

We make it *possible*

SUPPLIERS MANUAL

PROCEDURE

 HUTCHINSON®	CORPORATE PURCHASING	 <small>HUTCHINSON® Excellence System</small>
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PREFACE

HUTCHINSON aims to achieve excellence to make deliveries to its clients under the best possible Quality, Cost, Delivery, Innovation and Sustainability conditions. This goal applies to all our business sectors: aeronautics, automotive and industry.

To reach our excellent objectives and best meet our clients' needs, the entire supply chain must be involved, and we expect our suppliers to actively participate in this process.

Our desire to involve suppliers in this process translates into the requirements set forth in this quality manual. Our suppliers are fully responsible for the quality of their products. We expect that they use excellence policies to reach the zero issues goal.

The requirements set forth in this manual are not, in any case, restrictions on the current standards (IATF 16949 and sanctioned interpretations, AS/EN9100, ISO 9001, ISO/TS 22163, etc...). They are supplemental to them. In addition, the specific requirements of customers (CSR) will be communicated to the suppliers concerned according to the projects via the validation of annexes to this manual. For your information, the CSRs by customer (automotive business) are available on the following website: <https://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/>.

The HUTCHINSON Group uses the Ivalua and e-Attestations tools that allow suppliers to connect to a portal. This supplier manual addresses our expectations for the use of these tools.

NB: the modifications to the previous version are given in blue font.

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1. PURPOSE

This document defines the general requirements in terms of quality, cost, delivery, innovation, and sustainability that all HUTCHINSON Suppliers and their entire supply chain must respect.

It considers all requirements from each business sector of HUTCHINSON Group.

It is supplemented by a Supply Chain HES PUR P18 G01. This manual is the logistics reference document for HUTCHINSON's suppliers in the automotive industry.

2. FIELD OF APPLICATION AND CONDITIONS

The requirements of this revision of the manual apply to all suppliers of material that contribute to the quality of the products delivered to the customers of all HUTCHINSON Group plants Worldwide, beginning January 1st, 2023. Acceptance of any order serves as acceptance of this document.

3. PREREQUISITES

3.1. Communication Language

The supplier must be able to communicate in the language of the HUTCHINSON facility in question or, as a default, English.

3.2. QSE Management System Requirements

The Supplier implements a Quality Management System (QMS), certified by a third-party audit based on:

- For products for the automotive industry, international standard IATF 16949, by an IATF-recognized certification body
- For products for the aerospace industry, international standard AS/EN 9100, or AS/EN9120 for raw material distributors
- For products for the railway industry, international standard ISO/TS 22163
- Unless otherwise specified by the customer, the Supplier must at least have international ISO 9001 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 for the products for the automotive and aeronautics industries and demonstrate that it has a plan to obtain IATF 16949 (presenting QMS development progression as defined in IATF 16949: ie. by commitment on Minimum Automotive Quality Management System Requirements [MAQMSR] for Sub-Tier Suppliers for IATF 16949) or AS/EN 9100 certification, respectively, within the timeframe agreed upon with HUTCHINSON.
- For any other products, international standard ISO 9001
- A supplier who is not certified must be recognized as meeting HUTCHINSON needs (operational and effective system). This recognition shall be granted by an audit or other evaluation.
- [The supplier shall ensure that his employees are competent \(appropriate education, training – S/R – Special Process – counterfeit parts ..., experience ...\)](#)
- The supplier is required to immediately inform HUTCHINSON about the suspension or revocation of any certification or any complaint to a certification body by other clients. In the case of a suspension or revocation of the certificate, HUTCHINSON reserves the right to conduct its own audit (or have an organization of its choice conduct the audit)
- The Supplier's QMS must include the deliveries to HUTCHINSON in its scope.

The Supplier must provide HUTCHINSON copies of certificates that are relevant to the production and sale of supplies to HUTCHINSON. We will ask that copies of these certificates and other legal or contractual documents be transmitted to HUTCHINSON via e-Attestations web site.

In the special case of resellers and distributors, the supplier agrees to deliver products to HUTCHINSON from known and identifiable sources, accompanied either by copies of the manufacturer's original declaration of compliance, or by declarations of compliance that identify the origin of the product. They agree to set up a storage system that guarantees the traceability of the products in their possession.

The supplier agrees to inform HUTCHINSON of any major changes to its quality system, organization, or organization chart.

Other standards (i.e., PRI NADCAP, IRIS for the aerospace/rail sector, AIAG CQIs for automotive) will be required by the HUTCHINSON sites, depending on the markets for which the purchased products are intended. See section 5.4 or more information.

3.3. Regulation, Safety, Environmental protection and Social Responsibility Requirements

We require all our suppliers to review, accept and apply:

- The Fundamental Principles of Purchasing (FPP). A signed copy must be transmitted to HUTCHINSON.
- The Total Energies Code of Conduct and Total Golden Rules available on IVALUA

Regulations are intended to ensure the protection of human health and environment from the risks generated using some products and processes. Regulations concern all the actors involved in the process of production of the final product (substance manufacturers, formulators, articles producers), thus all HUTCHINSON suppliers are required to identify, understand, and comply with all regulations applicable to the products they provide HUTCHINSON.

Some examples include (but supplier responsibilities are not limited to):

- Regulation 1907/2006 (REACH), SCIP database (EU)
- Directive 2000/53 / EC (End-of Life Vehicle)
- Directive 2011/65 / EU (ROHS)
- The Stockholm Convention (POPs)
- Proposal 65 of California (Safe Drinking Water and Toxic Enforcement Act)
- Conflict Minerals reporting (Section 1502 of the Dodd-Franck Wall Street Reform and Consumer Protection Act). Each HUTCHINSON Group supplier must fill out a "Conflict Minerals Report Template" annually. Revised templates are available after April 25 each year at <https://www.responsiblemineralsinitiative.org>.

No HUTCHINSON technical documents or specifications may replace these official texts.

In case of even temporary non-respect of one or more regulatory requirements, the Supplier must inform the HUTCHINSON Purchasing and/or Quality Department manager as soon as possible.

