nexteer AUTOMOTIVE

NEXTEER SUPPLIER REQUIREMENTS

MAY 1, 2026

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Introduction /Business Philosophy

Welcome Nexteer Automotive Suppliers:

Nexteer's vision is to be the leading motion control technology company accelerating mobility to be safe, green, and exciting. Our mission is to be a model global company, delivering world-class products, fostering a positive culture, and maintaining value through innovation and operational excellence. We want suppliers to perceive Nexteer as a business partner of choice that delivers world-class products while demonstrating operational excellence.

Nexteer Automotive is dedicated to providing best-in-class technology, quality and value to every customer, every day. To achieve that goal, we must provide a clear, consistent message to our supplier partners regarding requirements and expectations. The intent of the ***Nexteer Supplier Requirements Manual*** is to do just that.

For Nexteer and its partners to be successful, we need to build perfect quality. As Nexteer's Quality Policy states, "Take Action for Quality; it's EVERYONE'S job," suppliers shall have a commitment to total quality, with subsequent planning and actions that drive for perfection. This commitment starts with your top leadership and is driven through all levels and aspects of your operations.

In direct support of Nexteer's commitment to perfect quality, it is expected that suppliers meet the ***Nexteer Supplier Requirements***. This is demonstrated through consistent delivery of quality products and services (including service products) to Nexteer and our customers. In addition, suppliers are expected to be globally competitive and provide the best delivered value to Nexteer Automotive. Your performance will be a key factor in your growth with Nexteer.

Exceptions to any part of these requirements must be approved in writing by the appropriate functional area contact. Interpretations of this requirements document are to be handled by:

Jacky Xu
Chief Purchasing Officer
Global Supply Management

Glenn Barrie
Executive Director
Global Supplier Quality & Development

1. SCOPE

1.1 Scope – General

****This document applies to external suppliers of automotive products, processes, and services.****

This includes products and services affected by OEM customer requirements such as but not limited to production parts, sorting, rework, software development, service packaging, logistics providers, and calibration services (typically referred to as “Indirect Suppliers”). Note that distributors adding no manufacturing value must adhere to sections 4.3a, 4.3i, and 8.2.1 of this document.

Section 5.1.1.1, Corporate Responsibility applies to all suppliers to Nexteer Automotive including Indirect suppliers.

The current version of IATF 16949, the current version of ISO 9001, Nexteer General Terms and Conditions and this document define the fundamental quality system and commercial requirements for Nexteer. The requirements apply throughout the Supplier’s entire productive value-stream, including sub-supplier processes. Suppliers are responsible to cascade all Nexteer requirements throughout their supply chain. This document contains the Nexteer specific requirements including Nexteer’s Customers’ requirements if applicable, which are supplemental to the current version of IATF 16949 and the current version of ISO 9001. This may also apply to other similar registrations as applicable and stated within this document. Failure to comply with this document may result in the supplier location being placed on New Business Hold. Suppliers certified to ISO 9001 and or IATF 16949 with a status of New Business Hold, shall notify their Certification Body of such status and confirm to the Nexteer SQE when complete.

The US English language version of this document shall be the official version for purposes of third-party registration. Any translations of this document shall be for reference only.

2. NORMATIVE REFERENCES

2.1 Normative and Informative References

The following reference documents are vital to the development of a quality system that meets the Nexteer standards. Therefore, it is expected that the supplier will have the current version of the following documents where applicable.

- AIAG Production Part Approval Process, PPAP
- AIAG Statistical Process Control, SPC
- AIAG & VDA FMEA Handbook or SAE J1739 FMEA Standard
- AIAG Advanced Product Quality Planning and Control Plan, APQP
- AIAG Measurement Systems Analysis, MSA
- AIAG CQI-8 Layered Process Audit Guidelines
- AIAG CQI-9 Special Process: Heat Treat System Assessment
- AIAG CQI-11 Special Process: Plating System Assessment
- AIAG CQI-12 Special Process: Coating System Assessment
- AIAG CQI-14 Automotive Warranty Management Guideline
- AIAG CQI-15 Special Process: Welding System Assessment
- AIAG CQI-17 Special Process: Soldering System Assessment
- AIAG CQI-19 Sub-Tier Supplier Management Process Guideline
- AIAG CQI-23 Special Process: Molding System Assessment
- AIAG CQI-27 Special Process: Casting System Assessment

- AIAG CQI-28 Traceability Guideline
- AIAG CQI-29 Brazing
- AIAG CQI-30 Rubber Processing
- AIAG CQI-32 Bar Steel Systems
- AIAG CQI-34 Software Assurance Approval Process
- AIAG CQI-35 Wiring Harness Quality Guidelines
- Nexteer Global Packaging and Shipping Manual - Located on Nexteer.com, Suppliers, Logistics Processes
- Nexteer APQP and Current Production Cycle Documents– Located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/
- Nexteer Global Supplier Standard Label Requirements EDIFACT – Located on Nexteer.com, Suppliers, Logistics Processes

Copies of PPAP, APQP, FMEA, MSA, SPC, Special Process Assessments, Guidelines, and other related manuals are available from AIAG at the following link: www.aiag.org. Copies of ISO documents are available from the American National Standards Institute (ANSI) at http://webstore.ansi.org/.

Order of Precedence -- These Supplier Requirements are incorporated into, and made a part of, each purchase order, nomination letter, release, requisition, work order, shipping instruction, specification, and other documents (collectively, the "Contract"), whether expressed in written form, by electronic data interchange or other tangible format, relating to the goods and/or services to be provided by Seller pursuant to the Contract. To the extent of any conflict between the provisions and terms of any purchase order, nomination letter, Buyer's General Terms and Conditions and these Supplier Requirements, the terms and conditions of such documents will apply, govern, and control in the following order of precedence: (1) purchase orders; (2) the nomination letter, (3) Buyer's General Terms and Conditions; (4) the Supplier Requirements.

Quick Reference Guide

Sections of this document related to PPAP:

MSA	7.1.5.1.1
Critical characteristics and capability requirements	8.2.3.1.2
Run-at-Rate	8.2.3.1.3
Process readiness audit F1058	8.2.3.1.3
PFMEA	8.3.2.1
PPAP	8.3.4.4
SoC	8.4.2.2
Control Plan	8.5.1.1
Boundary board and standardized work	8.5.1.2
Shipping and Packaging Information	8.5.4
Labeling	8.5.4
Change control requirements	8.5.6.1
Annual PPAP	8.6.2
Capability studies defined	9.1.1.1

3. TERMS AND DEFINITIONS

3.1 Terms and Definitions for the Automotive Industry

APV – Annual Purchase Value

AQE – Advanced Quality Engineering – A group of Nexteer engineers responsible for assessing potential suppliers and taking contracted suppliers through the APQP process until the product is into production. In some regions, the SQE may perform this role.

ASN - Advanced Shipment Notification – An electronic communication which identifies advanced shipment details to Nexteer via GXS - Trust Link (Van).

Buyer – The Nexteer Automotive representative responsible for supplier selection, negotiation, and contract issuance**.**

Capacity Verification – A verification methodology to demonstrate that a supplier can meet the capacity planning volume requirements as defined in the GSM Request for Quote (RFQ). Verification of capacity to be documented with the Nexteer Run-at-Rate form F1019.

Carry-Over Part – A part that is currently sourced and PPAP approved, that is going to be used on a new customer program for additional volume.

CPB – Complaints Per Billion parts received.

CSR – Customer Specific Requirement.

C-TPAT – Customs Trade Partnership Against Terrorism – A voluntary government-business initiative to build cooperative relationships that strengthen and improve the overall international supply chain and U.S. border security and focused on improving the security of private companies' supply chains with respect to terrorism.

Direct Supplier – Producers of production materials, production or service parts, assemblies, heat-treating, welding, painting, plating, or other finishing services that are used in the creation of the final product that is shipped to Nexteer customers. These materials, parts, or services are used to fulfill the requirements of a Nexteer product drawing, material specification, or purchase specification.

