


We make it *possible*

QUALITY MANUAL FOR SUPPLIERS

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PREFACE


The HUTCHINSON Group aims to achieve excellence so as to make deliveries to its clients under the best possible Quality, Cost, Deadline and Innovation conditions. This goal applies to all of 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 and services. We expect that they use excellence policies to reach the zero issue goal.

The requirements set forth in this manual are not, in any case, restrictions on the current standards (ISO/TS 16949 EN 9100, etc.). They are a sort of supplement to them.

The HUTCHINSON Group uses the Ivalue Buyer tool that allows suppliers to connect to a portal. This quality manual addresses our expectations on the use of this tool.

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1. PURPOSE

This document defines the general requirements in terms of purchases, quality, deadlines and innovation that all HUTCHINSON Suppliers are required to respect and ensure their entire supply chain respects.

It is supplemented by a supply chain manual HUT DQ GXXXXXX / YYYYYY. This manual is the logistics reference document for HUTCHINSON's suppliers.

If a HUTCHINSON supplier fails to meet the demands in the HUT DQ G32 supply chain manual, it must submit a corrective action plan to its contacts at HUTCHINSON Purchasing and Supply Chain.


This document recaps the requirements regarding logistical activity. They must be considered as essential for all of HUTCHINSON's suppliers.

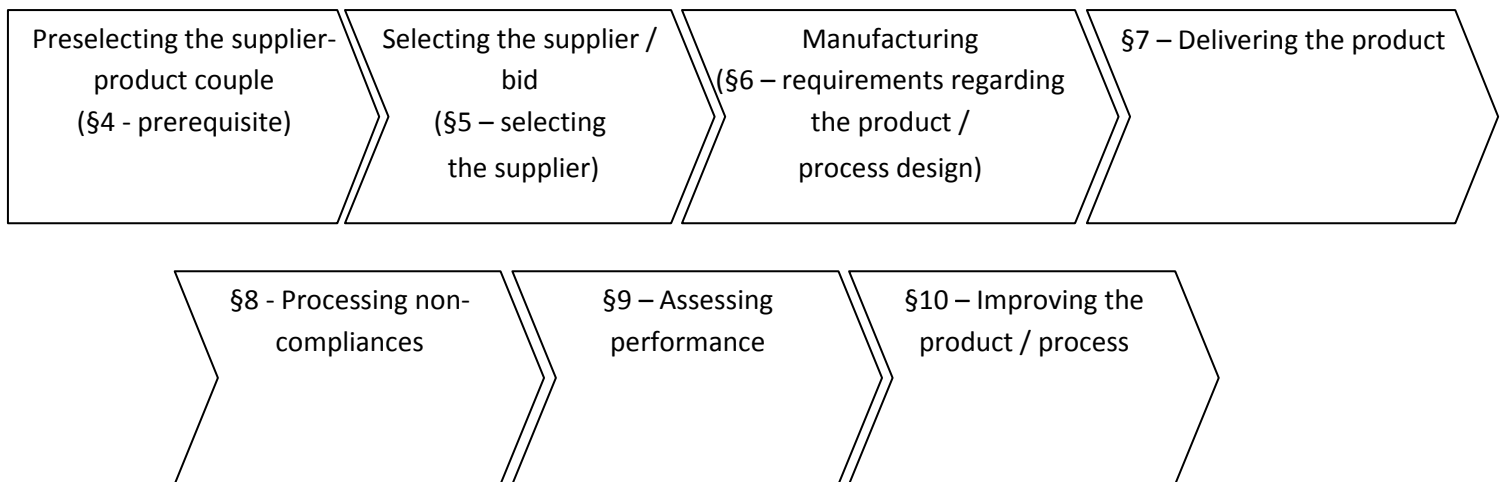
2. FIELD OF APPLICATION AND CONDITIONS

- The procedure requirements apply to all purchases for the Group factories, which fall under the product category. This includes external supplies of large, medium and small series (replacement parts included) as well as chemical products.
- The written requirements in this document are applicable to all Group factories.
- Acceptance of any order serves as acceptance of this document.

3. QUALITY ASSURANCE PROCESS

The structure of this document summarizes the main stages of the HUTCHINSON quality assurance process for "Product Purchases"

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4. PREREQUISITES

4.1. Communication Language

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

4.2. QSE System Requirements

- The Supplier implements a Quality Management System, certified by a third party audit based on:
 - × For products for the automotive industry, international standard ISO/TS 16949
 - × For products for the aeronautics industry, international standard ISO EN 9100
 - × For any other product, international standard ISO 9001.
 - × Failing this, the Supplier must at least have international ISO 9001 certification for the products for the automotive and aeronautics industries and demonstrate that it has a plan to obtain ISO/TS 16949 or ISO EN 9100 certification respectively within the time-frame agreed upon with HUTCHINSON
 - × For other business sectors, 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.
 - × 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).