When applicable, the supplier knows and respects the regulations applying to exports and end destinations (export controls license, end user certificate). The supplier informs HUTCHINSON of any restrictions applying to their supplies. The supplier cannot use the name HUTCHINSON regarding its own suppliers without HUTCHINSON's explicit consent, and in particular in the wording of the End User Certificate. At HUTCHINSON's request, the supplier provides details of the part of its supplies that is imported, with details of the country of origin of the components (ECCN and EAR99) that it procures.

In the case of wooden pallets or containers with phytosanitary treatment, the supplier ensures that NIMP-15 specification is respected for the entire supply chain.

The supplier must be ISO 14001 certified. Otherwise, the supplier must be able to demonstrate that it has launched an environmental initiative with a view to obtaining certification. The supplier must also demonstrate an approach to be ISO 50001 certified by 2025 at the latest.

ISO 45001 certification is appreciated.

The supplier must maintain and develop his own employees' skills to qualify them according to the standards in force (AIAG, CQI, VDA referential...)

Suppliers and sub-contractors of HUTCHINSON aerospace sites will have to ensure that people are aware of:

- Their contribution to product or service conformity
- Their contribution to product safety

- The importance of ethical behavior

3.4. Archiving Requirements

The Supplier archives the product/process records regarding the products delivered to HUTCHINSON and the records on initial deliveries for the lifetime of the product. This archiving duration could not be shorter than fifteen (15) years.

Depending on the delivery site(s) and industry specific requirements, the archiving duration and conditions may be longer and detailed in the contract for this supply.

For products for the aerospace industry, the archiving periods are at least those imposed by the standard AS/EN 9100. In case the customer specification imposes a longer archive duration, this will prevail.

The access to archived data must allow to report in 48 hours in case of major incident.

3.5. Subcontractors / Sub-suppliers Requirements

Except in case of a specific requirement, the Supplier ensures that it is not in any single delivery source situation that could impact delivery to HUTCHINSON. The supplier shall also lead actions to reduce the risk of dependency and monopolistic situation.

The requirements in this manual must be applied to the entire supply chain. The Supplier is responsible for developing or assisting the sub-suppliers / subcontractors to comply with the requirements described in this document.

HUTCHINSON must be provided sufficient notice in the case of a desired change of supplier or subcontractor to understand the impact of the change and issue an approval.

HUTCHINSON reserves the right to audit the Tier-n sub-suppliers / subcontractor under the Supplier's control.

3.6. Business Continuity Plan Requirements

The Supplier provides HUTCHINSON with a business continuity plan. This plan describes the prevention measures taken to ensure delivery in the respect of all requirements in all circumstances.

This business continuity plan defines, if necessary, the security inventory (value, management method) that the Supplier implements to guarantee the HUTCHINSON supply pursuant to its requirements in all circumstances.

The business continuity plan shall be regularly updated (at the occasion of each regulatory requirement update and, at least, annually) and consider the specific risks of each project.

3.7. Requirements regarding obsolescence

The supplier shall always send any notices of obsolescence related to the product or process to HUTCHINSON, irrespective of the source of the information. The supplier shall set up a lookout for the market, products, and processes.

3.8. Requirements regarding expiries

When applicable, material expiration dates must be shown on the packaging. At the time of delivery, the lifetime must be equal to at least 80% of the maximum lifetime, unless HUTCHINSON agrees otherwise in writing.

3.9. Client and Authority Access Information

The Supplier agrees to allow free access to their facilities to HUTCHINSON representatives and any client or representative of the regulatory authorities who might accompany them, for any audits as well as surveillance or control operations for the product ordered.

Except in emergencies (customer complaints, stock outs, etc.), HUTCHINSON agrees to give 48 hours' notice before making these visits.

Excluding cases specified by three-party contracts, HUTCHINSON prohibits any direct interaction between the HUTCHINSON supplier and client. If a client wishes to audit the Supplier, the audit may only take place in the presence of a HUTCHINSON representative.

4. SELECTING THE SUPPLIER

Prior to any assignment, an on-site evaluation may be required and is led by HUTCHINSON when possible, or at least with a supplier self-assessment.

The Supplier's price bid must be the total cost for optimized use for the HUTCHINSON site (TCO), hence the importance of the aptitude factors regarding the control of its activities (quality, performance, technology...). The Supplier must show its desire to contribute to price reduction programs in effect in the HUTCHINSON automotive, aerospace, and industrial business sectors.

The Supplier must be able to show its ability to propose innovative solutions in terms of technology, cost reduction and eco-design.

4.1. Quality and supply chain performance targets

Performance objectives shall be defined during the assignment. These objectives include the performance that the HUTCHINSON client expects from the finished product, and the technology of the product considering the experience with similar products.

In the case of no objective is defined in the frame of the assignment or the annual evaluation, the supplier must reach the best quality required in our concerned business sectors. i.e., for automotive business:

- IPM < 1
- OTD > 95%

For aerospace:

- IER (PPM) < 1000
- OTD > 90%

These requirements levels shall not be interpreted as an acceptable threshold of quality and supply performance. The supplier shall have a zero-defect approach.

4.2. Feasibility and Planning Commitment

The Supplier is responsible for reviewing all the requirements to verify industrial feasibility and sufficient capacity to meet the demands of the supply.

The Supplier must make sure that all the requirements are understood (usually the technical and functional specifications, this manual, HUTCHINSON's customer requirements, etc.) before making a proposal.

The Supplier shall provide a schedule that will include its internal milestones and the milestones required by HUTCHINSON. The supplier is responsible for monitoring progress of the program, for providing updates to the Hutchinson team on a regular basis, and for notifying HUTCHINSON immediately of any major change or delay in schedule.

The supplier shall explicitly list all manufacturing or control operations that it subcontracts. Subcontractors of special processes shall be subject to formal acceptance by HUTCHINSON.

5. PROJECT MANAGEMENT AND PRODUCT/PROCESS DESIGN REQUIREMENTS

During the project phase and based on APQP principles, the supplier:

- ✓ implements the quality management tools set by HUTCHINSON (FMEA, operation analysis, experience plan, quality plan, control plan, early production containment, etc.)
- ✓ ensures all the regulatory and security requirements related to the production and use of the supply in question are respected.
- ✓ organizes, at the request of HUTCHINSON, or at its own initiative, all controls as the project advances.