DSS – Design Severity and Sensitivity – The DSS Assessment is the risk analysis tool that determines if a product characteristic is standard or special and assigns the QCL type, based on the characteristic's severity and sensitivity. Severity is a ranking of 1 – 10 on the negative impact a failure mode could have on vehicle function. Sensitivity is a measure of a dimension's ability to tolerate variation relative to its specification, without impact to vehicle function. Sensitivity Red, Yellow and Green are shown in the Nexteer Design Severity & Sensitivity (DSS) Assessment.

DUNS® Number – A nine-digit number assigned and maintained by Dun and Bradstreet to identify unique business establishments. DUNS numbers are assigned worldwide and include US, Canadian, and international organizations.

eAPQP - an application within Nexteer's Supplier Management System that supports a standard approach for Advanced Product Quality Planning.

EIPD – Electrically Induced Physical Damage – Damage to an integrated circuit due to electrical/thermal stress beyond the level which the materials could sustain.

EOS – Electrical Over Stress – Voltage beyond tolerance (Absolute Maximum Rating) resulting in physical damage.

EPC – Early Production Containment – Added inspection that validates the supplier's process and is part of APQP.

ESD – Electrostatic Discharge – Short event with very high intense energy dissipated into a chip which may result in physical damage.

External Direct Suppliers – Suppliers to Nexteer excluding Nexteer owned subsidiaries or joint ventures with greater than 50% ownership that manufacture Nexteer or OEM specified parts for production or service.

Family Parts – These are groups of parts processed on the same production line, using the same control plan, PFMEA and process equipment. The parts differ only in end item value. PPAP for the "family" is approved by using the extreme values of the "family" specification to define the "family" boundary.

FTQ- First Time Quality – FTQ is defined as a measure of the number of pieces rejected in a manufacturing process versus the total number of pieces attempted. FTQ can be measured at any step in the manufacturing process where parts are rejected (but does not include normal set-up and inspection pieces). FTQ is reported in parts per million (PPM) defective.

Gate Chart – A matrix chart used to track and report warranty, customer returns, or first-time quality claims. This chart documents problem resolution and monitors effectiveness of corrective actions over time.

GSM – Global Supply Management – The Nexteer Department that has the responsibility to procure materials, products, and services worldwide. GSM is also responsible for ensuring quality of supplied parts, materials, and services from suppliers, including customer-designated suppliers.

IATF – International Automotive Task Force – An ad hoc group of automotive manufacturers which aims at providing improved quality products to automotive customers worldwide. The source of the IATF 16949 Automotive Quality Management System Standard. Note that when IATF 16949 is referred to in this document, the reference is to the current version.

ISO – International Organization for Standardization – A worldwide federation of national standards bodies. The source of the ISO 9001 Quality Standard. Note that when ISO 9001 is referred to in this document, the reference is to the current version.

Indirect Supplier – Producers of items or services that are not part of the final product that is shipped to Nexteer customers or which Nexteer has defined as Indirect based on business structure or strategy.

Major Disruption – A problem case is identified as a major disruption based on supplier caused quality nonconformance that has a major impact on a Nexteer plant, or a Nexteer OEM customer:

- OEM Customer field campaign issued to Nexteer because of a supplier event
- OEM Customer yard hold issued to Nexteer because of a supplier event
- Saleable assemblies replaced in vehicle at OEM customer location because of supplier event
- Containment of finished goods in -transit, at sequencer, and /or at a Nexteer facility

MAQMSR - Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers
A set of requirements for automotive suppliers that helps them transition to IATF16949 by allowing many of the key automotive requirements to be met while developing the remainder of the quality management system. It is not certifiable or a third-party auditable standard.

MAPP – Manufacturability Assessment & Process Plan – Excel Template tool used to identify and assess risk and mitigation plans for purchased parts throughout the launch process.

MCA – **Manufacturing Capability Assessment** – An assessment that helps determine if a manufacturing location can successfully produce component parts that meet Nexteer Requirements. The MCA aids the team

in identifying gaps in the manufacturing process and the actions required that would eliminate or minimize those gaps.

Nexteer Supplier Assessment (NSA) – A standardized audit to evaluate a supplier's business and quality systems. The NSA is equivalent to the IATF Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers (MAQMSR).

Nexteer's Supplier Management System (SMS) – A business to business platform upon which Nexteer builds applications for supplier interaction (previously referred to as "Intelex").

Nexteer Supplier Website – The Nexteer Supplier Website is a website, accessible through the Internet that allows suppliers to access useful information and interact with Nexteer. It is the single point of e-contact between Nexteer and the supply base and acts as an integration point for common systems and processes.

OEA - The Authorized Economic Operator (OEA - Operadores Económicos Autorizados) is a voluntary program that aims to strengthen supply chain security of foreign trade in Mexico by establishing, in coordination with the private sector, internationally-recognized safety standards.

OEM – Original Equipment Manufacturer; considered to be Nexteer customer.

Performance Complaint - A process used to request that an IATF 16949 certified supplier's Certification Body investigate a probable nonconformity in their quality management system in accordance with Section 8 of the Rules.

Problem Case – A document to track supplier performance issues that impacts a supplier's Scorecard.

R&R – Reproducibility and Repeatability, a statistical tool that measures the amount of variation in the measurement system arising from the measurement device and the people taking the measurement.

SDE – Supplier Development Engineer – A Nexteer engineer responsible for training and development of new suppliers to Nexteer.

Shall – The word "shall" indicates a mandatory requirement.

Should – The word "should" indicates a recommendation.

Site – A specific supplier physical location under one address, such as a manufacturing plant, which can be assigned or has a DUNS or User Block number.

SPI – Supplier Packaging Information.

Sub-supplier – Providers of production materials, production or service parts, assemblies, heat-treating, welding, painting, plating, or other finishing services in the direct supplier's value stream**.**

SQE - Supplier Quality Engineer – A Nexteer engineer responsible for managing the current production quality issues and continuous improvement with the supplier. In some regions, the AQE may perform this role.

SQEP – Supplier Quality Escalation Process – A process for early engagement between Nexteer Supplier Quality and suppliers when issues are developing to implement sustainable improvement. The process includes multiple levels and specific actions required at each level.

SSCR - Supplier Suggestion/Change Request – The supplier must notify Nexteer of any design, manufacturing location change and process changes as defined in the PPAP manual. The SSCR application located on the Nexteer Supplier Website shall be used by the supplier to communicate changes.

TFS – Top Focus Supplier – A quality improvement program. It is SQEP level 3.

TISAX – Trusted Information Security Assessment Exchange – is an assessment and exchange mechanism for information security in the automotive industry.

Traceability – The ability to discover information about where and how a product was manufactured. Refer to section 8.5.2.

4. CONTEXT OF THE ORGANIZATION

4.1 Understanding the Organization and its Context

Environmental Policy
Nexteer is committed to environmental excellence by minimizing our environmental impacts, promoting environmentally sustainable behavior, and encouraging environmental responsibility in ourselves, our customers, suppliers, and stakeholders which are in concert with our activities, products, and services. See Nexteer's Environmental Policy located at https://www.nexteer.com/doing-business-with-nexteer/. Suppliers are expected to read and understand Nexteer's Environmental Policy and implement their own Environmental Policy.