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- Other standards (typically PRI NADCAP or IRIS business tool for level 1 and 2 special rail for the aerospace/rail sector) will be required by the HUTCHINSON sites, depending on the markets for which the purchased products are intended.
- 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.
- Any HUTCHINSON supplier must be ISO 14001 certified or have a plan in place to become certified.
- A security certification like OHSAS 18001 is appreciated.

The Supplier must send HUTCHINSON copies of certificates in effect from all agencies involved in the production and sale of supplies to HUTCHINSON. We will ask that copies of these certificates and other legal or contractual documents be posted online to the HUTCHINSON purchasing tool at: <https://ivalua.hutchinson.fr/>

Moreover, the Supplier is required to immediately inform HUTCHINSON about the revocation of any certification or any complaint by other clients.

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

4.3. Regulation, Security, Intellectual and Industrial Property Requirements

- We invite all our suppliers to take note of, accept and apply the Fundamental Principles of Purchasing, as defined in the appendix of the General Purchasing Conditions, which can be found at the following address:


http://www.hutchinson.fr/fichiers/cga/cga_Hutchinson_2014_fournitures_FR.pdf

http://www.hutchinson.fr/fichiers/cga/cga_Hutchinson_2014_travaux_FR.pdf

They are also available on the HUTCHINSON purchasing portal:

<https://ivalua.hutchinson.fr>

- The regulations on safety require that proof be provided to show that all precautions have been taken to ensure safety. They apply to all the manufacturers involved in the finished product (including the HUTCHINSON suppliers). For example, this includes the REACH directive, the 2000/53 standard on heavy metals, etc.
- A product is described as "safe" and/or "regulated" if it has one or more features subject to the national or international regulations or a client safety program. They are marked S, R or S/R.

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- As part of the sustainable purchasing development process, an environmental impact assessment for products (life cycle) must be performed and made available to HUTCHINSON by the Supplier.


✓ **Prohibited or Restricted Substances**

- The Supplier is responsible for compliance with the requirements set forth in the regulatory texts. No HUTCHINSON technical documents or specifications may replace these official texts in effect.
- 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.
- The Supplier takes into account the general recommendations about recycling during the design of the product.

✓ **Compliance with Regulations and Safety**

- All products and materials purchased and used to manufacture the supplies must respect the regulatory restrictions in effect in the country of manufacture and sale (for example: regulatory restrictions related to the environment, power, electromagnetic compatibility, security...)
- In this respect, HUTCHINSON may require from a Supplier commitment in terms of safety and regulation applicable to the products.
- The supplier shall send the safety data sheet and the TDS (Technical Data Sheet) of the product supplied to HUTCHINSON.

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires a prior audit and information obligations for companies whose products contain minerals called "conflict minerals" from Central Africa. HUTCHINSON requires that each of its suppliers' supply chains provide the necessary information on conflict minerals contained in the products purchased by our company. In order to respect the transparency demanded, each HUTCHINSON Group supplier must fill out a "Conflict Minerals Report Template" questionnaire created by the EICC (Electronic Industry Citizenship Coalition) and GeSI (Global e-Sustainability Initiative). This questionnaire shall be revised annually.

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This questionnaire is available at the following address:

<http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>

HUTCHINSON can demand that these annual requirements are met using a questionnaire contained in the Ivalua Buyer tool.

- The supplier knows and respects the regulations applying to exports and end destinations (export controls). The supplier informs HUTCHINSON of any restrictions applying to their supplies. The supplier cannot use the name HUTCHINSON with regard to its own suppliers without the former'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 bought in, with details of the country of origin of the US components (ECCN and EAR99) that it procures.

4.4. "Confidentiality" Requirements

We expect our suppliers to follow the rules in terms of confidentiality. If necessary, both parties may sign a confidentiality agreement.

4.5. Archiving Requirements

The Supplier archives at least ten (10) years of quality records regarding the products delivered to HUTCHINSON. Depending on the delivery sites, the archiving duration and conditions may be longer.

The records on initial partial deliveries must be kept for at least fifteen (15) years.


For products for the aerospace industry, the archiving periods are those imposed by the standard EN9100.

4.6. Client and Authority Access Information

The Supplier agrees to allow free access to the facilities to HUTCHINSON representatives accompanied by their client or a representative of the regulatory authorities, for any audits as well as surveillance or control operations for the product ordered.

