1 - Scope

The supplier quality manual is valid for the supply of production materials (incl. customer directed supplier), services with direct impact on the product quality (Such as but not limited to sorting, rework, assembling) and outsourced activities for the ordering Mitsubishi Chemical entity ("Customer").

2 - Business Language

Customer is a globally operating company and therefore all communications will be conducted in English unless otherwise requested by Customer.

3 - Quality management system requirements (QMS)

Suppliers shall have a quality management system in accordance to ISO 9001 and depending on the applicable business domain, preferably according to IATF 16949 (automotive), ISO 13485 (medical), AS9100 (Aerospace) and/or FSSC22000 (food & beverage).
The ultimate goal of the QMS set-up is to fully comply to the industry standards (Incl. 3rd party certification).
The supplier needs to inform Customer immediately if its certificate has expired, has been revoked or has been placed on suspension.
The supplier needs to inform Customer at least 9 months prior to the expiration of the certificate if no recertification is planned.
Customer reserves the right to perform an audit at the supplier to assess the quality management system, the processes and the products after prior notification (where applicable). The final customer may attend these audits; in such cases, the supplier will be notified in advance in a timely manner.

4 - Environment, Energy, Health and Safety

Customer expects its supplier to be certified by the ISO 14001 and/or ISO 50001. It is mandatory for suppliers to have an implemented environmental and energy management system.
It is highly recommended for suppliers to have a health and safety management system.
All suppliers need to meet applicable legal-, environmental-, energy-, transport- and import regulations (incl. operation 'clean sweep'). Additionally, the supplier needs to review its production-, maintenance-, supply- (transport conditions) and disposal processes and products to determine their environmental impact.
Upon request, the supplier shall provide recycling- and disposal concepts for its products.
Every supplier should define targets to improve environmental protection and documentation of their fulfilment which includes the safeguarding of resources (raw materials, energy, water), the prevention and reduction of environmental pollution, the minimization of waste and rejects and the reduction of expendable packaging.

5 – Business Partner Code of Conduct

Supplier agrees to comply with the principles as stipulated in the Business Partner Code of Conduct which can be accessed Here

These guidelines on anti-corruption, antitrust compliance, forced and child labor, human rights, non-discrimination, labor standards, ethical business conduct (including honest reporting, product safety and integrity, regulatory compliance, and prevention of counterfeit parts), as well as the protection of trade secrets, are of utmost importance.

6 - Quality specific requirements

6.1 General:

Suppliers must ensure their product or service complies with the actual status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data. The internal supplier documentation must reflect this latest status.

Where applicable, the supplier shall ensure that all product safety requirements are identified, documented, and effectively controlled throughout the entire product lifecycle. Products and processes related to product safety shall be managed with the highest level of diligence, including appropriate risk assessment, traceability, shelf life management as applicable, change control, and personnel awareness. The Supplier shall immediately inform Customer of any product safety concerns or nonconformities and take all necessary actions to prevent potential risks to the Customer, its customers, and end users.

Suppliers must have a process to prevent the use of counterfeit parts (avoidance, detection and reporting).

Suppliers must commit to 'flow down' all applicable requirements, including customer (specific) requirements, into the supply chain.

6.2 New product-/ process- and/ or material validation

New products, materials or services must undergo a suitable approval process. Depending on the type of product or service and/or depending on the application/ industry Customer has specific processes to manage the approval.
Suppliers will be informed about the applicable approval process by Customer and the related requirements during the quotation phase.

6.2.1 Validation of products (parts):

For new projects and in case of major changes in existing projects, Customer expect the supplier to use a project management approach (Such as APQP).
Every quote needs to include a feasibility study, including resource and capacity planning. Results must be shared with Customer. If a quote is made without remarks, it means that the project is considered feasible by the supplier, including all given requirements as specified by Customer.
Once a project has been awarded, Customer need to be informed on a regular basis about the progress of the related activities according to an agreed time plan.
The standard method used by Customer to approve materials for serial deliveries is the PPAP

(Production Part Approval Process) process. Unless otherwise agreed with Customer, this process applies.