4.2 Understanding the Needs and Expectations of Interested Parties

No Nexteer specific requirements for this section

4.3 Determining the scope of the quality management system

Quality System Certification

The supplier's entire facility shall be certified to the applicable standard as detailed below. Nexteer satisfies the goal of supplier conformity to the current version of IATF 16949 as follows:

a. For supplier locations that manufacture automotive direct product or materials, certification by a third-party to the current version of ISO9001 or better and compliance to Minimum Automotive Quality Management System Requirements for Sub-tier Suppliers (MAQMSR) is the minimum requirement. Such suppliers may be subject to a risk-based audit by Nexteer to verify compliance to MAQMSR. The preferred certification is IATF 16949. Manufacturing locations that are certified only to ISO9001 must upload to the Supplier Profile application, **a plan that shows how the location complies with the requirements of IATF16949**, with the ultimate objective of certification to IATF 16949. A letter from the site's Certification Body will suffice as a plan. This plan is required to be updated by the supplier annually until certification is obtained. Failure to submit the annual plan may result in New Business Hold.
b. Distributors of direct product or materials whose business is primarily automotive must be certified to the current version of ISO9001. If the Distributor's business is not primarily automotive, then a comparable 3rd party quality certification is required (ex. ASA-100). Distributors must ensure and maintain valid quality certificates (IATF 16949 or ISO9001) in Nexteer's Supplier Management system for the manufacturing locations they represent.
c. Automotive direct Supplier locations that manufacture products or materials, which are not certified to any quality standard (e.g., greenfield locations) must comply with IATF publication, Minimum Automotive Quality Management System Requirements for Sub-tier Suppliers (MAQMSR). Greenfield locations must upload to the Supplier Profile application, a letter from their ISO Registrar indicating their plan and timing for ISO9001 certification.
d. Suppliers are responsible to comply with the Nexteer Supplier Requirements.

e. Nexteer only recognizes IATF 16949 certificates issued by IATF recognized Certification Bodies carrying the IATF logo and specific IATF number. See Supporting Documentation, Forms, or Reference for section 4 below for the link to the certification body official list.
f. Nexteer only recognizes ISO9001 certificates issued through a certification body bearing the accreditation mark of a recognized IAF MLA member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021.
g. Every manufacturing site of a supplier to Nexteer shall be individually certified either by single site or by corporate scheme. (See IATF Certification Reference or consult the certification body).
h. A clear summary definition of what product value added process shall be included in the certification scope (Example: manufacturing, assembly, etc.) along with the address for each manufacturing site.
i. Suppliers and Distributors of non-automotive product should contact their Buyer for specific requirements.
j. Supplier quality certificates shall be in English or include an accurate English translation on them.
k. Suppliers of inspection, test, or calibration services must be accredited to ISO/IEC 17025 or national equivalent by an accreditation body (Signatory) of the ILAC MRA (international laboratory accreditation forum mutual recognition arrangement – www.ilac.org) and have a defined laboratory scope that includes the capability to perform the required service. The certificate of calibration or test report shall be traceable to a national standard.
l. Suppliers of sorting and rework services must be certified to the current version of ISO 9001.
m. Suppliers of software development services shall have an assessment process profile report or evidence acceptable to Nexteer that is consistent with the current version of ASPICE or CMMI software assessment methodologies. Additionally, certification to the current version of ISO 26262 is required to demonstrate ASIL D capability.
n. Suppliers of service packaging must be certified to the current version of ISO 9001 and must upload their certificate to the Supplier Profile application.
o. Suppliers are responsible for ensuring their certificate name and address matches the DUNS location that is in the Supplier Profile Application.
p. Certification Body/Registrar Notification - Suppliers registered to ISO 9001, IATF 16949, or ISO/IEC 17025 shall notify Nexteer of certificates being revoked, withdrawn, being placed on suspension, or re-instated. In those cases, the supplier may be subject to a second party audit process and be placed on new business hold until the supplier is recertified. Supplier must submit to the Nexteer SQE, a plan/timeline for reinstatement.

NOTE: Third party certification does not relieve the supplier of full responsibility of the quality and delivery of the product supplied.

NOTE: Nexteer Automotive does not grant Quality Management System waivers.

Requirements for Suppliers of Electronics

If requested by Nexteer, the supplier shall enter into a Cybersecurity Interface Agreement with Nexteer which details cybersecurity related responsibilities between the two parties and also identifies required information sharing.

When requested, the supplier shall undergo a dedicated Cybersecurity Audit, designed to assess the maturity of cybersecurity processes and capability to implement and verify cybersecurity requirements. Such audit would be a part of the Process Specific Audit described in section 9.2.2.3.

The supplier shall support Nexteer's efforts to comply with ISO/SAE 21434 and ISO26262. This includes providing failure rate calculations based on qualification data, if requested.

If requested by Nexteer, the supplier shall enter into a Functional Safety Development Interface Agreement with Nexteer which details functional safety responsibilities between the two parties and identifies required information sharing.

For hardware elements of Class 2 complexity according to ISO26262:2018 Part 8 Clause 13 (example, sensor ICs without internal safety mechanisms necessary for Nexteer safety case), the supplier shall support the hardware evaluation steps defined therein by providing the necessary analysis and test data. The supplier shall also provide the necessary failure rate information for Nexteer to incorporate into a system level FMEDA. If the Class 2 device is provided as a Safety Element out of Context (SEooC) capable of achieving a specified ASIL level, then the supplier shall additionally provide the details listed below under Class 3, for the ASIL level claimed.

For hardware elements of Class 3 complexity according to ISO26262:2018 Part 8 Clause 13 (example, complex ICs with internal safety mechanisms, like microprocessor, power supply or gate drive IC), it is expected that these will be developed by the supplier as a Safety Element out of Context (SEooC) capable of a specified ASIL level (example ASIL D). The supplier shall provide independent evidence that the claimed ASIL compliant ISO26262 hardware development process was followed. The supplier shall provide independent evidence that the component has been assessed to the claimed ASIL level per ISO26262. The supplier shall also provide a safety manual detailing the assumptions of use and requirements to Nexteer as the integrator to achieve the claimed ASIL level at the item level. The supplier shall provide safety analysis reports (including results from FTA, FMEDA, DFA) and a safety case report. The detailed FTA, FMEDA, and DFA should be available for review with Nexteer. The supplier shall provide the necessary failure rate information and diagnostic coverage information (with justification) for Nexteer to incorporate into a system level FMEDA. The supplier shall support any Nexteer item level ISO26262 assessment or audit activities by making information readily available to assessor/auditor.

For suppliers of electronic assemblies, the supplier shall provide evidence of compliance with applicable requirements of ISO 26262:2018 Part 7, and also Quality management systems standards such as IATF 16949 and/or ISO 9001. Nexteer reserves the right to perform a functional safety audit on processes implemented in the assembly supply chain w.r.t ISO 26262. The supplier shall support any Nexteer item level ISO26262 assessment or audit activities by making information readily available to assessor/auditor.

Electrostatic Discharge Standards

When electronic components, or assemblies, are present, the supplier must fulfill the requirements of ANSI/ESD S20.20, IEC 61340, or equivalent as determined by Nexteer and audit to this requirement a minimum of once per year.

Environmental Management System Certification

Nexteer encourages suppliers to seek environmental training and strongly recommends registration to the current versions of ISO14001 through an accredited third-party registrar. Nexteer is committed to environmental responsibility. We strive for economical use of raw materials, energy, water, and other goods; we fully consider the life cycle of our products and strive for continuous improvement. We therefore expect our suppliers to pursue environmental responsibility throughout the supply chain to reduce the life-cycle environmental footprint of products. All products manufactured, and the applied materials and substances used in the process are expected to meet environmental standards for design, development, distribution, use, disposal, or recycling. Such items include but are not limited to reducing energy consumption, reducing emissions, reducing water usage, increasing use of renewable energy, appropriate waste management, environmental testing, training of employees and sub-contractors, and regulatory requirements. We require our suppliers to improve environmental performance and set targets that are measurable through performance leading indicators. Suppliers are to communicate to their employees an Environmental Policy Statement reflecting their commitment. Suppliers shall, upon request, provide evidence of adherence to these requirements including any government environmental regulatory requirement (i.e., audit or testing results).

Energy Management System Certification

Nexteer encourages suppliers to seek energy reduction training and strongly recommends registration to the current versions of ISO 50001 through an accredited third-party registrar. Nexteer is committed to achieving our internal targets for carbon emissions reductions by aggressively having an energy reduction plan. Certification to the ISO 50001 standard ensures that your organization has a healthy energy management system, reducing energy consumption, environmental impact and increasing profitability. It specifies requirements for management practices that are important to obtain improved energy performance. This ISO standard provides a practical way to improve energy use, through the development of an energy management system.

