001 or IATF 16949 compliant suppliers.

Suppliers are fully responsible for the quality and "fitness for use" of goods and/or services subcontracted. JITA's recommendation or stipulation of a subcontractor shall in no way relieve the supplier of full responsibility for ensuring the subcontractor, and the products they supply, meet all JITA requirements.

## 15 Supplier Initiated Changes

JITA encourages material, design, and process improvements to enhance quality and reduce cost. However, ALL changes as specified in the AIAG PPAP manual current revision requiring customer notification (table 3.1) or customer PPAP submission (table 3.2) require JITA approval prior to implementation at the supplier location. All such changes shall be submitted to JITA via SREA process (see chapter 17) with a minimum of 180 days prior to planned implementation.

SREA's shall include the justification for the change and the proposed validation / PPAP plan. *JITA approval of the SREA is approval to proceed with validation of the change as detailed in the SREA; it is not approval of the change. Final change approval occurs once the change has been successfully validated and the PPAP is approved by JITA.*

The first step in gaining approval is to contact JITA Technical Department (SQA and Purchasing informed) and review the proposed change, as well as the proposed PPAP plan for validation and approval of the change. This plan shall include a timing chart detailing phase in/out and associated tasks and timing to prevent supply shortages.

Approval to proceed with the validation process will be given (via SREA approval), or additional validation requirements will be discussed and agreed to by the parties.

In certain cases, JITA may require product testing and/or be required to gain approval from customer(s). Once this process is completed to JITA's satisfaction, the PPAP will be approved and the supplier may begin production incorporating the change.

*See AIAG PPAP manual current revision for specific instruction as to when to submit PPAP for changes.*

Important Note: Suppliers must receive written PPAP approval from JITA SQA prior to shipping product produced incorporating a change as defined above. If there is any doubt regarding approval requirements of a change, contact JITA SQA for assistance. Failure to obtain change approval in advance of shipment will result in product rejection and financial liability for all affected JITA raw, work-in-process and finished goods inventory.

## 16 Supplier Request for Engineering Approval SREA

JITA requires that supplier's shipped product conforms 100% to the engineering print requirements and referenced specifications. Additionally, JITA requires that the manufacturing process remain consistent with those utilized to produce the PPAP approved product. These requirements are to be followed without exception.

If, at any time, a supplier desires to ship product which does not conform to JITA's prints and referenced specifications, or is produced from a "changed" process (see chapter 15 for complete definition), JITA approval is required in advance of shipment (conformance deviations) and in advance of implementation (changes) via the Supplier Request for Engineering Approval (SREA) form (doc. # 20220621).

Verbal direction, discussions and/or approvals from JITA are not valid without a fully approved SREA.

*Important Note: Failure to obtain SREA approval in advance of shipment will result in product rejection and financial liability for all affected JITA raw, work-in-process and finished goods inventory. In case where a component is common to more than one Joyson location, it is the supplier's responsibility to advise and obtain approval from each location, prior to shipping any product.*

After the preliminary review (as per chapter 15) the supplier shall complete the SREA form (#20220621) and forward it to JITA SQA for processing (JITA Technical Department and Purchasing informed). Sufficient detail, supporting data, corrective actions, etc. shall be included to facilitate the approval process. The supplier may be requested to submit additional information prior to approval, as determined by JITA.

Submission of an SREA is in no way approval to ship deviated product or implement changes. Receipt of a fully signed and numbered SREA is an approval.

The lack of SREA approval is not an acceptable excuse for not meeting JITA shipment releases. If SREA approval may affect the supplier's ability to ship product on time per JITA releases, the issue must immediately be brought to the attention of JITA SQA, Logistic and Purchasing.

Affected shipments shall be identified with the appropriate SREA tracking number on each carton/container to ensure material is properly identified when received at JITA plants.

## 17 Corrective Actions

It is required that suppliers maintain a system for corrective action of quality concerns. This system must include a multi-disciplined problem solving methodology and follow-up of corrective action implementation and effectiveness.

Any supplier quality concerns detected at JITA and JITA customer locations will be formally directed to the appropriate supplier contact.

All supplier corrective action responses are required to be submitted utilizing the JITA Quick Response Quality Control (QRQC) format (JITA form # 20220623 for reference) or document including 8D sections std contents.