HUTCHINSON or its Clients may impose raw material supply sources or subcontractors for special processes. In this case, they are specified when placing the order. Their replacement by any other equivalent means may only be done if HUTCHINSON agrees in writing.

The terms of exchange for product / process design will be defined by the HUTCHINSON site concerned.

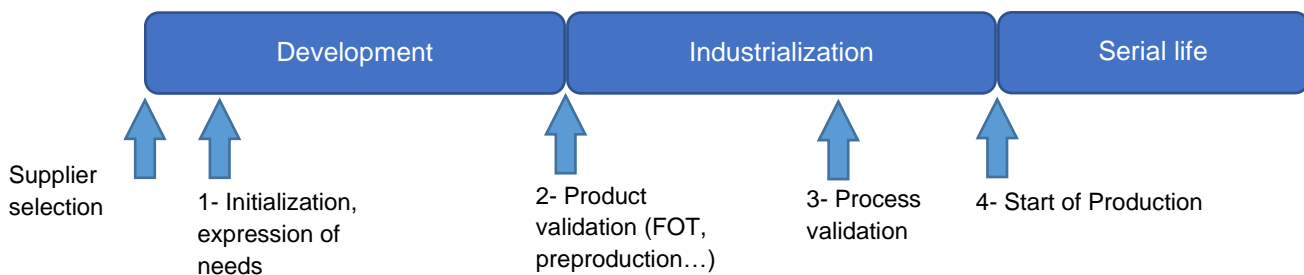
5.1. Phases and project milestones

Based on the nature of the contract and the product, routine updates on project milestones will be requested by the HUTCHINSON plant during some program phases. The latter may open a Product Qualification progress plan in IVALUA which will serve as a planning and exchange platform.

The supplier shall maintain processes that allow them to comply with such requests in a timely manner.

HUTCHINSON follows:

- 3 project phases that are development, industrialization, and serial life; and 4 milestones that are:
 1. Project initialization and complete definition of needs expression, this step could be done through a Kick-off Meeting
 2. Product validation through potential prototypes delivery, First Off-Tool parts, and preproduction deliveries
 3. Supplier Product / Process qualification
 4. Start of production in serial life



In the case of aerospace and rail businesses, the requirements of AS/EN 9100 and ISO/TS 22163 always apply. For aerospace market, the priority in requirements is defined as the following:

- Part 21/145 (if applicable)
- Customer specifications
- AS/EN 9100

5.2. Development Phase: Project initialization requirements

5.2.1. Design System and Product Definition

Should there be 3D files or CAD plan exchanges, the Supplier must have the software allowing these exchanges with the HUTCHINSON concerned site.

Even if HUTCHINSON provides the product design, it expects the Supplier to propose improvements or optimize this design, in particular report any design choices that are not in line with the state of art.

5.2.2. Special or Key Characteristics Definition

HUTCHINSON defines special characteristics based on the constraints identified on its own process and by enforcing its clients' product/process constraints. The Supplier is responsible for defining its special characteristics to supplement those implemented by HUTCHINSON specifications.

These characteristics and the measures used to control them must be considered by the Supplier during planning (FMEA) and included on control plans and in supporting instructions.

The Supplier must be able to show, at HUTCHINSON or its Client's request, that the special and/or key characteristics of the program are identified, recorded, and controlled.

In the special case of products with "safety" or "regulation" characteristics, the supplier is responsible for implementing procedures and controls that guarantee zero defects.

The supplier must provide systems to measure special characteristics at appropriate intervals to ensure that the processes used are under control and capable of providing material that performs to the HUTCHINSON specification (e.g., Statistical Process Control (SPC) with checks per the control plan).

The minimum Capability level required (per the AIAG SPC Manual):

- "Safety" or "regulation" characteristic $Cmk > 2$; $Cpk > 1.67$, $Ppk > 1,67$
- Other special characteristics: $Cmk > 1.67$; $Cpk > 1.67$, $Ppk > 1.33$

Cm = machine capability, Cp = initial process capability, Pp = long term process capability.

In the case where those capability levels are not achieved or achievable, the control plan must be adapted (set-up of a 100% control).

For other characteristics not identified as special or key characteristics, stability of the results must be guaranteed.

5.2.3. Test and Control Means

The test and control facilities (internal and external) must be appropriate and ISO/IEC 17025 accredited. Otherwise, HUTCHINSON must provide its authorization.

The test and control means are proposed by the supplier and validated by HUTCHINSON in accordance with technical specifications in the aim of being available for delivery of first parts as soon as development phase.

5.2.4. FMECA and action plan based on experience

The supplier is responsible for the creation and maintenance of an FMECA and for completing all the actions identified based on risks and lessons learned from similar products and processes.

5.2.5. Additional Requirements

During the development phase, the following information may also be required of the supplier:

- Packaging definition and item cards
- Supplier and sub-contractors project planning including HUTCHINSON project milestones.
- A responsibility matrix if applicable

5.3. Development phase: Product validation requirements

5.3.1. Automotive Market - Prototype and First Off-Tool (FOT) Requirements

The prototype requirements are part of a special order specifying the context (technical files) and the conditions under which the prototype / FOT parts are provided.

Before any delivery, the Supplier must ensure compliance of the prototype / FOT parts that it will deliver. Subsequently, each delivery of the prototype / FOT parts to HUTCHINSON must be accompanied, at a minimum, by the following documents:

- ✓ A label specifying the parts are PROTOTYPE or FIRST OFF TOOLING
- ✓ All significant characteristics measured, and each part serialized with records submitted to HUTCHINSON in advance and placed inside the shipping container.
- ✓ Control reports must be done on a minimum of 10 parts per cavity and per delivered batch.
- ✓ Any deviation compared to technical specification will need a formal deviation request to HUTCHINSON.

5.3.2. Automotive Market - Early Production Containment (EPC) requirements

Following its own automotive customer requirements (GP12 ...) HUTCHINSON requires that all suppliers implement an Early Production Containment.