6.2.1.1 PPAP and PPAP samples

The supplier needs to provide initial samples and PPAP documentation for every project. Initial samples must be produced and tested under serial production conditions. Depending on the submission level, the necessary documents must be delivered or retained by the supplier.
The required submission will be documented via a PSI. (Part Submission Index). The PSI shows the required content of the PPAP submission.
All deliveries of prototypes and pre-serial runs must be accompanied by representative reports, detailing the dimensional accuracy of the components, and by material certificates.

6.2.1.2 PPAP for automotive products

In general a PPAP submission level 3 will be required for new products/projects. The submission level may be adjusted, if needed (particularly at the request of the customer). The PPAP for automotive products should include the IMDS (and if necessary also CAMDS) proposal to the respective Customer company. Suppliers are expected to comply with OEM specific requirements where applicable.

6.2.1.3 PPAP for non-automotive products

Unless otherwise agreed, the parts intended for non-automotive applications must be sampled in accordance with a reduced PPAP.
In such case, the minimum submission level is level 4, submission including:

- Measured (numbered) sample parts
- Measurement report
- Material certificates

Based on specific customer requirements, additional documents may be requested. This will be documented as part of the order process.

The PPAP for food & beverage products should contain the RAPIDS as a minimum. Furthermore, documents to proof the compliancy according to the local legislation of a country should be provided without costs.

The PPAP for medical or paramedical applications should also contain the RAPIDS and necessary certifications acc. the appropriate customer requirements.

6.2.1.4 Packaging of material

Packaging must be suitable and should protect the parts to guarantee the preservation during transport and storage. This is valid for sample-, PPAP and serial material and/ or products.

6.3 Serial deliveries:

Only formally approved materials by Customer can be delivered under serial conditions.
Customer expects from its suppliers that an 'early production containment process' is in place to assure the right quality at the start-up of the new projects.
Customer suppliers should provide the appropriate relevant supporting documentation. I.e. material certificates (3.1 acc.to EN 10204) and/or agreed inspection report for each delivery.
For raw materials specifications will be agreed between Customer and supplier indicating the minimum required parameters to be measured.

Material certificates and inspection reports need to be delivered with every delivery (via mail), except when there is a formal documented agreement that the supplier can keep these documents 'available on request'. In such case, these documents shall be made available to Customer upon request, within 24 hours.

Suppliers shall adopt the targets of ZERO Defects and 100% On Time Delivery performance.

Suppliers shall understand that where PPM targets were agreed, this does not represent an Acceptance Quality Level, but is only an intermediate step in the journey of continuous improvement with the ultimate goal of reaching ZERO Defects!

The supplier must use appropriate statistical techniques to ensure the quality of products and processes. Therefore a minimum Cpk of 1,33 must be achieved during serial monitoring.

The Supplier shall ensure that transportation conditions and methods are appropriate to preserve and maintain the quality and integrity of the product during shipment.

6.3.1 Traceability

Customer expects full traceability for all materials, products and components. Delivery notes and packaging labels (Galia, Odette and VDA labels) must list the supplier's production lot number and Customer part number to enable traceability management. The Customer order number and article number are obligated parts of the delivery identification. The supplier has the responsibility to instruct the forwarder & shipment company to respect and manage the necessary obligated documents.
The supplier shall change the production batch number at least for each raw material batch change, for each production day and for each new machine set up.
Furthermore, the FIFO (First In First Out) principle must be respected at the supplier and for all deliveries to Customer.

6.3.1.1 Record retention

The Supplier shall comply with all applicable record retention requirements, standard minimum 35 years, and shall ensure that the Customer, its customers, and relevant regulatory authorities are granted the right of access to the relevant areas of all facilities involved in the execution of the order, at any level of the supply chain, including access to all applicable records.