The required supplier response (to JITA SQA) is as follows:

Within 1 Business Day of Notification: Initial response detailing the following:

- ✓ Containment actions (at supplier and JITA) (see below notes 1 & 2)
- ✓ Suspect inventory, lot numbers, etc.
- ✓ Return authorization number (if needed)

Within 5 Business Days of Notification: Completed corrective action plan detailing the following:

- ✓ Initial response information
- ✓ Root cause
- ✓ Permanent corrective action(s) taken with completion dates (Note 3).
- ✓ Verification of permanent corrective action(s) taken (Note 3).
- ✓ Recurrence prevention plan (Note 3).

Within 30 Business Days of Notification: final QRQC report with:

- ✓ Permanent corrective action(s) taken with completion dates.
- ✓ Verification of permanent corrective action(s) taken.
- ✓ Recurrence prevention plan.

Notes:

1. Defect containment by the supplier at JITA is expected within one (1) day (i.e. on-site sorting) wherever possible; if not possible, costs taken over by JITA will be charged to supplier. This is to be coordinated with JITA SQA. Any issues that make on site sorting impractical may be discussed with JITA SQA and alternate actions taken. Replacement material requirements are to be coordinated with the JITA Logistic/Planning department.
2. All certified material must be identified by an agreed coloured dot or mark on/by each shipping label on each carton. This must continue until permanent corrective action has been implemented and approved by JITA SQA.
3. If it is not possible to implement and verify permanent corrective actions in the five (5) business day window, JITA SQA must receive the supplier's plan to permanently resolve the issue by this date with all associated task completion dates and responsible persons documented. Completed corrective action plans, with actual task completion dates and verification records, must be submitted to JITA SQA as agreed between the supplier and SQA.

JITA SQA will review and approve closure of all Corrective Actions. JITA SQA reserves the right to require additional controls to be implemented and / or additional documentation to be provided to effectively resolve supplier quality issues.

# 18 Control Shipping and Phase Review

For suppliers with chronic or repetitive quality issues, JITA reserves the right to impose additional containment measures (at supplier expense) to ensure conforming product is received at JITA.

**Control Shipping Level 1 (CSL1)** containment:

The supplier is required to perform a 100% certification of all products prior to shipment through an additional, off-line inspection process. This measure would be in addition to any existing controls and containment measures previously implemented. This level is imposed on suppliers who have failed to contain or correct quality issues effectively, and immediately.

**Control Shipping Level 2 (CSL2)** containment:

The supplier is required to subcontract a third party product certification contractor to independently 100% certify all products prior to shipment to JITA. This level is imposed on suppliers who fail to contain or correct quality issues through the Level 1 Containment program.

Suppliers required to implement either Level 1 or 2 Containment will be notified by JITA Quality. These additional containment measures are intended to be interim steps to ensure conforming product is shipped to JITA. Permanent actions to prevent recurrence are expected to be implemented in conjunction with these containment programs. Once permanent actions are implemented and verified effective for 30 days, containment may cease with the approval of JITA SQA.

Each container of certified material must be clearly identified for all conditions for which the material has been certified.

In addition, JITA reserves the right to notify third party Quality System registrars of quality system failure if open quality issues are not resolved by this time. The supplier will be notified prior to this action being taken.

**Supplier Phase Review** escalation process:

The Supplier Phase Reviews are intended to heighten the awareness of JITA's supply base to quality performance and to focus the quality improvement efforts of JITA's suppliers toward a shared objective with the company.

JITA SQA will initiate Phase Review meetings at a specified JITA location for suppliers with significant quality issues, chronic quality issues or negatively trending quality performance. At these meetings, suppliers will be required to present corrective action plans to JITA Management, Supplier Quality, and Purchasing, (and others at plant discretion). The program consists of two phases, as detailed below:

**Phase Review 1 (PR1)** escalation:

Suppliers may be selected for a PR1 escalation based on the following criteria:

- ✓ Repetitive Quality or Delivery issues
- ✓ Negatively trending supplier metrics (PPM, CPM, OTD, QNs, Process Audit, etc)
- ✓ Supplier Scorecard C rated
- ✓ Quality or Delivery disruption causing major impact to the JITA Plant and/or JITA customers.

PR1 requires on-site attendance of the Plant and Quality Manager to review corrective action plans in detail.

**Phase Review 2 (PR2)** escalation:

Suppliers will be selected for a PR2 escalation if issues are not completely resolved as committed during the PR1 process. This requires on-site attendance of Plant, Quality, Purchasing Mgr and SQA to review corrective actions in detail. "New Business Hold" status may be imposed.

# 19 Supplier Rating System

JITA operates a Supplier Rating System to monitor and measure the performance of all direct material supply base.