ISO 50001 provides a framework of requirements for organizations to:

- Develop a policy for more efficient use of energy.
- Fix targets and objectives to meet the policy.
- Use data to better understand and make decisions about energy use.
- Measure the results.
- Review how well the policy works.
- Continually improve energy management.

Suppliers shall, upon request, provide evidence of adherence to these requirements including any government environmental regulatory requirement (i.e., audit or testing results).

4.3.1 Determining the Scope of the Quality Management System – Supplemental

No Nexteer specific requirements for this section

4.3.2 Customer Specific Requirements

No Nexteer specific requirements for this section

4.4 Quality Management System and its Processes

4.4.1

No Nexteer specific requirements for this section

4.4.1.1 Conformance of Product and Processes

No Nexteer specific requirements for this section

4.4.1.2 Product Safety

Functional Safety, Cybersecurity, and Other Industry Standards
For suppliers of software development services, the supplier shall establish and maintain the software safety specific processes for the project and keep their descriptions at the disposal of Nexteer. The Supplier shall also establish and maintain rules, guidelines, and training for the teams involved including a reporting line of safety status and issues, reporting to the supplier's safety management and to Nexteer's designated safety representatives. Reference section 4.3N.
The supplier shall support Nexteer's efforts to comply with Industry/ OEM specific standards such as ASPICE, ISO 26262, ISO/SAE 21434, KGAS, CQI-34, etc.
If requested by Nexteer, the supplier shall enter into a Development Interface Agreement with Nexteer which details functional safety responsibilities between the two parties and identifies required information sharing.

If requested by Nexteer, the supplier shall enter into a Functional Safety Development Interface Agreement with Nexteer which details functional safety responsibilities between the two parties and identifies required information sharing.

If requested by Nexteer, the supplier shall enter into a Cybersecurity Interface Agreement with Nexteer which details cybersecurity related responsibilities between the two parties and identifies required information sharing.

The supplier shall also support any Nexteer item level ISO26262/ISO/SAE 21434 assessment or audit activities, ASPICE assessment, KGAS audit, CQI-34 Software Assurance Approval Process by making information/ evidence readily available to assessor/auditor/Nexteer representative. If required resources from the supplier will be required to attend such audit/ assessment sessions.
Further, in case of suppliers who are not in staff augmentation or time material contract, Nexteer reserves the right to perform a functional safety/ cyber security/ KGAS audit/ ASPICE assessment. Such assessment/ audit can be conducted by a competent Nexteer team member or external assessor/ auditor (at the discretion of Nexteer). Based on agreed requirements, the Supplier shall provide the required submissions per CQI-34 Software Assurance Approval Process.

When requested, the supplier shall undergo a dedicated Cybersecurity Audit, designed to assess the maturity of cybersecurity processes and capability to implement and verify cybersecurity requirements. Such audit would be part of the Process Specific Audit described in section 9.2.2.3.

4.4.2

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 4:

- ISO9001 Certification Body Official List: www.anab.org
- Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers (MAQMSR): www.iatfglobaloversight.org
- IATF 16949 Certification Body Official List: http://www.iatfglobaloversight.org/

5. LEADERSHIP

5.1. Leadership and commitment

5.1.1 General

No Nexteer specific requirements for this section

5.1.1.1 Corporate responsibility

Nexteer recognizes that being a good corporate citizen is making a positive impact where we do business and is the basis for sustainability. Nexteer is committed to the welfare and health and safety of all its employees and contractors and to delivering socially and environmentally responsible products to our customers. We have a moral and ethical responsibility to respect human rights throughout our supply chain and make a difference where we operate. Nexteer complies with all applicable laws, government regulations and rules in the countries where we operate and has established a Code of Conduct (available at nexteer.com) governing the actions of its employees. We expect that our supply base does the same and enforces policies that include but are not limited to providing a safe and healthy working environment, offering competitive wages and benefits, establishing reasonable working hours, allowing freedom of association, providing training and development of employees, intolerance of harassment and discrimination as well as, forced and child labor including the use of private or public security forces that may interfere with freedom of association or violate human rights. In addition, suppliers must operate honestly and equitably in accordance with laws pertaining to terrorism, money laundering, corruption and conflicts of interest, anti- competitive business practices, protection of intellectual property, confidential information, company data and personal data, respect for company property, and export controls. Suppliers shall, upon request, provide evidence of adherence to these global requirements. Failure to comply or failure to work with Nexteer to correct non-compliant situations is grounds for termination of our business relationship. Nexteer encourages suppliers to seek training in Corporate Compliance/Responsibility, Ethics, and Diversity. For details on no-cost AIAG Corporate Responsibility eLearning, go to:

http://www.aiag.org/store/corporate-responsibility/training.

Inappropriate behavior by a Nexteer employee may be reported to your Nexteer contact or by calling the Nexteer Ethics Line or filing a report on-line. The Nexteer Code of Conduct document contains the Ethics Line phone numbers and link for on-line reporting and is available on Nexteer.com at the following link: http://www.nexteer.com/corporate-governance/. Nexteer expects suppliers to have a grievance mechanism for stakeholders.

Nexteer believes in equal employment opportunity (EEO) and fully complies with government requirements. Nexteer expects suppliers to comply with the Nexteer EEO policy which may be found on the Nexteer supplier website at http://www.nexteer.com/doing-business-with-nexteer/

Reference section 11.7, Corporate Social Responsibility (CSR) Supplier Principles (Sustainability)

Health and Safety Policy

Nexteer is committed to protecting the health & safety of each employee, visitor, and contractor on our premises through proactive programs to achieve safe and healthy working conditions. The implementation of actions from identified risks and opportunities to help individuals realize a healthy, injury free environment is a leadership responsibility. Continuing support of this effort is the responsibility of everyone. See Nexteer's Health and Safety Policy located at https://www.nexteer.com/doing-business-with-nexteer/. Suppliers are expected to read and understand Nexteer's Health and Safety Policy and implement their own Health and Safety Policy.

Health and Safety Management System Certification

Nexteer encourages suppliers to seek health and safety training and strongly recommends registration to the current versions of ISO45001 through an accredited third-party registrar. Nexteer is committed to ensure the health and safety of every visitor, contractor, and worker on our premises. We require our suppliers to improve health and safety performance and set targets that are measurable through performance leading indicators. Suppliers are to communicate to their employees a Health and Safety Policy Statement reflecting their commitment. Suppliers shall, upon request, provide evidence of adherence to these requirements including any government health and safety regulatory requirement (i.e., audit or local/federal recordkeeping requirements).

Environmental Sustainability

As an automotive supplier we aspire to achieve a long-term goal of carbon neutrality for our products, facilities, and suppliers. This goal aligns with our business needs and drives actions to reduce greenhouse gas (GHG) emissions, helping to prevent adverse impacts of climate change, and is enabled by a clearly defined pathway provided by science-based targets. As we continue to work towards achieving this goal, we recognize our supply base plays a very important role. We want to make a positive impact to our internal and external environment with support from our supply base. This will require coordination with our internal and external key stakeholders, including our entire supply base.

Nexteer views climate change as a global priority management issue and supports efforts to dramatically decrease greenhouse gas (GHG) emissions. Nexteer encourages all suppliers to support the reduction of our greenhouse gas (GHG) emissions. Nexteer suppliers are encouraged to minimize their impact on climate change, via alignment with the United Nations Framework Convention on Climate Change (Paris Agreement). Suppliers are encouraged to work towards carbon neutrality within their own operations and throughout their sub-suppliers. Upon request, suppliers are expected to report prior year energy use, Scope 1, 2 and 3 emissions (where applicable), including year over year target reductions.