6.3.2 Management of Change

Suppliers shall notify Customer without undue delay and minimum 9 months upfront of any change (such as but not limited to changes in the design, product, raw material, process, or location).
Cfr. The Table 3.1 of AIAG PPAP Manual, latest edition needs to be respected.
The effects of any change, including changes caused by sub-suppliers, require a verification and validation to ensure the compliance with the requirements and specifications.
Any change notification needs to be accompanied by a detailed timeline demonstrating proper change control, including at a minimum identification of the necessary safety stock requirements and a sufficient timeframe for the customer approval process.
Not any change shall be implemented by the supplier prior to the receipt of a written approval from Customer. Verbal requests or approval shall not be accepted.

6.3.3 Verification of sub-contracted products and processes (=Downstream)

To ensure product- and process quality Customer reserves the right, to ascertain at any time either personally or through a representative without prior notification, at the operation

of a sub-contractor, that the manufacture of sub-contracted processes meet the specific requirements.

To guarantee this process Customer demand from their suppliers that, following acceptance of an order, the supplier allows Customer and its customer to conduct an inspection at the supplier's operation at any time to verify that the specified requirements are met. The supplier will be notified in a timely manner about the schedule (where possible), the possible effects and the results of such inspections.
When non-conformities are identified during such inspection, Customer expects containment (if applicable), corrections and a root cause analysis within 10 business days from the last day of the audit (unless otherwise agreed Customer.
Root cause analysis shall be conducted using appropriate problem solving techniques (such as Ishikawa and 5-Why and 8D).
The fully closed action plan must be submitted to Customer within 60 days (unless otherwise agreed Customer.

6.3.4 Yearly requalification

For automotive materials and/ or products a yearly requalification is mandatory. I.e an annual update of the PPAP (Min. level 4, incl. PSW, ISIR and material certificates - unless otherwise agreed with Customer). Submission upon request by Customer.

6.4 Non-conformities

Suppliers shall notify Customer without undue delay of any non-conformity identified by the supplier.
Supplier are also expected to inform Customer about a potential safety (Cfr. Product safety requirements), quality and/or delivery issues.

6.4.1 Concessions

It is prohibited for suppliers to send any non-conforming material and/ or product without the written approval of Customer.

If the supplier wants to obtain a concession for non-conforming material, the supplier must at a minimum provide Customer with;

- A clear description of the deviation (incl. quantities)
- A risk assessment of the issue (quality and delivery)
- Sample material and/ or products
- A containment plan
- A recovery plan

Rework is a special process that always requires a concession from Customer.

6.4.2 Complaints

For products, processes and services that do not meet the agreed specifications and requirements, Customer will issue a complaint that will provide the supplier with information about the issue. I.e. a clear description of the problem (with pictures if applicable) and the contact person(s) within Customer. Where applicable, complaint samples will be made available to the supplier for investigation.

Customer will require an 8D report as a standard in case of any non-conformity. Both the Customer and suppliers own 8D template are acceptable.

Customer expects an initial reaction from the supplier within 48 hours.
Initial reactions must, at a minimum, include a confirmation of the (receipt of the) complaint, immediate containment actions (sorting operations, additional inspections, information about goods in transit,…) and 8D team contact details.
Within 5 business days, unless otherwise agreed between Customer and the supplier, a detailed root cause analysis and a definition of corrections and corrective actions is expected.
At the same time the final completion date of the 8D should be agreed.
All measures must also be verified on effectiveness to assure the problem will not be repeated.
If the supplier does not send feedback within one month, the products shall be scrapped at the supplier's expense.
If the supplier would like the products to be returned, Customer can organize the transport, at the supplier's expense.
If there are non-conforming materials and/or products (such as not but limited to scrap, NOK parts as a result of sorting activities, parts from trials, engineering parts) the supplier must render these materials/ parts unusable to avoid the unintended use (cfr. Counterfeit part prevention). Method shall be agreed and implementation shall be documented.