The process is an ongoing, comprehensive supplier monitoring and feedback process that allows JITA to communicate with its supply base, ensuring that key performance metrics data collection, data global rollout and performance rating calculation for each supplier production location will result in periodical communication of the supplier performance Scorecard (doc. # 20220113-MR-002)

The following key performance metrics are included in the supplier performance evaluation system and rating system:

- ✓ PPM: Defined as number of units rejected at JITA divided by number of parts delivered to JITA from the supplier location; metric is under 12 months rolling monitoring system.
- ✓ OTD: Defined as number of deliveries received on time at JITA divided by the number of total deliveries from the supplier location; metric is under 12 months rolling monitoring system.
- ✓ CPM: Defined as number of QNs opened by JITA against the supplier location divided by the number of parts delivered; metric is under 12 months rolling monitoring system.
- ✓ Quality Certificate Status: Valid Quality System certificate is provided by supplier for the production location.
- ✓ Process Audit rating: Result of last VDA 6.3 process audit for the supplier location.
- ✓ Escalation Process Status (CSLs / Phase Reviews): Number of CSLs and/or Phase Review open by JITA against the supplier location.

The rating calculation is based on a merit point concept: for each key performance metric with status out of target the supplier receive penalty points which are subtracted from initial 100 points, while for each key performance metric at goal can receive merit points provided other conditions are met.

The suppliers are rated in three (3) different levels as follows:

- ✓ A Rating – BLUE (Good performer)
- ✓ B Rating – GREEN (Satisfactory performer)
- ✓ C Rating – RED (Poor performer)

Poor performer suppliers are required to timely address the concerns that have resulted in the “C” rating.

Phase Review process should be opened for a poor performer supplier by JITA SQA in presence of chronic concerns and systematic issues; JITA SQA will lead the review and validate the supplier root cause analysis, the corrective actions and lessons learned implementation. Ineffective Phase Review process results into “New Business Hold” status for the delinquent supplier.

Suppliers are encouraged to review ratings for accuracy and resolve any disputes. Any disputes which cannot be resolved with the plant must be elevated to JITA Purchasing for final arbitration by the suppli.

All PPM/CPM disputes must be submitted within 30 days of QN issuance; all agreed PPM reductions shall be documented by the Plant SQA and provided to the supplier.

## 20 Access to Facilities and Records

Suppliers shall allow JITA, and JITA customers, access to any facility and quality records associated with the production and supply of products directly to, or on behalf of JITA. This requirement extends to all sub-contractors as well. Any constrain/exception to this request (related to whole supplier processes or limited to specific) has to be justified and communicated in advance and agreed with JITA.

## 21 Notification of Organization Changes and Quality Concerns

Changes to the supplier’s organization that may affect quality and/or finance, shall be notified in advance to JITA. These changes may include company ownership, company name, manufacturing location, quality approvals, significant changes to process or inspection techniques, shutdowns, etc...

JITA requires that suppliers formally notify JITA of any quality concerns within 24 hours of discovery without exception. This applies to all quality concerns identified by suppliers for which product shipped is suspect. If exposure has not been determined within 24 hours of discovery and product shipped to JITA has not been proven to be void of the concern, notification is required. Suppliers should be prepared to present the concern in detail, the exposure of the concern (i.e., what lot number(s) is / are affected), the containment and corrective action plan.

## 22 Purchase Order Requirements

The supplier shall adhere to all Purchase Order Terms & Conditions (doc. # 20220113-MR-010) plus stated special instructions. The PO is the controlling document and will communicate any deviations to the requirements stated within this manual authorized to the supplier.

# 23 Sub-contracting

Supplier shall not sub-contract any work awarded by JITA without the prior written approval from JITA.

When sub-contracting approval is granted the supplier shall ensure where applicable that in the first instance JITA customer approved suppliers are utilised, and secondly if a special process is required.

The supplier should ensure that subcontractors are evaluated and selected on their ability to meet specified requirements. A list of approved subcontractors shall be maintained. Purchasing documents shall clearly describe the relevant drawings and specifications including issue status and the quality requirements to be applied.

# 24 Protection of JITA and their customer proprietary information

Any information the supplier receives from JITA must be kept confidential and never disclosed to any third party without the prior written agreement of JITA. The proprietary information can include, but is not restricted to all versions of electronic data, drawings and documentation, Tooling and materials. Under no circumstance is the supplier to make a direct approach to JITA's customers in relation to agreed business dealings.

# 25 Management Responsibility

The supplier shall make known a person to JITA, who will have the necessary authority to assume responsibility for product quality. In addition, escalation contact matrix shall be provided and maintained with current contacts.

# 26 Resource Management

The supplier shall determine and provide the resources needed to maintain the quality system and continually improve its effectiveness, and enhance customer satisfaction by meeting JITA's requirements.