Nexteer has focused on energy efficiency, energy resiliency and reducing our carbon footprint through energy program improvement at our facilities and in manufacturing processes. We encourage our Suppliers to support environmental continuous improvement in their manufacturing operations by reducing emissions, increasing energy efficiency, and utilizing renewable energy, wherever possible. Nexteer continues to work towards reducing waste to landfill across all manufacturing locations. We encourage all suppliers to establish recycling programs that align with the goal for landfill waste reductions. It is the responsibility of the Supplier to implement a process, procedure, or program that minimizes waste generation within their facilities to benefit the environment.

To further emphasize our commitment to Environmental Sustainability, we require Suppliers who are performing under Contract with Nexteer, to use the necessary resources (in particular materials, energy, and water) efficiently. Suppliers shall reduce the environmental impact (in particular with respect to waste, wastewater, air pollution and noise) to a minimum. This also applies to logistics and transportation expenses.

For the quantitative assessment of suppliers' resource efficiency, all suppliers manufacturing locations shall upon Nexteer's request, promptly provide the following information relating to the total annual scope of orders placed by and supplied to Nexteer for the applicable manufacturing location, using a consistent 12-month reporting period:

- Total energy consumption (including a breakdown by energy sources)
- CO2 emissions from energy generated in-house and externally
- Total water consumption

- Process wastewater
- Waste for disposal
- Waste for recycling
- Air Quality
- Water Quality
- VOC emissions (volatile organic compound)

Additionally, upon Nexteer's request all suppliers shall promptly provide data for a life cycle assessment (data such as but not limited to carbon neutrality, renewable energy, recycled materials, etc.) relating to goods or parts thereof (including data regarding the materials input), which may include facility-level data and reasonable allocation methods to relate such data to Nexteer goods or parts, according to the data collection format indicated by Nexteer, and which may be required by Nexteer on new programs.

For the avoidance of doubt, Nexteer's audit rights under any Contract and/or supply agreement shall cover compliance with the terms of this clause "Environmental Sustainability".

Each supplier shall ensure that all of its sub-contractors and/or sub-suppliers are contractually bound to comply with the terms of this clause "Environmental Sustainability".

Biodiversity

Nexteer recognizes biodiversity as a global issue that must be managed locally, regionally and globally. If humans and nature are to coexist into the future, we need to conserve forests and other ecosystems in all regions. To address the global challenge, Nexteer will partner with its suppliers to conserve habitat, protect species, and foster and engage in biodiversity activities in collaboration with local communities and other companies. Nexteer and its suppliers shall aim to protect, restore, and promote sustainable use of terrestrial ecosystems and sustainable management of forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss. Businesses are expected to play a significant role in achieving the bold and transformative steps urgently needed to shift the world onto a sustainable and resilient path.

5.1.1.2 Process Effectiveness and Efficiency

No Nexteer specific requirements for this section

5.1.1.3 Process Owners

No Nexteer specific requirements for this section

5.1.2 Customer focus

No Nexteer specific requirements for this section

5.2 Policy

5.2.1 Establishing the Quality Policy

No Nexteer specific requirements for this section

5.2.2 Communicating the Quality Policy

No Nexteer specific requirements for this section

5.3 Organizational roles, responsibilities, and authorities

5.3.1 Organizational roles, responsibilities, and authorities – supplemental

No Nexteer specific requirements for this section

5.3.2 Responsibility and Authority for Product Requirements and Corrective Actions

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 5:

- Nexteer EEO Policy: http://www.nexteer.com/doing-business-with-nexteer/
- Nexteer Policy on Gifts and Gratuities: http://www.nexteer.com/doing-business-with-nexteer/
- Forced Labor Policy http://www.nexteer.com/doing-business-with-nexteer/
- Nexteer Overarching Global Privacy Policy: http://www.nexteer.com/doing-business-with-nexteer/

6. PLANNING

6.1 Actions to Address Risks and Opportunities

6.1.1

No Nexteer specific requirements for this section

6.1.2

No Nexteer specific requirements for this section

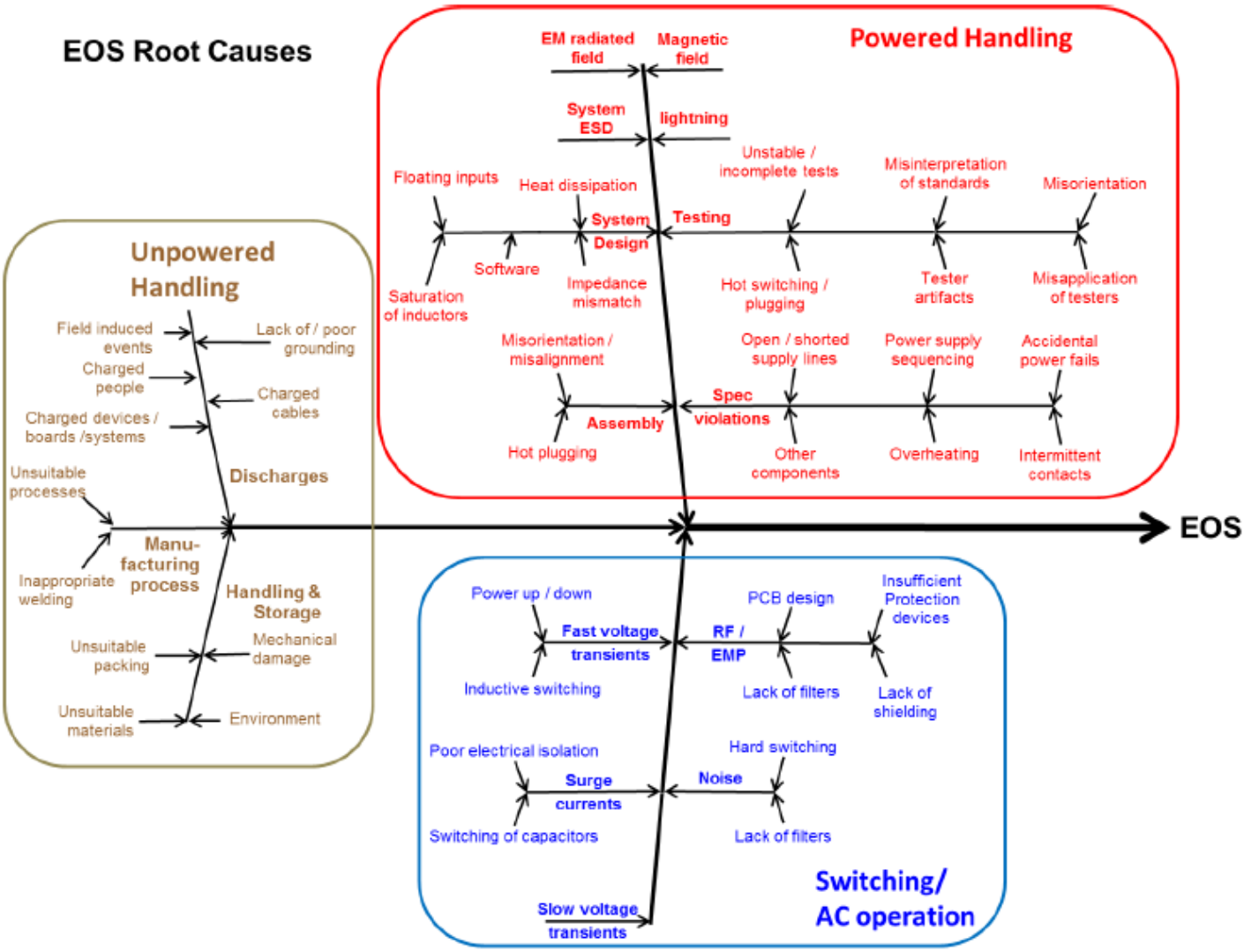
6.1.2.1 Risk Analysis

The supplier must have a system to feedback root cause and corrective actions from problem cases to the PFMEA.
The supplier must have a system to review PFMEA High Risk Priority Numbers and create action plans as necessary.
The supplier must have a system to audit process risk (reverse PFMEA) and create action plans as necessary. The reverse PFMEA process must cover all Nexteer part numbers annually.
Priority must be given to part numbers with Nexteer problem cases (recommended higher frequency).