EPC protects HUTCHINSON and its Clients from quality non-conformances during critical phases (launch, acceleration, change, etc.) and it helps to ensure that any quality issues are quickly identified, contained and corrected at the supplier location. EPC is to be used for all pre-production, production that require a PPAP and/or represent significant risk to HUTCHINSON and its Clients.

The Supplier is responsible for implementing an EPC process that includes:

- Prelaunch control plan
- Identification of the person responsible for implementation of the EPC plan
- Established containment stations which must be offline, separate, and independent of the normal process, and located at the end of the process.
- Documented inspection, testing, and dimensional checks required at the containment stations.
- Weekly reporting of inspection results to the applicable HUTCHINSON location(s)
- Training for personnel to the standardized work performed at the containment station.
- Established reaction plan for single defect
- Audit process for the Pre-Launch Control Plan utilizing all levels of management.

Subcontractors must be included in the validation plan.

Development of the Pre-Launch Control Plan needs to consider the following:

- Increased frequency and sample size as compared to the production control plan.
- Verification of the effectiveness of error proofing
- Verification of packaging and label requirements
- Immediate implementation of containment and irreversible corrective action when a non-conformance is discovered within the containment station.

EPC will be implemented for the first five deliveries, at a minimum, and is mandatory for 100% of parts during the required period.

EPC will continue until all parts in 5 consecutive shipments are found to be defect free at the supplier, HUTCHINSON, and OEM locations. Based on performance, which includes no identified issues, a request for reduction of 100% containment requirement may be made by the supplier. Approval of this reduction must be made in writing from HUTCHINSON.

To indicate compliance with the EPC requirements, the supplier must attach to each shipping label a green circular sticker approximately 25mm diameter. Each sticker must be signed and dated by the person responsible for implementation of the EPC requirements.

Exit Criteria is as follows:

- Ship the required number of parts to HUTCHINSON with no quality problems.
- Ship all parts on time.
- Obtain permission to exit EPC from all HUTCHINSON receiving plants.

Failure to execute an EPC plan or shipment of non-conforming parts during EPC may result in escalation per section 7.3 of this document.

5.3.3.Aerospace Market - Product Prototype Part Delivery (FAI Parts) Requirements

The prototype requirements are part of an order specifying the context (applicable specifications, deliverable documents...) and the conditions under which they are provided.

Before any delivery, the Supplier must ensure compliance - with the HUTCHINSON technical requirements - of the prototype products that it will deliver.

The Supplier attaches all documents to these deliveries required at order.

The prototype products must be packaged separately from serial parts and identified according to HUTCHINSON specification.

At a minimum, the identification is as the following:

- "PROTOTYPE PART" or "FAI PART"
- Reference (P/N), revision number
- Batch or Serial N°, if applicable

- Quantity per packaging
- Supplier's name
- Order N°
- Derogation N°, if applicable

The documentation must include at least:

- A declaration of compliance with the order (NFL0015C or EN10204)
- A copy of the manufacturer's declaration of origin for resellers
- A materials inspection report
- Readings of the dimensions
- A report on any special processes (NDTs, surface treatments, protection, heat treatment or others), if applicable
- The documents corresponding to the specific requirements stipulated in the order

Delays in submitting the FAI ("First Article Inspection") may result in non-compliance, formally pronounced as per paragraph 7 of this document.

5.3.4. Chemical Products Validation Requirements

In all cases, testing is conducted on samples taken from a lot that is produced using the supplier's production process. Before any delivery, the Supplier must ensure the compliance of the samples that it will provide to HUTCHINSON.

In the aim to understand the composition of a material, one of following forms of chemical analysis may be requested by HUTCHINSON:

- ✓ Thermogravimetric analyzes (TGA) and Infra-Red (IR) for chemical products.
- ✓ Thermogravimetric analyzes (TGA), Infra-Red (IR), and Differential Scanning Calorimetry (DSC) for rubber compounds.
- ✓ Thermogravimetric analyzes (TGA), Infra-Rouge (IR), Differential Scanning Calorimetry (DSC), and Nuclear Magnetic Resistance (NMR) for thermoplastics compounds.

Each subsequent delivery to HUTCHINSON must be accompanied, at a minimum, by the following documents:

- A specific labelling, including identification of the material, HUTCHINSON code, batch number, and net weight.
- The material Safety Data Sheet (FDS) conforming to recipient country regulations.
- The material Technical Data Sheet (TDS),
- An analysis certificate (CoA) of the material including:
 - the control means used.
 - the measurement methods used.
 - the value of the measured characteristics
 - the specifications for each of the measured characteristics

In the case of the purchase of a standard chemical product where certain characteristics must be adapted to HUTCHINSON's needs, special specifications may be signed by the Supplier and HUTCHINSON.

5.4. Industrialization Phase – Process qualification requirements

The supplier shall reference the AIAG PPAP manual, or [VDA2 \(Production Process and Product Approval\) rules developed by the German automobile industry](#), for detailed instructions on completion of the appropriate documentation.

Before considering a PPAP submission for disposition, the HUTCHINSON plant must receive (at a minimum):

- Completed documents as defined by the latest revision of the AIAG PPAP manual, default level 3 or [the latest revision of the VDA2:2020](#)
- The monitoring plan updated at the various phases (pre-production or prototype, industrialization, series)
- Definition of product identification and explanation of the traceability method

- The manufacturing synoptic and, eventually process layouts.
- Capability studies on special / key characteristics
- The nomenclature of the materials used. A certificate of analysis of the raw materials used (a certificate of compliance of the raw materials with HUTCHINSON requirements can be accepted)
- Complete dimensional reports and laboratory test reports on the chemical or mechanical characteristics requested (Product Validation Plan), and the results of performance tests.
- Evidence of meeting the criteria for accessing non-measurable characteristics, such as appearance or colour, etc. (i.e., Appearance Approval Report)
- The definition of boundary samples including the parts for validation
- The test and control mean qualified according to AIAG MSA. R&R studies shall be led on each control mean for special characteristics.
- Description of packaging for HUTCHINSON validation and logistics protocol (cf. HES PUR P18 G01)
- Verification of IMDS submission and acceptance
- A list and photograph(s) of all HUTCHINSON, or its client, owned tooling, and equipment (per section 5.6)
- PPAP samples (quantity to be communicated by the HUTCHINSON plant)
- The PPAP samples must be sent in approved packaging and labelled on the outside of each container as PPAP samples to facilitate their acceptance.
- Possible recommendations for use
- Identification of any Poka Yoke

Processes may be qualified using two tools: a Run@Rate and/or a Product / Process audit.