Except in emergencies (customer complaints, stockouts, etc.), HUTCHINSON agrees to give 72 hours notice before making these visits.

Moreover, excluding cases specified by three-party contracts, HUTCHINSON prohibits any direct interaction between the HUTCHINSON supplier and client. In particular, if a

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client wishes to audit the Supplier, the audit may only take place in the presence of a HUTCHINSON representative.

4.7. Subcontractors Requirements

The Supplier is responsible for its subcontractors and/or suppliers based on the quality system management. The Supplier is responsible for developing or assisting the subcontractor to comply with the requirements described in this document.

HUTCHINSON must provide a sufficient search period in the case of a change of subcontractor in order to handle the change and reissue an approval.

HUTCHINSON reserves the right to audit the subcontractor under the Supplier's control.

The Supplier ensures that it is not in any single delivery source situation that could impact delivery to HUTCHINSON.

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.

Subcontractors must qualify their process:

- o qualified facilities
- o qualified operators (by official organisations: COSAC, COFREND, etc.)
- o Instructions in place

The corresponding proof must be submitted to HUTCHINSON on demand.


The requirements in this manual must be applied to the entire supply chain.

4.8. Security Plan Requirements

The Supplier provides HUTCHINSON with a product security plan for the products delivered. This plan describes the prevention measures taken to ensure delivery based on the anticipated amounts and deadlines.

This security 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 security plan shall be regularly updated and take into account the specific risks of each project.

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4.9. Requirements regarding obsolescence

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

4.10. Requirements regarding expiries

The expiry dates must be shown on the packaging. At the time of delivery, the life time must be equal to at least 80% of the maximum life time, unless HUTCHINSON agrees otherwise in writing.

4.11. Requirements applying to reactivity to requests

In order to maintain sound relations between the Supplier and HUTCHINSON, it is essential that all HUTCHINSON's teams and the Supplier's teams respond swiftly to requests for information. Requests for information must be made in writing. The target for all parties consists of responding within 24 hours. If the requested information is not available, then the response consists of giving a deadline to the requesting party.

5. SELECTING THE SUPPLIER

The selection of the HUTCHINSON Supplier is done based on the following 4 criteria: "Quality" (Q), "Cost" (C), "Deadline" (D) and "Innovation" (I).

✓ **"Cost" Criteria:**

The Supplier's price bid must be the total cost for optimized use for the HUTCHINSON site, 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, aeronautics and industrial business sectors.


✓ **"Deadline" Criteria:**

The Supplier must justify its ability to deliver to the HUTCHINSON sites based on the business sector standards of the HUTCHINSON client.

✓ **"Quality" Criteria:**

The Supplier must comply with the quality system requirements as described in paragraph 4.2.

✓ **"Innovation" Criteria:**

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

5.1. "Bid" Requirements

The bid must clearly indicate the key elements influencing the product cost or be structured based on a breakdown that shows the different components of the product cost. Typically, according to the following characteristics:

- Material (mass, purchase price, cost driver)
- Add value, with a detailed breakdown of the manufacturing process
- External subcontracting, where appropriate
- Packaging, with a detailed description (as per HUT DQ G32)
- Incoterms (costs, conditions of transportation and storage).

In the case of the creation or adaptation of a supply, the explicit requirements are formulated by HUTCHINSON. By answering the call for tender, after having researched the implicit product requirements, the Supplier guarantees its ability to meet the following two types of requirements.

The Supplier indicates in its bid the identification and packaging methods for the product(s) that it will deliver, the transportation methods used as well as the supply securing devices.


The Supplier explicitly lists all the production and control operations that it subcontracts. The special process subcontractors must be subject to the formal acceptance of HUTCHINSON.

The bid must be sent within the response time requested by HUTCHINSON.

5.2. Quality and supply chain performance targets

Performance objectives shall be defined during the assignment. These objectives include, in particular:

- The performance that the HUTCHINSON client expects from the finished product
- The product technology to develop comparatively to the experiences with similar production files and technologies

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5.3. Feasibility and Planning Commitment

The documentation (plans, specifications, regulatory data, production volumes, quality objectives...) provided by HUTCHINSON may be the object of a study leading to a feasibility commitment from the Supplier.

The Supplier is responsible for reviewing all the requirements in order to verify the industrial feasibility and the sufficient capacity to meet the demands of the supply. The Supplier must make sure that all the requirements have been understood (usually the technical and functional specifications, this manual, the ordering party's requirements, etc.) before making a proposal.

The Supplier shall provide a schedule that will include its interim milestones and the milestones required by HUTCHINSON. The Supplier is responsible for the product progress and monitoring. It must report any change in schedule to HUTCHINSON as soon as it occurs.