6.1.2.2 Preventive Action

Suppliers are responsible to develop and implement a proactive process to identify ongoing potential risk for nonconformities and their causes. This process is commonly referred to as Reverse PFMEA. The purpose of performing Reverse PFMEA is to verify known risk is appropriately controlled, identify sources of potential risk, and take appropriate actions to lessen the impact of negative effects of the risk.

Electrical Over Stress (EOS)
When electronic components, or assemblies, are present, the supplier must identify the potential opportunities to induce EOS/EIPD damage and implement controls to eliminate the risk. Some leading root causes for EOS/EIPD damage are highlighted in the fault tree analysis below.



6.1.2.3 Contingency Plans

Contingency Plans

The supplier shall prepare contingency plans to satisfy Nexteer requirements in the event of any production interruption. When the supplier becomes aware of an impending production interruption, the supplier shall make every attempt to notify the Nexteer receiving plants (Production Control), the Buyer and the AQE/SQE within 24 hours. The nature of the problem shall be communicated with the immediate actions taken to ensure supply of product. Production interruptions may include (but are not limited to) natural disasters, political unrest, war, cyber-attacks on information technology systems, capacity issues, quality issues, labor strikes, planned down-time or other events that prevent the

supplier from meeting the specified capacity volumes or from performing/submitting any APQP event or task that would impact program launch or timing (e.g., R@R or PPAP). The supplier is required to advise Nexteer of the plan for recovery and work toward minimizing its effect on the Nexteer plants. Supplier shall provide their contingency plans to Nexteer if requested.

Recall Insurance

To support effective planning, risk prevention, and continuity of supply, Nexteer may require its suppliers to maintain adequate product recall insurance as a condition of doing business.

Suppliers whose products, components, materials, software, or services could reasonably contribute to a product recall, field action, service campaign, or safety-related corrective action are expected to maintain product recall insurance appropriate to the nature, complexity, and risk profile of the supplied product or service. Some of the risks considered are supplier performance, export risk, corporate and financial risk, and product technical risk.

At the discretion of Nexteer, suppliers may be required to:

- Maintain product recall insurance coverage including "Third-Party Liability," with a minimum limit of $5 million dollars and deductible or self-insured retention of not more than $100 thousand dollars.
- Provide a valid certificate of insurance upon request, including evidence of coverage limits, policy terms, exclusions, and effective dates.
- Maintain recall insurance coverage for the duration of the business relationship and for any applicable post-delivery period during which a recall or field action could reasonably occur.

Failure to maintain required product recall insurance, or to provide proof of such coverage when requested, may result in corrective action or suspension of new business.

6.2 Quality Objectives and Planning to Achieve Them

6.2.1

No Nexteer specific requirements for this section

6.2.2

6.2.2.1 Quality Objectives and Planning to Achieve Them – Supplemental

No Nexteer specific requirements for this section

6.3 Planning of Changes

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 6:

- AIAG PPAP Manual -- www.aiag.org
- APQP and Current Production Cycle Forms: http://www.nexteer.com/quality-processes/

7. SUPPORT

7.1 Resources

7.1.1 General

No Nexteer specific requirements for this section

7.1.2 People

No Nexteer specific requirements for this section

7.1.3 Infrastructure

No Nexteer specific requirements for this section

7.1.3.1 Plant, facility, and equipment planning

Refer to section 8.2.3.1.3

7.1.4 Environment for the Operation of Processes

No Nexteer specific requirements for this section

7.1.5 Monitoring and Measuring Resources

7.1.5.1 General

7.1.5.1.1 Measurement systems analysis

Supplier is required to perform measurement correlation with the Nexteer receiving plant during APQP. Refer to form F1041, Product Gage Correlation located on nexteer.com: https://www.nexteer.com/quality-processes/

Gage R&R's:

- Shall be completed on all measurement systems identified on the control plan. This includes hand tools such as micrometers or calipers, as well as those features checked by a CMM, Optical Comparator, Smart Scope, attribute gages, online test or inspection equipment, visual inspection, etc.
- Shall be included in PPAP submission for special characteristics and those features that will have capability studies submitted at the time of PPAP.
- Gage R&Rs are to be updated annually along with annual layouts.
- Minitab version 15 or newer is the required software and format for all MSA submissions unless an alternate software has been evaluated by Nexteer and proven to match the results from Minitab.
- Reference section 9.1.1.2 Identification of statistical tools for software requirements.

Variable Gage Studies – Shall be completed with all operators who will be using the gage as part of normal production process. The study shall consist of a minimum of 3 operators, 3 trials, using a minimum of 10 parts unless agreed to and documented during the APQP process with the Nexteer AQE. All variable gage R&R studies should have a minimum of 5 distinct categories. The required method for calculating the gage R&R is by using the ANOVA method. Recent gage R&R's may be used if completed within one year at the time of submission.

For process control situations (where measurement determines stability, direction, and compliance with natural process variation) percentage R&R should be calculated based on study variation with a maximum target of 10%.

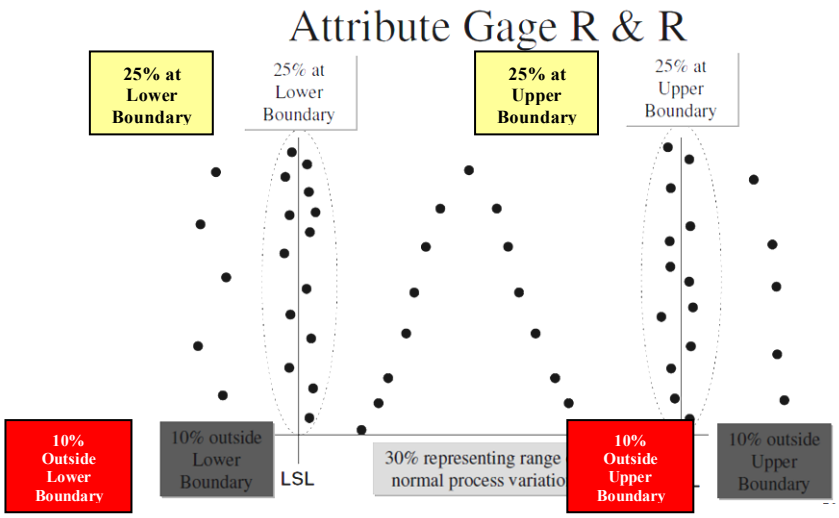
For product control situations (conformance or non-conformance) the percentage R&R should be calculated based on tolerance with a maximum target of 10%.

In special cases where the manufacturing process is very capable, stable and in control, the percentage R&R should be calculated based on tolerance, with concurrence of the Nexteer AQE/SQE. The minimum number of 5 distinct categories may not be applicable in this situation.

Upon request from the Nexteer AQE/SQE, the Supplier is required to provide linearity and bias studies.

Attribute Gage Studies – Shall be completed with 3 operators, 3 trials, using 50 parts and evaluated with KAPPA calculations as outlined in the AIAG Manual. The parts used should be distributed as shown in the below graph.

All attribute gages for special characteristics used for process control must be built to 75% of the specified tolerance, centered around the target, unless otherwise agreed upon with the Nexteer AQE/SQE. Gages to the full tolerance may be used for product control (e.g., EPC, fina inspection, or sorting operations). Separate gage studies are required for any attribute gage using appropriate discrepant parts for each study.



Gages not meeting the acceptance criteria per the AIAG MSA manual shall have an alternate inspection method and a gage improvement plan. This shall be submitted in writing to the Nexteer AQE/SQE for approval.

Gage studies should be re-verified at a frequency that is appropriate for gage use and wear. Recommendation – Gage re-verification studies should be completed at the time of calibration.