Run@Rate allows HUTCHINSON to verify that the supplier's manufacturing process is capable of meeting or exceeding the daily contracted capacity on a sustained basis.

During the Run@Rate HUTCHINSON will review:

- Part and process documentation (i.e., approved drawing, standard work, control plans, FMEA, boundary samples, etc.)
- the manufacturing process and results
- part quality requirements and results
- sub-supplier requirements and Run@Rate results.
- Packaging

To make effective use of time, the supplier should conduct a practice Run@Rate before the official Run@Rate begins.

Run@Rate operations are typically:

- recorded in the format specified by HUTCHINSON.
- performed in the presence of one or more HUTCHINSON representatives, who can take as many samples as they deem necessary during the operation.

If not, a Product / Process Audit may be organized according to HUTCHINSON HES PUR P09 F02 or according to VDA 6.3 (process) or VDA 6.5 (product).

The supplier is responsible for submitting their PPAP documentation and samples to the schedule provided by the HUTCHINSON plant. Delays in submitting the PPAP files and samples may result in non-compliance, per paragraph 7 of this document.

Suppliers must submit PPAP files and samples to each HUTCHINSON plant that their material is being shipped. A PPAP Status from one HUTCHINSON plant does NOT systematically apply to other HUTCHINSON locations. According to their customer requirements, the HUTCHINSON sites will impose to nominate a product safety representative (PSCR)

Depending on HUTCHINSON applicable requirements and used processes, an annual self-assessment according to the following referential will be required:

- ✓ CQI-9: Special process – heat treatment system assessment

- ✓ CQI-11: Special process – plating system assessment
- ✓ CQI-12: Special process – coating system assessment
- ✓ CQI-15: Special process – welding system assessment
- ✓ CQI-17: Special process – soldering system assessment
- ✓ CQI-23: Special process – molding system assessment
- ✓ CQI-27: Special process – casting system assessment
- ✓ CQI-30: Special process – rubber processing

For aerospace, a PRI NADCAP certification will be required on special processes if the supplier is not included in an « approved vendor list. »

5.5. Serial life phase

This final project milestone represents the transition to serial life upon completion of PPAP and the early production containment requirements (section 5.3.2)

5.6. Tooling and/or Equipment Management

The subjects below apply to tooling and/or equipment owned by HUTCHINSON and/or HUTCHINSON's Client, regardless of the financing method (cash, investment, amortization, etc.).

5.6.1. Use of Tooling and Equipment

Unless otherwise stated the Tooling and/or Equipment is the property of the HUTCHINSON client, which means HUTCHINSON itself if it placed the order with the Supplier. The Supplier is then the depository.

The Tooling and/or Equipment must be used exclusively to produce components for HUTCHINSON. The Supplier must not make any change to the Tooling and/or Equipment without the prior written agreement of HUTCHINSON.

The Supplier agrees to inform HUTCHINSON without delay about any incident, malfunction or depreciation impacting the use of the Tooling and/or Equipment.

HUTCHINSON may at any time visit the place of use of the Tooling and/or Equipment on loan to verify its physical presence, conditions of use and good state of maintenance.

The Supplier is required to inform HUTCHINSON about any change in the geographic location of the Tooling and/or Equipment and must first obtain HUTCHINSON's permission before making any change.

In the case of subcontracting the Tooling and/or Equipment during the project phase, it is the responsibility of the Supplier to plan and organize the transfer of Tooling and/or Equipment while keeping HUTCHINSON informed. The transfer of the Tooling and/or Equipment does not relieve the supplier of any liability to follow the product conformity and quality objectives set.

5.6.2. Tooling and Equipment Modification and Maintenance

The Supplier agrees to properly repair and maintain (preventative and curative maintenance) the tooling and/or equipment on loan, under its own responsibility.

The Supplier is responsible for updating the date stamps and major indexes as required for the duration of the tooling and/or equipment.

All tooling and/or equipment conservation and maintenance expenses are the responsibility of the Supplier. Any decision to restore or renew the tooling and/or equipment is the responsibility of HUTCHINSON. A bipartisan agreement will discuss responsibility for the costs related to the restoration or renewal of the equipment.

The Supplier provides HUTCHINSON with a summary list of the tooling and/or equipment as part of the initial samples file. The list must include the date the tooling and/or equipment arrives and its maintenance logs. The record of the tools in IVALUA allows to comply with this requirement.

5.6.3. Equipment Guarantee

When an Equipment Guarantee is required, the supplier must inform HUTCHINSON about the end of the contractual guarantee. This alert must be given early enough to allow for new equipment to be developed, the supplier/HUTCHINSON/Client approval time and the end of the current equipment guarantee.

In the case of use of equipment no longer guaranteed, the Supplier must provide HUTCHINSON with a quality and logistic risk analysis related to the state of the equipment as well as a proposal including measures to take. Any costs related to these action plans shall be discussed by HUTCHINSON and the Supplier.

6. DELIVERING THE PRODUCT

6.1. Delivery Requirements during acceptance pending period

The Supplier must provide proof that the product meets the HUTCHINSON requirements for the delivery of the first lots produced as a series (i.e., results of inspections and testing or certificate of analysis)

Respect for the delivery quantities and schedules set by HUTCHINSON is an essential requirement that the Supplier must observe.

6.2. Serial Delivery Requirements

The Supplier takes all necessary provisions to ensure the delivery of products compliant with the contractual specifications (ex. production surveillance plan) accompanied by a delivery slip and the complete documentation.

Product deliveries without a delivery slip and the corresponding documentation may result in non-compliance, per section 7 of this document.

Each container or unit of material must have labels that provide traceability to part number, manufacture date, quantity, and PO number.