Personnel performing work affecting product quality shall be competent on the basis of appropriate education, training, skills and experience.

The supplier shall determine, provide and maintain the infrastructure needed to achieve conformity to product requirements.

# 27 Measurement, Analysis and Improvement

## 27.1 Monitoring and Measurement of Product

The supplier shall monitor and measure all the characteristics of the product identified on the drawings and specifications, to verify that the product requirements have been met. This shall be carried out at appropriate stages of the product realization process in accordance with the planned arrangements.

## 27.2 Control of Nonconforming Product

The supplier shall ensure that products which do not conform to product requirement are identified and controlled to prevent its unintended use or delivery. The controls and related responsibilities and authorities for dealing with non-conforming product shall be defined in a documented procedure. Nonconforming products that are received by JITA will be processed and the supplier will be liable for non-conformance administration costs and in the case of Ship to Stock items any costs associated with downstream manufacturing or recall. The supplier accepts the principle of such reasonable administration costs and the processing of debit notes where Nonconforming goods are identified after invoices have been paid.

## 27.3 Containment of Nonconforming Supply

In the event a non-conforming material, component, system, or service is detected, JITA will determine the best method of securing conforming supply to meet our production requirements:

- ✓ JITA to return the entire lot of non-conforming material, component or systems to suppliers
- ✓ Suppliers to sort/rework/repair the non-conformance at JITA site

- ✓ JITA to identify an external resource (certified by JITA Quality Department) to perform the sort/rework/repair
- ✓ JITA personnel to perform sort/rework/repair

## 28 REACH Requirements

As of June 2007, the European Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) has entered into force. REACH affects all industries - including automotive - that conduct business in the EU or supply parts/materials to companies that supply to the EU.

In order to be compliant with the REACH regulation, we require our suppliers to utilize the on-line “auto-REACH” application (www.auto-reach.com). Late or incomplete registration will raise concerns that our common legal responsibilities under REACH are at risk, and it may affect future business.

The REACH regulation requires companies within the European Union to register chemicals that are manufactured in or imported into the EU. If you are not a chemical manufacturer or importer, you are still responsible to monitor the Substances of Very High Concern (SVHC) lists as they are being published to determine if your products contain them. (A preliminary list has been published and - along with other useful information and links - is available from the “auto-REACH” website.)

The automotive supply chain around the world has developed an “Automotive Industry Guideline on REACH” which can be used as a quick overview on REACH, its requirements and the recommended actions. This guideline may be found at www.acea.be/reach.

The European Chemicals Agency (ECHA) website is http://echa.europa.eu/.

## 29 Conflict Minerals Policy Requirements

JITA is committed to manufacturing products whose sourced components are in compliance with all applicable laws. To that end, JITA’ suppliers are expected to comply with all applicable local, country, and international laws regarding material content for the materials supplied to JITA. At JITA’ request, suppliers must provide to JITA reports on the occurrence of substances in any materials supplied to JITA that may be restricted by, or require disclosure to, governmental bodies, customers and/or recyclers. Regarding conflict minerals specifically, suppliers are expected to supply materials to JITA that are DRC conflict-free (DRC→ Democratic Republic of Congo). DRC conflict-free means any conflict minerals (gold, columbite-tantalite, also known as coltan, cassiterite, wolframite, or their derivatives tin, tantalum or tungsten (collectively the “3TGs”)) necessary to the functionality or production of supplied materials, whether original-source, recycled, or scrap, that do not directly or indirectly finance armed groups through mining or mineral trading in the Democratic Republic of Congo or an adjoining country. Suppliers are expected to adopt policies and management systems with respect to conflict minerals and to require their suppliers to adopt similar policies and systems.

## 30 Corporate Social Responsibility (CSR) / Sustainability

Corporate Social Responsibility (CSR) / Sustainability is a process for companies to integrate social, governance, environmental and supply chain sustainability into operations and corporate strategy.

JITA expects to do business with suppliers that meet our standards and legal regulations regarding Human Rights, Business Integrity, Health & Safety and Environmental; Suppliers must conform to all applicable labor laws.

Utilization of forced labour or child labour by suppliers is strictly prohibited. Suppliers will not engage, directly or indirectly, in human trafficking.

Suppliers found to be in violation of these requirements will be immediately placed on “Desource” status and potential new suppliers will automatically be disqualified from the supplier selection and approval process.

Joyson Italia Health, Safety, and Environmental Policy is to provide products and services in a manner which safeguards employees, customers, the public, and the environment from unacceptable risk.

## 31 Appendices

None