5.4. Assignment/Contracting


Each HUTCHINSON Group entity defines its assignment/contracting rules.

6. PRODUCT/PROCESS DESIGN REQUIREMENTS

- During the design phase, the Supplier:
 - implements the quality management tools best adapted to the Q (Quality), C (Cost), D (Deadline) and I (Innovation) objectives set by HUTCHINSON (AMDEC value analysis, operation analysis, experience plan, quality plan, control plan, ...);
 - all the regulatory and security requirements related to the production and use of the supply in question are included;
 - organizes, at the request of HUTCHINSON, or at its own initiative, all controls as the project advances.
- HUTCHINSON may impose its raw material supply sources or its 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.

6.1. 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 site in question.

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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.

6.2. Special or Key Characteristics Definition

HUTCHINSON defines special characteristics based on the constraints identified on its own process and by also enforcing its Clients' product/process constraints.

The Supplier is responsible for defining its special characteristics to supplement those implemented by HUTCHINSON.

These special features must be considered by the Supplier to deal with any special processing during the AMDEC for the surveillance plans and control instructions. They must be identified and marked.

The Supplier must be able to show, at HUTCHINSON or its Client's request, that the special characteristics of the plan are controlled and registered.

In the special case of products with "security" or "regulation" characteristics, the zero issue requirement is effective for the characteristics marked with this abbreviation.

The capability measurements must be made, at a minimum, for all special characteristics identified.

The minimum level required is as follows excluding specific requests, (as per AIAG MSA):

- "Security" or "regulation" characteristic $Cmk > 2$; $Cpk > 1.67$
- Other special characteristics: $Cmk > 1.67$; $Cpk > 1.33$

Where Cm is the machine capability and Cp is the process capability.

The requirements specified in AIAG MSA applying to the long-term capabilities ($Ppk \geq 1.33$) will also be taken into consideration.


If these capabilities cannot be reached, the inspection plan must be adapted accordingly.

6.3. Special Specification Requirements (Chemical Products)

In the case of the purchase of a standard chemical product where certain characteristics must be adapted to HUTCHINSON'S needs, special specifications will be signed by the Supplier and the HUTCHINSON CDR (Research Center).

6.4. 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.

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6.5. Project Milestones

Based on the nature of the contract and the product, a special project milestone may be implemented.


6.5.1. Case of the Automotive Market

6.5.1.1. Prototype Part Delivery Requirements (components) and on delivery of the FOT parts (First Off Tool)

- The prototype requirements are part of a special order specifying the context (technical files) and the conditions under which they are provided.
- Before any delivery, the Supplier must ensure compliance of the prototype parts that it will deliver.
- Subsequently, each delivery of the prototype parts to HUTCHINSON must be accompanied, at a minimum, by the following documents:
 - ➔ A specific label;
 - ➔ an analysis certificate for the raw materials used (or a certificate of compliance for the raw materials with the HUTCHINSON requirements);
 - ➔ a control report and/or several "laboratory reports" including:
 - the control means used,
 - the value of the measured characteristics (on at least three parts per batch delivered. One inspection reading must be taken per die in multi-die tools)
 - ➔ Manufacturing flow chart
 - ➔ Document presenting the prototype parts
- The FOT parts will be systematically requested as part of parts projects that are defined by a plan.
- These parts will be accompanied by the same documents and the prototype parts. Moreover:
 - ➔ inspection reports must be based on at least five parts per batch delivered,
 - ➔ The parts are delivered with a laboratory test report of the requested chemical or mechanical characteristics.
 - ➔ A declaration of regulated substances (IMDS or similar, depending on the project) will be completed.

6.5.1.2. Initial Partial Delivery File Requirements " (components)

- The Initial Samples will be delivered with their files free of change and accompanied by a delivery slip to establish their traceability with all the documents required before delivery or, by concession, with the first delivery.

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- The Initial Partial Delivery shall have specific packaging and identification in order to facilitate its acceptance.
- The Supplier attaches the following to the initial samples that it submits for HUTCHINSON'S approval:
 - duly filled out documents such as those jointly defined with HUTCHINSON on the basis of the document HUT DQ FP0301,
 - the samples or sample parts or other photographs that allow HUTCHINSON to ensure that the initial samples proposed meet the different "non-measurable" criteria with which they must comply.
- ✓ The file must be compliant with the MSA PPAP 4.0 (at least level 3) or VDA 6.3 requirements.
 - HUTCHINSON formalizes its acceptance of the "initial partial delivery" documents with the Supplier who submits them.
 - If the product is delivered to several HUTCHINSON sites, the supplier may be asked to also deliver the PPAP file to each of the HUTCHINSON sites.
 - Delays in submitting the Initial Samples may result in non-compliance, formally pronounced as per paragraph 8 of this document.