Machine readable label coding (i.e., QR or bar code) is necessary to processing material receipts for some HUTCHINSON plants. The supplier agrees to verify and comply with the requirements of the HUTCHINSON plant(s) it supplies (see HES PUR P18 G01 if applicable).

At HUTCHINSON'S request, the supplier agrees to share the results, measurements, or findings for analysis purposes.

For all special or key characteristics, the Supplier implements statistical process control (SPC) and follows its capability levels that must stay conform to §5.2.2 requirements.

For aerospace, a Quality Assurance Approach according to AS/EN 9117 could be required.

The Supplier of any serial product delivered agrees to inform HUTCHINSON about:

- any non-compliance or discrepancy that it may detect during production or quality control operations.
- any delivery that does not follow the continuity of the delivery history (for example, a different configuration for a parameter, even if not specified). Any process deviation due to the characteristics followed in SPC.

The Supplier agrees to measure:

- the quality level delivered (complaints, IPM, IER-PPM, CPM)
- its internal quality levels.
- its service rate for HUTCHINSON (OTD)
- the level of satisfaction of its HUTCHINSON client
- all exceptional transportation costs incurred to ensure timely deliveries to HUTCHINSON.
- all supply disruptions to HUTCHINSON

The Supplier also agrees to:

- use a tracking system that connects the finished product to its different raw material elements as well as its different production stages.
- comply with any information request for a lot.
- make registrations showing the compliance of the product.

- respect FIFO (First In, First Out) principles for all process stages
- conduct regular inverse tracking audits, particularly for products subject to security and/or regulations.

HUTCHINSON can ask for traceability verification at any time during the life of a program. The supplier must send all the documents within 48 hours of HUTCHINSON's request.

6.3. Requirements regarding the supply chain

The supplier shall use his best efforts to avoid a production stoppage of HUTCHINSON or its customers. Supply chain incidents (delays, damaged goods, unsuitable packaging, etc.) will be declared as non-compliant, as defined in section 7 of this document.

The supplier agrees to guarantee the safety of persons and products regarding packaging, labelling, documentation, and the supplies.

All actions required to reach the service rate targets will be taken.

The supplier shall self-assess its logistic system once a year, usually according to the MMOG/LE model. The results of this self-assessment must be sent to the receiving HUTCHINSON sites.

The supplier shall use the exchange systems required by HUTCHINSON, typically the use of EDI for open orders.

All suppliers agree to apply the requirements in the Supply Chain Manual, HES PUR P18 G01, upon request by HUTCHINSON sites. In addition, a progress plan for compliance with this manual must be established.

6.4. Requirements applying to product conservation

The conditions of conservation of the product, and in particular the packaging, storage and transportation must be respected between the time when the product is manufactured by the supplier and its use by HUTCHINSON.

The products delivered must be free of any pollution / contamination that is visible to the naked eye and / or that could result in a substandard appearance or performance.

Electronic components and subassemblies must be placed in conducting packaging materials for protection against ESD.

6.5. Requirements on reworks

Any rework / repair must be applied according to a standard formerly approved by HUTCHINSON

6.6. Periodic Re-qualification Requirements

Suppliers must undergo an annual validation of the products supplied with, at a minimum:

- dimensional inspection results for all characteristics on technical specifications
- capability analysis according to §5.2.2
- Evidence that all dispositions taken on process qualification are maintained.

The data and parts resulting from this re-qualification must be provided to HUTCHINSON upon request.

Qualification or requalification files are provided free of charge to HUTCHINSON. The supplier may be required to submit through an IVALUA Product Qualification if required by the HUTCHINSON concerned site.

Based on the needs of the HUTCHINSON entities, the frequency of this re-qualification may be increased.

For aerospace market, a FAI file will be asked for any production stop of 2 years or more.

The products used for periodic re-qualification are free of charge for HUTCHINSON.

6.7. Modification Management Requirements

The Supplier must never make changes to the product or process without gaining approval from HUTCHINSON first. In the case of a technical specification defined by the supplier, any change of it shall be managed according to this chapter requirements.

The supplier of any serial product delivered firmly agrees to inform HUTCHINSON about any delay that could induce a change in its production process.

Some examples of change that require approval include (from the AIAG PPAP manual):

- Use of other construction or raw material / component than was used in the previously approved part or product.
- Production from new or modified tools, dies, molds, patterns, etc. Including additional or replacement tooling
- Production following upgrade or rearrangement of existing tooling or equipment.
- Production from tooling and equipment transferred to a different plant site or from an additional plant site.
- Change of supplier for parts, non-equivalent materials, or services (i.e., heat-treating, plating)
- Product produced after the tooling has been inactive for volume production for twelve months or more.
- Product and process changes related to components of the production product manufactured internally or manufactured by suppliers.
- Change in test/inspection method – new technique or Poka Yoke
- Packaging change

Additionally, for bulk materials:

- New source of raw material from new or existing supplier
- Change in product appearance attributes.

This list is not exhaustive – the supplier must check with the HUTCHINSON receiving plant before making any change.

For requalification, the supplier submits a qualification file before any new delivery of the product under this modified process.

The Supplier must take the precaution of having a secure inventory allowing it to ensure the delivery times for the modification validation by HUTCHINSON.

Moreover, if applicable, the Supplier also reports any changes that may be made to the Safety Data Sheet and the TDS (Technical Data Sheet).

6.8. Series End of Life Requirements

These requirements involve the period following the periodic deliveries and related to the delivery obligations for replacement parts.

- All suppliers must maintain a production capacity for a minimum of 15 years following the serial end of life phase. This period may be extended at the request of HUTCHINSON for projects with specific clients.
- The reuse of the site, process and industrial means of the Supplier is possible so long as HUTCHINSON is informed and approves.
- The supply flows, supply amounts, delivery frequency, packaging as well as the HUTCHINSON production site can change based on this service part switch.
- A written agreement from HUTCHINSON is required before any Supplier action allowing for the definitive shutdown of its ability to deliver (example: destruction of the equipment, special machine, inventory...)