7.1.5.2 Measurement Traceability

7.1.5.2.1 Calibration and Verification Records

No Nexteer specific requirements for this section

7.1.5.3 Laboratory Requirements

7.1.5.3.1 Internal Laboratory

No Nexteer specific requirements for this section

7.1.5.3.2 External Laboratory

No Nexteer specific requirements for this section

7.1.6 Organizational Knowledge

No Nexteer specific requirements for this section

7.2 Competence

7.2.1 Competence – Supplemental

No Nexteer specific requirements for this section

7.2.2 Competence – on-the-job-training

No Nexteer specific requirements for this section

7.2.3 Internal Auditor Competency

No Nexteer specific requirements for this section

7.2.4 Second Party Auditor Competency

No Nexteer specific requirements for this section

7.3 Awareness

7.3.1 Awareness – Supplemental

No Nexteer specific requirements for this section

7.3.2 Employee Motivation and Empowerment

No Nexteer specific requirements for this section

7.4 Communication

Suppliers shall establish process for communicating clear and accurate information about Supplier's policies, practices, expectations, and performance to workers, suppliers, and customers.

See section 8.2.1

7.5 Documented information

7.5.1 General

No Nexteer specific requirements for this section

7.5.1.1 Quality Management System Documentation

Reference section 4.3

7.5.2 Creating and updating

No Nexteer specific requirements for this section

7.5.3 Control of documented information

7.5.3.1

No Nexteer specific requirements for this section

7.5.3.2

No Nexteer specific requirements for this section

7.5.3.2.1 Record retention

Supplier project records, including product and process documentation and traceability data, shall be recorded and stored in a manner that facilitates effective search, retrieval, and readability for business, legal, regulatory, or tax purposes for the entire retention period.
Appropriate resources, including systems, tools, and media, shall be maintained to ensure the availability, accessibility, and usability of retained records throughout the defined retention period.
Upon request, suppliers shall provide access to the records retained.

Records of process control data, product inspection data, product audit reports, and documented reaction actions to readings outside specification shall be retained in a recoverable format for ten (10) years. Records shall include sufficient data to demonstrate conformity and process performance; for variable characteristics, records shall not be limited to pass/fail results.

Maintenance records shall be retained for the current calendar year plus one (1) additional calendar year, unless they form part of tooling records.
Maintenance records related to customer-owned tooling or tooling records (including maintenance and ownership) shall be retained for the length of time that the product is active for production and service requirements, plus one (1) additional calendar year, unless otherwise specified by Nexteer GSM, applicable law, or Customer-Specific Requirements.
Records of measurement equipment calibration shall be retained for the current calendar year plus one (1) additional calendar year, or until superseded, whichever is longer.

Records related to components identifying Safety or Critical Characteristics shall be retained for the longer of thirty (30) years after final delivery (including service requirements) or the period prescribed by applicable law, unless otherwise specified by Nexteer GSM or regulatory authorities.

Records related to product traceability shall be retained for the life of the product plus service, unless otherwise specified by Nexteer GSM, applicable law, or Customer-Specific Requirements.

Records related to PPAP and engineering change approval documentation shall be retained for the production run plus fifty (50) years. Master samples shall be retained in accordance with the current edition of the AIAG PPAP Manual, unless otherwise communicated by Nexteer.

Some programs or Customer-Specific Requirements may define longer retention periods than those specified above. In the event of any conflict, applicable laws, regulations, and Customer-Specific Requirements shall take precedence over this NSR.

7.5.3.2.2 Engineering specifications

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 7:

- www.aiag.org
- APQP and Current Production Cycle Documents: http://www.nexteer.com/quality-processes/

8. OPERATION

8.1 Operational Planning and Control

8.1.1 Operational Planning and Control – Supplemental

Planning of Product Realization

MAPP – Manufacturability Assessment and Process Plan. The MAPP is a tool for early risk identification and documentation of mitigation plans. The MAPP requires the supplier to consider each dimension, feature, or requirement on the drawing or in the product specification and document how it will be manufactured. Measurement and control of key items are to be identified in the MAPP. MAPP is required unless otherwise agreed to by GSM. The drawing and DSS Assessment are inputs to the MAPP. After award of business, any deviations to the MAPP agreement require written approval from GSM. Failure to complete the MAPP in the required time frame may jeopardize the supplier's eligibility for business award.

Note: If the Government/Safety Regulation Block on the drawing is checked “yes” then refer to the DSS (Design Severity and Sensitivity) .pdf document for CL1, CL2, and CL3s.

APQP – The AIAG Advanced Product Quality Planning (APQP) and Control Plan reference manuals shall be used to develop and report progress on new part numbers/programs. For reporting of APQP status, suppliers shall utilize the eAPQP application within Nexteer’s Supplier Management system. Note that PPAP submission must be uploaded by the supplier into the PPAP application.

To facilitate multi-regional sharing of information, all Sourcing, APQP documentation (including MCA, MAPP, PPAP documentation, shipping paperwork, packaging, labeling, part marking, etc.…), and Nexteer’s Supplier Management system responses shall be in English or include an accurate English translation. Documentation in any other language is for reference only.

Suppliers shall be responsible for and lead the APQP activity for all new parts. Suppliers will receive specific instructions from the AQE/SQE. These requirements are further detailed in the AIAG APQP manual.

The following are some of the key requirements:

- Participate in Design Reviews
- Participate in Program Reviews and Lessons Learned
- Provide and maintain Timing Charts and Open Issues tracking lists
- Provide and maintain DFMEA (if design responsible)
- Submit initial and final completed Supplier Characteristic Summary (SCS)
- Verification of supplier equipment, tool, and gage purchase orders
- Provide and maintain Process Flow, PFMEA and Process Control Plan(s)
- Perform and provide Measurement System Analysis/Gage Reviews
- Develop capability study plan to include rational sampling
- Submit supplier plan for APQP management of sub-tier suppliers
- Provide an Early Production Containment and Pre- Launch Control Plan
- Submit traceability plan
- Complete Part Certification (PPAP) requirements, prior to shipment of initial production. Follow the current edition of AIAG PPAP
- Perform and pass Run-at-Rate
- Provide up-to-date and accurate Supplier Packaging Information (SPI)
- Provide a label and participate in EDI verification
- Conduct or participate in a Supplier Process Production Readiness Audit (F1058)
- Conduct Product Gage Correlation (F1041)

For APQP, suppliers are expected to meet program timing, keep commitment dates, and support early builds and pre-launch requirements.

8.1.2 Confidentiality

Suppliers shall maintain confidentiality of Nexteer and Affiliates’ products and information as documented in the Nexteer contracts. Additionally, suppliers may be required to sign a non-disclosure agreement.

Supporting Documentation, Forms or Reference for Section 8.1:

- MAPP is located on Nexteer.com, Sourcing Processes: http://www.nexteer.com/sourcing-processes/
- APQP and Current Production Cycle Documents – located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/

8.2 Requirements for Products and Services

8.2.1 Customer Communication

Nexteer establishes and maintains defined communication channels and systems to ensure effective, timely, and controlled exchange of information with suppliers related to product and service requirements, quality, compliance, and operational performance.

Nexteer Website – Suppliers page
The Nexteer Website, Suppliers page, provides easy access with links to supplier systems and important documents required to do business with Nexteer. (http://www.nexteer.com/doing-business-with-nexteer/)
All communication with Nexteer and in Nexteer systems should be in English to facilitate multi regional sharing of information.

Nexteer Supplier Data Cloud (NSDC)

Nexteer utilizes the NSDC as a Nexteer-designated platform to enable standardized, secure, and scalable exchange of supplier data required to support product realization, quality assurance, and supply chain transparency.
Where specified by Nexteer, suppliers shall use the NSDC to provide and maintain required information, which may include, but is not limited to: process records associated with special characteristics, traceability-related data supporting product and process conformity, scrap, yield, and related production performance data, other quality, compliance, or operational data as defined by Nexteer processes.