6.5.1.3. Partial Delivery Requirements (Chemical Products)

- In all cases, the first tests are carried out on samples taken from a lot, representative of the Supplier's know-how.
- Before any delivery, the Supplier must ensure the compliance of the samples that it will provide to HUTCHINSON.
- Subsequently, each partial delivery to HUTCHINSON must be accompanied, at a minimum, by the following documents:
 - ➔ A specific label;
 - ➔ The product security file;
 - ➔ The product technical file;
 - ➔ an analysis certificate for the raw materials used;
 - ➔ a control report and/or several "laboratory reports" including:
 - the control means used;
 - the measurement methods used;
 - the value of the measured characteristics.

Depending on the HUTCHINSON site in question, the formalization of the product approval shall be specified.

6.5.2. Case of the Aeronautic and Industrial Markets

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The requirements of EN 9100 always apply to aerospace contracts and the requirements of IRIS always apply to rail contracts


6.5.2.1. Product Prototype Part Delivery Requirements

- The prototype requirements are part of an order specifying the context (technical files) 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 the same documents to these deliveries as required for partial deliveries or those set forth in the special specifications.
- The prototype products must be packaged separately and identified with a specific label.
 - "PROTOTYPE PART"
 - Reference, version number
 - Batch or Serial N°, where applicable
 - Quantity
 - Supplier's name
 - Order N°
 - Derogation N°, where 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, where applicable
 - Readings of the dimensions, where applicable
 - A report on any special processes (NDTs, surface treatments, protection, heat treatment or others), where applicable
 - The documents corresponding to the specific requirements stipulated in the order

Delays in submitting the FAI may result in non-compliance, formally pronounced as per paragraph 8 of this document.

6.5.2.2. Product Partial Delivery Requirements

- In all cases, the first tests are carried out on samples taken from a lot, representative of the Supplier's know-how.
- Before any delivery, the Supplier must ensure the compliance of the samples that it will provide to HUTCHINSON.
- Subsequently, each partial delivery to HUTCHINSON must be accompanied, at a minimum, by the following documents:
 - A specific label;
 - The product security file;
 - The product technical file;
 - an analysis certificate for the raw materials used;
 - a control report and/or several "laboratory reports" including:
 - the control means used;
 - the measurement methods used;
 - the value of the measured characteristics.

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6.5.2.3. First Delivery Requirements (FAI, samples):

- This first delivery will be the object of an order specifying the conditions for the supply.
- This first delivery shall have very specific packaging and identification in order to facilitate its acceptance.
- The Supplier attaches the same documents to these deliveries as required for partial deliveries or those set forth in the special specifications.

6.5.3. Requirements applying to process qualification

- Processes can be qualified using two tools: **Run@Rate** and a Product / Process audit.

Therefore, the supplier may have to organise Run@Rate operations at HUTCHINSON's request for the manufacture of the product under series production conditions, to allow HUTCHINSON:

- to validate its general production process,
- to check the product quality controls

NOTE: Run@Rate operations are usually performed in the presence of one or more representatives, who can take as many samples as they deem to be necessary in the course of the operation.

Similarly, a Product / Process audit may be organised according to the HUTCHINSON HUT DQ FP1001 or the VDA 6.3 reference standard

- HUTCHINSON puts great importance on the use of POKA YOKE
- The verification by HUTCHINSON that all the Purchasing Quality Assurance methods are applied to a Supplier's subcontractors is part of the qualification of the Supplier's process.

6.6. Equipment Management

The subjects below apply to all types of equipment regardless of their financing method (cash, investment, amortization).

6.6.1. Use of Equipment


Unless otherwise stated, the Equipment, developed during the project phase, following a renewal or change of supplier, are 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 Equipment must be used exclusively for the production of components for HUTCHINSON. The Supplier must not make any change to the Equipment without the prior written agreement of HUTCHINSON.

The Supplier agrees to inform HUTCHINSON without delay about any fact, malfunction or wear and tear impacting the use of the Equipment.

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

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The Supplier is required to inform HUTCHINSON about any change in the geographic location of the equipment and must first obtain HUTCHINSON'S permission before making any change.

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

6.6.2. Equipment Registration

Once the component is authorized by HUTCHINSON, the Supplier must attach an ownership plaque (or if the location where the Equipment is maintained/repaired does not allow it, the Supplier must, if necessary, engrave the Equipment) with the following elements provided by HUTCHINSON: the name of the owner of the Equipment and number.