7. REQUIREMENTS IN CASE OF NON-COMPLIANCE

All HUTCHINSON suppliers agree to maintain a system to control and prevent the use or shipment of materials which do not conform to specifications. Any discrepancy with the order specifications or conditions - whether technical or otherwise – are included in a complaint sent to the Supplier in question.

- When a non-compliance is found, the site that discovered it opens a complaint to the Supplier in the HUTCHINSON purchasing portal, IVALUA, found online at <https://ivalua.hutchinson.fr/>
- The Supplier involved in the complaint agrees to:
 - undertake all activities necessary to sort and identify the status of all material in the value stream, including.
 - supplier stocks
 - stocks in transit either to HUTCHINSON or its customers
 - HUTCHINSON stocks, and
 - stocks delivered to HUTCHINSON's customer or by HUTCHINSON to its customers.
 - inform all the HUTCHINSON sites that are potentially impacted by the non-compliance.
 - determine the root cause(s) of the non-compliance and implement corrective action(s)
 - respond via the 8D format in the HUTCHINSON purchasing portal, IVALUA.
- Any claims may result in reinforced inspections of the discrepant product.
- The supplier is responsible for the inspections made at any point in the value stream. The supplier may call on third-party companies to perform these inspections, sorting and stock protection operations. HUTCHINSON reserves the right to grant access to its sites only to third-party companies that are designated in advance. HUTCHINSON can decide to return the stocks to the supplier for inspection at their discretion.
 - The inspections will cease once the actions taken by the supplier to eliminate the causes of the complaint have proven effective in HUTCHINSON's opinion.
- After any claim declared by HUTCHINSON, the Supplier delivers its products in packaging that clearly shows that they underwent an additional control before shipping (i.e., circular label).
- In certain cases of non-compliance, the Supplier may request a deviation from HUTCHINSON before shipping, which, if HUTCHINSON approves, allows it to continue to deliver at least for a given period/quantity. In this case, the supplier shall identify the product according to the requirements.
- The Supplier reclaims all products/parts declared non-compliant by HUTCHINSON within 1 month, at most. After this period, the products/parts that have not been removed by the Supplier shall be removed and the cost of their destruction shall be billed back to the Supplier.

7.1. Complaint Response Time Requirements

Handling and taking immediate action following a complaint at the HUTCHINSON site must be performed within 48 working hours after the complaint is issued.

Determining root cause of the non-compliance and the implementation of corrective actions must be reported within 15 calendar days from the issue of the complaint.

The measures to verify the effectiveness of these corrective actions and the capitalization and overcoming actions must be reported within 1 calendar month after the issue of the complaint. The measure to verify the effectiveness of the corrective actions shall be done by product / process audits.

These deadlines may be shortened at the simple request of the HUTCHINSON site, particularly in the case of a claim from a HUTCHINSON site due to a non-compliance in the customer supply.

7.2. Requirements involving the financial Consequences of a Complaint

The Supplier, being responsible for the quality of the products delivered, shall bear all direct and indirect financial consequences (including the costs resulting from a claim detected by the end customer) as well as the consequences of the defective product delivered. The recovery of financial consequences will be applied whatever the nature of the complaint (technical, supply, documentary ...)

Cases	
Claim	Cost + 600€
Customer related claim	Cost + 1 300€
Recurrent claim	Cost + 1 000€
Shutdown situation	Cost + 10 000€
Internal labor (sorting, test...) costs	55€ / h.
Issue on legal documentation, FAI or PPAP & Requalification Delays	150€

The supplementary costs specified in the above table cover, among other things, but without limitation, the identification of the defect, the provision of conforming lots in production, the communication charge with the supplier or customer, etc. ...).

The cost covers, among other things, but without limitation, the value of the non-conforming product, added value in production if the defect is detected after use of the product, potential production stoppage, costs incurred by the non-conformity at HUTCHINSON's customer if applicable, costs of sorting and rework, potential special freight if needed, adjustments made on process, traveling costs at supplier's or customer for non-conformity management, etc...

The standard format for all costs linked to a claim (HES PUR P08 F01) is available in IVALUA.

The internal costs are applied when HUTCHINSON must arrange personnel to perform operations to secure the production.

The costs of issuing a claim will be systematically invoiced for each officially formalized claim on the HUTCHINSON portal. The invoice will be charged at the currency of the HUTCHINSON site at the current exchange rate.

7.3. Escalation Process

In the case of a significant discrepancy in the quality, supply chain performance level or project planning, an escalation process will be activated to return the situation to normal as quickly as possible.

Each HUTCHINSON entity will define its alert thresholds, the expected measures (summons to present the action plans, audits conducted by the supplier, etc.), and the financial consequences of the set-up of an escalation process.

HUTCHINSON reserves the right to take immediate action against the supplier, possibly with the help of third-party companies selected by HUTCHINSON. The costs of this action will be paid in full by the supplier. The supplier's liability will remain unaffected.

If a continuous slippage is observed in the long term (> 6 months), the escalation process will bring about the following consequences:

- Financial penalties
- Audit or plan for progress at the supplier's cost
- Change of status in the panel, usually to "New Business Hold" or Desourcing
- Coordination at division, activity, or Group level at HUTCHINSON for shared suppliers

7.4. Warranty returns complaint Processing.

The Supplier may be subject to warranty returns. In this case, a new expertise level will be required which considers the period between the production of the defective product and its return for analysis, as well as the potential wear and tear of the product.

The requirements in terms of the response time, financial consequences and escalation process apply.

8. REQUIREMENTS REGARDING THE EVALUATION OF SERIAL PERFORMANCE

8.1. Supplier Audit Requirements

Audits at the initiative of HUTCHINSON or its client may be carried out at any Supplier or its subcontractors. For each of the audits conducted, HUTCHINSON expects a report on the discrepancies found and the implementation of corrective actions to eradicate these discrepancies.

- Responses to major cases of non-compliance must be received within 1 week.
- Responses to minor cases of non-compliance must be received within 1 month.
- The closure deadline of an audit (execution of the actions, verification that the corrective actions are effective and re-qualification) is 3 months maximum.
- HUTCHINSON can ask for these deadlines to be shortened, especially when they are incompatible with the milestones or demands relating to HUTCHINSON's customers.