Complaints will be considered in the assessment of the supplier's performance. Unexcused, late responses to complaint reports might be subject to devaluation of the scoring or input to a new supplier complaint.

6.4.2.1 Complaint costs

The objective of the complaint management process is the prompt identification, containment, and permanent elimination of defects in order to prevent any financial or operational impact to Customer or its customers.
Any costs resulting from supplier-related nonconformities, including but not limited to costs incurred by Customer and its customers, will be charged back to the Supplier.
Customer reserve the right to charge variable costs, depending on the expenses:

- Alert by mail: not a direct cost
- Administration cost in case of complaint: 150€/complaint
- Administration cost in case of reoccurrence complaint: 250€/complaint
- Administration cost in case of return of parts (incoming inspection): 250€/complaint
- Handling cost in case of production problems at MCAM /customer: 500€/complaint
- Additional handling, rework, sorting *: 40€/ hour
- Additional work by employees (technical dept., testing…) *: 55€/ hour
- Production line shutdown at Customer*: effective cost, depending on machine size
- Costs charged by MCAM customers *: effective cost
- Customer's production line shut-down *: effective cost
- Preferred freight due to schedule obligations *: effective cost
- Rejected material *: effective cost
- Disposal: effective cost

* incl. cost at Customerdue to the supplier incident.

6.5 Supplier performance and improvement

It is the expectation, that the suppliers will achieve ZERO Defects and 100% on time delivery performance.
Customer monitors the performance of the suppliers both on quality and delivery performance, based on key performance indicators.
The supplier performance data will be shared with the supplier after the yearly evaluation.
The supplier's performance is taken into consideration for future sourcing decisions as well as for continuous improvement efforts.

Where the performance of the supplier does not meet the expectations, the supplier will be requested to document an improvement plan. The effectiveness of such plan will be assessed during interim evaluations or during a supplier audit.

7 – Delivery Continuance

Each supplier shall be responsible for the flawless quality of its deliveries. In order to meet this responsibility, the supplier shall maintain appropriate management systems to meet quality requirements and delivery deadlines and to ensure the ability to deliver in emergency situations.

8 – Compliance with laws and legislations

8.1 Legislations

Customer expects suppliers to understand and fully comply with all applicable laws, European and international laws and regulations, including, but not limited to all Environmental, Health and Safety related laws and regulations.
If our customers require specific compliancy for legislation in the country they deliver the products or where they are located, Customer will make these requirements available to supplier.

8.2 Directives and Regulations

The supplier must ensure that waste is minimized during production and that processes are adapted to the applicable environmental, energy and safety regulations. Suppliers must comply with the applicable directives and regulations such as but not limited to the Substance Use Restrictions according to the End of Life Vehicle Directive 2000/53/EC, the WEEE directive (2012/19/EU), RoHS directive 2011/65/EU, REACH Regulation (EC) 1907/2006, CLP/GHS, POP regulation (EC) 2019/1021 and other applicable regulations in order to guarantee full compliance of the delivered products and services.

8.3 Conflict minerals

Customer endeavors to not purchase any material that contains “conflict minerals”.
Customer does not file report with the SEC. We recognize the SEC's final rule for section 1502 and the European Regulation (EU) 2017/821 that requires our direct and indirect clients to conduct due diligence in their global supply chains, and we request an appropriate level of support to assist us with the reporting requirements.

9 - Conformities

Materials and products supplied to Customer must comply with all conformities required in the respective specifications.
If it is foreseeable for the supplier that the conformities can no longer be fulfilled due to changes in the law, unavailability of raw materials or other causes beyond the supplier's control, Customer must be informed immediately. The supplier must then take measures in

coordination with Customer to ensure continued delivery in accordance with the specifications.
Products and services that do not or no longer comply with the defined conformities may only be delivered after written approval by Customer.