The Supplier must prove that this step has been completed by sending 1) a photograph of all the Equipment with its plaque; a part must be visible on the picture; and 2) a detailed photograph of the plaque or engraving.

This information may be included in the file that accompanies the Initial Samples (PPAP file).

6.6.3. Liability and Insurance

The Supplier, as the depository of the Equipment, shall be solely liable for any loss or damages, whether direct or indirect, material or immaterial, consecutive or non-consecutive, caused to the Equipment or by the Equipment.

The Supplier agrees to insure the Equipment for which it is the depository with an insurance contract that it is required to take out (see the General Purchasing Conditions).

6.6.4. Equipment Modification and Maintenance


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

The Supplier is responsible for updating the date stamps for the duration of the equipment.

Major indexes are updated when the Equipment is modified.

All Equipment conservation and maintenance expenses are the responsibility of the Supplier. Any decision to restore or renew the 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 equipment. Such list must include the date the equipment arrives and its maintenance logs.

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6.6.5. Equipment Guarantee

The supplier must inform HUTCHINSON about the end of the contractual guarantee. This alert must be given early enough in order 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.


7. DELIVERING THE PRODUCT

7.1. Probative Delivery Requirements (Delivery Pending Acceptance)

- The Supplier must provide proof that the product meets the HUTCHINSON quality requirements for the delivery of the first lots produced as a series (ex. special surveillance plan, quality wall).
- The Supplier has an order and is regularly informed about the delivery schedule that it must meet.
- Respect for the delivery quantities and "periods" set by HUTCHINSON is an essential requirement that the Supplier must observe.
- During this period, all deliveries must include an analysis certificate, in particular certifying that the products delivered have been checked by the Supplier and that they have been declared compliant with these controls unless otherwise stated.
- At the end of a period determined by each HUTCHINSON entity, the Supplier is informed that the product enters the "validation for series production" stage. The probative delivery status shall be used in case of non-compliant products.

7.2. 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, formally pronounced as per paragraph 8 of this document.
- At HUTCHINSON'S request, any supplier may share the results, measurements or findings for analysis purposes.
- In particular, for these special characteristics, the Supplier implements a statistical process control (SPC) and follows its capability levels.
- The Supplier of any serial product delivered agrees:

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- ✓ On one hand, to inform HUTCHINSON about any non-compliance or discrepancy that it may detect during the production or quality control operations before delivery to the HUTCHINSON sites.
- ✓ On the other hand, to inform HUTCHINSON about any delivery that does not follow the continuity of the delivery history (for example, a different configuration for a parameter, even if not specified). In particular, the Supplier must inform HUTCHINSON about any process deviation due to the characteristics followed in SPC.
- Moreover, the Supplier measures:
 - ✓ the quality level delivered (complaints, PPM, CPM) and its internal quality level,
 - ✓ its service rate for HUTCHINSON,
 - ✓ the level of satisfaction of its HUTCHINSON client,
 - ✓ the exceptional transportation costs incurred to ensure timely deliveries to HUTCHINSON.
 - ✓ The supply disruptions from its client HUTCHINSON
- When a product is tracked, the Supplier agrees to:
 - ✓ use a tracking system that connects the product to its different elements as well as its different production stages,
 - ✓ complies with any information request for a lot,
 - ✓ makes registrations showing the compliance of the product,
 - ✓ respect the FIFO (First In, First Out) principle for all process stages,
 - ✓ conduct regular inverse tracking audits, particularly as concerns products subject to security and/or regulations,
 - ✓ HUTCHINSON can ask for traceability exercises to be performed. The supplier must send all the documents within 48 hours

7.3. Requirements regarding the supply chain

- The supplier agrees to guarantee the safety of persons and products with regard to 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 recipient HUTCHINSON sites.
- The supplier shall use the exchange systems required by HUTCHINSON, typically the use of EDI for open orders.
- If a late delivery can be imputed to the supplier, the supplier shall use the most suitable means of transport (taxi, aircraft, etc.) to make the delivery to HUTCHINSON, irrespective of the Incoterms. The goal is to avoid being held liable for an interruption of production at HUTCHINSON. Supply chain incidents (delays, damaged goods, unsuitable packaging, etc.) will be declared as non-compliant, as defined in §8 of this document.

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- The supplier shall adapt its production capacity to meet the workloads represented by the orders. If a risk of late delivery is identified, the supplier shall inform HUTCHINSON immediately.

Moreover, all suppliers agree to immediately apply the requirements in the Supply Chain manual HUT DQ GXXXX / YYYYYY for the HUTCHINSON sites that so require. A plan for progress towards compliance with this manual shall be drawn up.