The audit will be registered and tracked in IVALUA. Suppliers must log onto this portal to respond to the action plans.

8.2. Supplier QCDIS Rating Criteria Requirements

Every year, the HUTCHINSON sites identify the suppliers to be evaluated according to several criteria:

- The performance of any HUTCHINSON Supplier is measured and followed monthly by standardized Group indicators: PPM, CPM, IPM, and delivery performance (OTD)
- Each supplier is also evaluated based on the economic criteria of the purchase, its ability to invest, its ability to innovate, its QSE management system level and its sustainability approach, ...
- The quality and supply chain performance objectives are set at the start of each year. The suppliers' performance based on the criteria cited below is essential to reach these objectives.

9. OPERATIONAL EXCELLENCE REQUIREMENTS

HUTCHINSON expects its suppliers to conduct programs for operational excellence, whether organizational or technical for products or processes, to reach and maintain the best level of competition in their business sector. Each supplier must propose ideas for improvement aimed at reducing the total purchase cost of the supplies. It shall contribute to the client productivity programs and thus perpetuate its own markets.

The Supplier agrees to inform HUTCHINSON about its annual improvement plan. The quantified targets set at the start of the year must constitute the input for this plan for improvement.

The Supplier must be able to show at any time the innovative proposals that it has offered HUTCHINSON.

HUTCHINSON reserves the right to initiate support from its suppliers to assist them in the process of achieving OPERATIONAL EXCELLENCE. Different tools will be deployed (e.g., SPACE ...)

10. DEFINITIONS

The following definitions are limited to the sole HUTCHINSON Indicators used in this document.

All other technical terms or acronyms used are standard in the automotive and/or aerospace businesses. In case of doubts, the supplier can request some precisions to his usual HUTCHINSON contact.

- Supplier claim: it is a formalized complaint (on IVALUA portal) for any supplier non-conformity on requirements, we manage several severities:
 - Claim: Supplier non-conformity
 - Critical Claim: Supplier non-conformity defined as critical by the emitting site (often linked to a safety issue, a claim detected by HUTCHINSON's customer, or a recurrent claim)
 - Alert (not impacting performance KPIs)
 - Management of a deviation requested by the supplier before delivery.
 - Important drift for characteristics, while keeping conform to specification.

- Characteristic of the product nonacceptable but not specified.
 - COMEX: gathering several defects in a same complaint not impacting IPMs but impacting PPMs or CPMs
- Supplier IER (PPM): this is the Ratio expressed in **Parts Per Million** (parts deliveries / unitary components) of:
 - the quantity of the products rejected by the HUTCHINSON site for a given period.
 - on the total quantity of the products delivered in the same period
- Supplier IER (CPM): this is the Ratio expressed in **Costs Per Million** (deliveries of materials in litres, kilograms, metres, etc.) of:
 - the value of the material rejected by the HUTCHINSON site for a given period.
 - on the total purchase value of the products delivered in the same period
- Supplier IPM: this is the Ratio expressed in **Incidents Per Million Euro**:
 - The number of claims for a given period
 - on the total purchase value of the products delivered in the same period (in M€)
- Supplier service rate (OTD): this is the ratio expressed as a percentage between
 - the number of good deliveries and
 - the total number of deliveries

A good delivery for a supplier is a timely delivery (not late or early) of the part or product specified in the order, in compliance with the quantity ordered. It is implicit that they must be conducted at the site mentioned in the order.

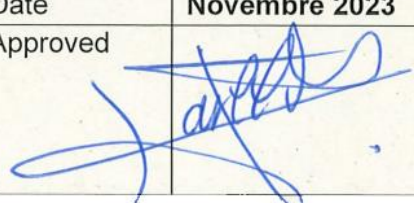
11. REFERENCE DOCUMENTS & APPLICABLE DOCUMENTS

The following reference documents may be consulted to provide more complete information on the HUTCHINSON requirements.

- | | | |
|----|--|---|
| 1- | HES PUR P05 F01 | Supplier Pre-Evaluation Audit |
| 2- | HES PUR P09 F01 | System Audit Report – Supplier Evaluation |
| 3- | HES PUR P09 F02 | Product/Process Audit Report |
| 4- | HES PUR P18 G01 | Supplier Logistics Manual |
| 5- | HES PUR P18 G02 | IVALUA Supplier Guide |
| 6- | HES PUR P08 F01 | Costs of claims |
| 7- | General Terms and Conditions of Purchase (GTCP) | |
| 8- | These documents are available on the HUTCHINSON purchasing portal at the following address:
https://ivalua.hutchinson.fr/ | |

EDIT HISTORY

VERSION	DATE	STATUS	EDIT
1	December 2014	CREATION	Creation. This manual replaces the specifications previously codified HUT DQP04, HUT DQP15 and HUT DQP16
2	December 2015	UPDATE	This update includes the specifics of each activity.
3	June 2017	UPDATE	Addition of §6.5.1.4 EPC. Addition of §7.8 reworks. Various clarifications and improvements in some terminologies
	December 2017	UPDATE	New codification of the document
4	March 2018	UPDATE	Added requirement for GDPR (EU Directive) in §4.4. Strengthening the requirements for updating the security plan § 4.8 New possibility of using the HUTCHINSON portal for the documentary exchange in product qualification §6 Organization of the documentary book on the calls for tenders §12 Various terminology adjustments and clarifications.
5	January 2019	UPDATE	Update of Financial Consequences of a Complaint. Various terminology adjustments and clarifications.
6	April 2021	UPDATE	Accreditation requirements for certification bodies §3.2. Deletion of former chapter 3 – Quality Assurance Process Revision of product / process qualification Definitions adjustments Various terminology adjustments and clarifications.
7	December 2022	UPDATE	Creation of annexes for CSR (customer specific requirements) Simplifications and adjustments of terminology and clarifications.
8	November 2023	UPDATE	Reintegration of chapter: Client and Authority Access Information (§3.9) § 5.4 – VDA2 taken into consideration §11- REFERENCE DOCUMENTS & APPLICABLE DOCUMENTS – General Terms and Conditions of Purchase (GTCP) added § 3.2 – Employee training § 7.2 – Financial consequences cases

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