7.4. Periodic Re-qualification Requirements

The Supplier must undergo an annual audit-type re-qualification (example: product audit, capabilities analysis, etc...), according to the applicable standards (usually VDA 6.3 and AIAG APQP) with, in particular.

- complete check of all the dimensions in the drawing,
- examination of capability,
- demonstration that the measured established in the process qualification are maintained

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

The periodical qualification or re-qualification files are submitted at HUTCHINSON's request and at no additional cost.

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


7.5. Modification Management Requirements

The Supplier must never make changes to the product / process without informing HUTCHINSON first.

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

For the re-qualification, the Supplier provides product qualification file, as per 6.5 before any new delivery of the product based on the modified process, regardless of the nature of the changes made to the initial process:

- process change (raw materials, packaging, equipment/machines/tools...),
- change in the production line,
- change in the production site,
- change of subcontractor associated with the Supplier in the production process,
- product evolution (...).
- Transfer of production from a provisional to a definitive means
- Interruption of production for more than 2 years

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- Changes to the frozen procedure (aerospace contracts)

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, the Supplier also reports any changes that may be made to the FDS (Security Data File) and the TDS (Technical Data Sheet).

7.6. 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 10 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 replacement part passage.
- A written agreement from HUTCHINSON is required before any Supplier action allowing for the definitive shutdown of its ability to delivery (example: destruction of the equipment, special machine, inventory...).

7.7. 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 that could result in a substandard appearance.

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

8. REQUIREMENTS IN CASE OF NON-COMPLIANCE FOR SUPPLIES DELIVERED TO HUTCHINSON

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 for an external supply, the site that discovered it issues a complaint to the Supplier in question on the HUTCHINSON purchasing tool portal.
- The Supplier involved in the complaint agrees to:

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- organise the safe protection of stocks (supplier stocks, stocks en transit, HUTCHINSON stocks and suspect parts delivered by HUTCHINSON to its customers), and the future deliveries to HUTCHINSON of incriminated supplies in order to guarantee the continuity of production at HUTCHINSON. The first compliant deliveries must be identified as such.

- inform all the HUTCHINSON sites that are potentially impacted by the non-compliance


- look for and determine the causes of the non-compliances sent and to implement the necessary steps to remove them,

- answer any complaint in which it is involved by responding to the HUTCHINSON purchasing tool 8D at the following address: <https://ivalua.hutchinson.fr/>

- Any claims may result in reinforced inspections of the incriminated product.
- The supplier always pays for the inspections made on HUTCHINSON's premises. 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.
- The inspections will cease, once the resources deployed by the supplier to eliminate the causes of the complaint have proven their effectiveness in HUTCHINSON's opinion.
- After any delivery incident report by HUTCHINSON, the Supplier delivers its products in packaging that clearly shows that they underwent an additional control before shipping.
- In certain cases of non-compliance, the Supplier may propose a "deferral request" for HUTCHINSON before shipping, which, if HUTCHINSON approves, allows it to continue to deliver at least for a given period/quantity. In the special case of a product delivered during "deferral," it will be part of a special repair.
- Any complaint may lead to the implementation of stronger controls for the product in question, which will be stopped as soon as the means that the Supplier implemented to eliminate the cause of the complaint have brought proof of their efficiency for HUTCHINSON. These control surcharges will be billed to the Supplier. The Supplier may appoint third party companies to conduct these inventory control, sorting or securitization operations. HUTCHINSON reserves the right to authorize access to its sites to select third party companies.
- The Supplier shall remove 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.

8.1. Complaint Response Time Requirements

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

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- Searching for the causes for 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 month after the issue of the complaint.
- 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 supply.

8.2. Requirements involving the Financial Consequences of a Complaint

The Supplier being responsible for the quality of the products delivered, it 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.

Moreover, to cover the complaint issue costs (identifying the defect, providing compliant production lots, costs of communicating with the supplier, etc.); a total of €200 (or the equivalent based on the local currency) shall be billed for each complaint.

8.3. Escalation Process


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

Each HUTCHINSON entity will define its alert thresholds and the expected measures (summons to present the action plans, audits conducted by the supplier, etc.).

For all the HUTCHINSON Group's suppliers, the following cases will systematically trigger the escalation process:

- Non-compliance of a safety characteristic or a safety risk, irrespective of the characteristic (sharp edges on a part, dangerous packaging, etc.)
- Non-compliance of a characteristic subject to regulation
- Non-compliance detected by HUTCHINSON's end customer
- Non-compliance detected in a warranty return
- Recurrent non-compliance
- Stock levels that are incompatible with the delivery performance requirements without exceptional means of transport.
- Stoppage of the chain or proven risk of rupture

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

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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"
- Coordination at division, activity or Group level at HUTCHINSON for shared suppliers

8.4. Guarantee Complaint Processing


Depending on the business sector at the HUTCHINSON site in question, the Supplier may be subject to a guarantee refund. In this case, a new expertise level will be required which takes into account the period between the production of the defective product and its return for analysis.

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

9. REQUIREMENTS REGARDING THE EVALUATION OF THE SERIAL PERFORMANCE

9.1. Supplier Audit Requirements

- Audits at the initiative of HUTCHINSON or its client may be performed by HUTCHINSON (or by an appointed third party) in the premises of any Supplier where the quality or logistic performance does not comply with the objectives set by HUTCHINSON or show a significant depreciation over several months. Audits may also be made for preventive purposes.
- These audits at the initiative of HUTCHINSON or its client may be performed by HUTCHINSON (or a third party organization appointed by HUTCHINSON) in the premises of any of HUTCHINSON Suppliers' subcontractor.
- The audit report will be distributed by HUTCHINSON to its suppliers within 10 days. Responses to major cases of non-compliance must be received within 1 week
- 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 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 HUTCHINSON's Ivalua Buyer purchasing portal. Suppliers must log onto this portal to respond to the action plans.

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9.2. Supplier Evaluation Criteria Requirements

Every year, the HUTCHINSON sites identify the suppliers to be evaluated according to a number of criteria defined in the internal procedure HUT DQ P05

- The performance of any HUTCHINSON Supplier is measured and followed on a monthly basis by 4 standardized Group indicators: PPM, CPM, Number of complaints and service rates.
- Each supplier is also evaluated based on the economic criteria of the purchase, its ability to invest, its ability to innovate and its quality management system level.
- 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.
- Moreover, pursuant to standard ISO/TS 16949 (7.4.3.2), the following indicators shall also be followed by the HUTCHINSON sites subject to this standard:
 - Supply disruption from clients
 - Delivery performance (including freight supplements)
 - Notice of the special status regarding quality and delivery problems.

10. 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, as described in the "innovation" criteria under paragraph 5 of this document.


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11. DEFINITIONS

The following definitions are limited to the sole technical terms used in this document.

- AMDEC: Default Method, Effect and Critical Level Analysis (see AIAG FMEA).
- Deferral: Written and signed agreement between HUTCHINSON and a supplier authorizing the latter to deliver a product that deviates from the specifications.
- Prototype(s): First example(s) of a product created based on a process not provided to validate a design.
- IOD (Definitive Equipment Parts): Parts from definitive equipment and means in order to create product/process on the critical characteristics.
- Initial Samples (EI)/FAI (First Article Inspection): These are the first parts of a new supply performed using serial means and means representing the serial conditions intended for qualification trials for their acceptance.
- PPAP (Production Parts Approval Process): This is the production parts approval process.
- Feasibility Commitment: Commitment written and signed by a supplier guaranteeing its ability to meet the explicit and implicit requirements for HUTCHINSON
- Full Frequency Evaluation (EPC) or Run@Rate: Appreciation, in a given period, of the production capacity of the Supplier to reach the industrial performance objectives (quality, capacity, etc.) defined during the study phase.
- Security Plan: Document specifying all the provisions to be implemented by the Supplier to remedy any supply or delivery default.
- Surveillance Plan: A preventative work document allowing all verification actions performed to ensure that the specific requirements have been met.
- Poka Yoke (anti-error system): Prevention method that aims to prohibit, by simple means, any error that could have a negative influence on a system (visual, audio, etc).
- Supplier 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 time period
 - on the total quantity of the products delivered in the same period
- Supplier 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 time period
 - on the total purchase value of the products delivered in the same period
- Supplier service rate : 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.

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- MMOG/LE (Material Management Operations Guideline / Logistics Evaluation): supply chain reference standard for self-evaluation.
- ESD: Electrostatic Discharge

12. REFERENCE DOCUMENTS

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


HUT DQ G24	Supplier Pre-Evaluation Audit
HUT DQ FP0906	System Audit Report – Supplier Evaluation
HUT DQ FP1001	Product/Process Audit Report
CGA	HUTCHINSON General Purchase Conditions
HUT DQ G32	Supplier Logistics Manual



These documents are available on the HUTCHINSON purchasing tool portal at the following address: <https://ivalua.hutchinson.fr/>


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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.

Written by	E. LE BELLEGUY
Date	January 2016
Approved	

Validated by	S. PERRET	A. DELGADO
Date	January 2016	January 2016
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