The NSDC may support automated data exchange mechanisms, including application programming interfaces (API) or other system-to-system integrations, to enable efficient and timely data transfer. Where such integration is designated by Nexteer, suppliers are responsible for ensuring compatibility and data integrity in accordance with Nexteer requirements.
Suppliers remain fully responsible for their data accuracy, completeness, timeliness, and retention of all information provided via the NSDC. Use of the NSDC does not relieve the supplier of responsibility for compliance with the Nexteer Supplier Requirements, applicable customer-specific requirements, or statutory and regulatory obligations.
Nexteer reserves the right to designate the NSDC as the primary or required method for collection and management of specific supplier data. Failure to comply with applicable NSDC requirements may impact supplier performance evaluation and eligibility for new or continued business.

Data provided via the NSDC may be used by Nexteer to support risk management, traceability verification, and conformity of special characteristics throughout the product lifecycle.

Nexteer's Supplier Management System (SMS)
Registration to the Nexteer Supplier Management System is a requirement for all supplier manufacturing locations and distributors of direct material, any supplier of sub-assembly and sequencing, and service packaging. Suppliers must contact their Buyer to ensure proper set-up in the system. Upon receipt of the registration, Nexteer will set-up the supplier location and provide log-in credentials to the requester. Suppliers are responsible for having the appropriate hardware and software needed to access and use the system. It is the supplier's responsibility to obtain and maintain a Dun and Bradstreet DUNS number(s) to support the system applications. Suppliers are responsible to contact Nexteer GSM (Global Supply Management) Systems Support for any system related issues at: gsm.systems@nexteer.com.

Direct Material Suppliers (including distributors of direct material) are responsible to access Nexteer's Supplier Management system on a regular basis to retrieve purchase orders and revisions to purchase

orders, maintain supplier data integrity including but not limited to Contact Information, and monitor Nexteer initiated communication. Communication may include but is not limited to:

- Conflict Minerals application (reference section 8.4.2.2)
- Cost Recoveries (reference section 11.5)
- CQI-X application (see below)
- eAPQP - Advanced Product Quality Planning (reference section 8.1.1)
- Nexteer Audits – MCA/NSA Audit (reference section 10.3.1)
- Nexteer Audits – Sustainability (reference section 11.7)
- PPAP (reference section 8.3.4.4)
- Problem Case Management (reference section 10.2.3)
- Run-at-Rate (reference section 8.2.3.1.3)
- Supplier Development Application (reference section 8.4.2.5)
- SQ Escalation (reference section 8.4.2.4)
- Supplier Packaging Information (SPI)
- Supplier Profile Application (see below)
- Supplier Purchase Order Portal
- Supplier Balanced Scorecards (reference section 9.1.2.1)
- Supplier Suggestions and Change Request (reference section 8.5.6.1)
- Supplier Tooling Application

A Supplier Profile Application within Nexteer's Supplier Management system is a requirement for direct material manufacturing locations and distributors of direct material conducting business with Nexteer. Indirect material and service suppliers see note below. Suppliers are required to maintain their supplier profile in the Supplier Profile Application. Failure of the supplier to review this Information on a bi-annual basis will result in access to SMS being limited and may result in a deduction of points on the Supplier's Balanced Scorecard. Suppliers can and should update changes at any time during the year. Suppliers are required to maintain information consisting of:

- Quality Certification (refer to Section 4.3) – The latest valid and complete quality management system certificate shall be posted in the Supplier Profile Application
- Customs Program Requirements (e.g., CTPAT, OEA, etc.) Reference section 8.5.4
- Contact Information including but not limited to the supplier's Product Safety Representative. The required review and update to Contact Information will be monitored on a bi-annual basis. Failure to update or confirm in the required cadence will result in a system lock-out.
- New Business Hold (NBH) – maintained by Nexteer.

Note: Logistics providers should refer to section 8.5.4, Shipment Security.

To better utilize our systems, we recommend that your organization create a group mailbox within your email client. A group mailbox such as nexteerapps@supplier.com will allow your organization to manage the users that would receive communication for the Nexteer systems. This email address can then be the email address associated with the one user ID in Nexteer's Supplier Management system, as well as be used for any other communications from Nexteer. The benefit of having this group mailbox allows for communications to still be received by your organization regardless of vacation, leave, or employee responsibility changes. If you are unsure how to create or use a group mailbox, please contact your local IT support group.

Financial Assessment

As part of our ongoing efforts to maintain, develop and properly manage our supply base, Nexteer regularly monitors performance by tracking and investigating various aspects of our suppliers such as quality, delivery, launch and financial health. We believe that a strong supply base is a competitive advantage that allows us to deliver innovative products at a competitive price to our customers.

To better enable us to monitor financial health risk on an ongoing basis and avoid interruptions and delays caused by supplier financial dilemmas, Nexteer requires submission of financial information, which may be supported by a third party to perform high-level financial assessments on each of our suppliers. This process requires that suppliers initially submit certain financial and other data and then provide updates on a quarterly basis. Based on the results of these financial assessments, additional data may be required.

Participation in this program is mandatory for all Nexteer direct material suppliers. It is imperative that you fully participate in a timely manner (within 30 days of when you receive your invitation). Failure to take part will directly impact new business.

eSignature Platforms

Nexteer may request documents to be signed electronically or in some cases for suppliers located in the Asia Pacific region, require a stamped company seal electronically using a Nexteer supported eSignature platform such as but not limited to DocuSign. DocuSign provides electronic signature technology and Digital Transaction Management services for facilitating electronic exchanges of contracts and signed documents. DocuSign meets statutes and regulations globally, utilizing industry leading encryption standards, retention and storage practices and data security, to support the integrity and legality of transactions. Information by country regarding the legal protection of eSignatures may be found at https://www.docusign.com/how-it-works/legality/global. This guide covers current eSignature laws, local legal systems, and electronic signature technology preferences for countries around the world. Note: Registration is not required nor is there a cost to the supplier.

It is Nexteer's expectation that documents sent to the supplier via an eSignature platform are signed and/or company stamped by the supplier as requested by Nexteer and returned to Nexteer using the platform tool.

CQI-X Special Process Assessments

CQI-9

Nexteer utilizes the AIAG special process assessment CQI-9 to ensure suppliers are using proper heat treat techniques, processes, and controls. The method for submission to Nexteer of this assessment is via the CQI-X application within Nexteer's Supplier Management system. An assessment that is no older than 12 months must be submitted each year. Suppliers are also responsible to submit an assessment for any sub-tier supplier that uses heat treat operations either as a purchased service or part of the process flow of a part purchased by the Nexteer supplier. A full assessment must be uploaded to the CQI-X application (a summary page alone is not acceptable).

All Other Applicable CQI Assessments

The annual submission requirement via the CQI-X application applies to all applicable AIAG special process assessments. A listing of the special process assessments is shown in section 2.1.

Additional Supplier Communication Requirements:

- Ownership Change – The supplier shall notify the Nexteer Buyer in advance or immediately in writing of any change in ownership.
- Manufacturing Site Change – The supplier shall notify the Nexteer AQE/SQE in advance of any planned change in manufacturing site location using the Supplier Suggestion Change Request application within Nexteer's Supplier Management system.
- Customer Representative, Plant Manager, Quality Manager, Product Safety Manager Change – When the supplier's contact information changes, the supplier is responsible to update contact information in the Nexteer Supplier Profile Application in Nexteer's Supplier Management system. This is to be reviewed and updated annually by the supplier.
- Quality certificate - Suppliers registered to ISO 9001, IATF 16949, or ISO/IEC 17025 are responsible to notify Nexteer of certificates being revoked, withdrawn, being placed on suspension, or re-instated.

8.2.1.1 Customer Communication – Supplemental

No Nexteer specific requirements for this section

8.2.2 Determining the Requirements for Products and Services

8.2.2.1 Determining the Requirements for Products and Services - Supplemental

Reference section 8.4.2.2

8.2.3 Review of the Requirements for Products and Services

8.2.3.1

8.2.3.1.1 Review of the requirements for products and services – supplemental

No Nexteer specific requirements for this section

8.2.3.1.2 Customer-Designed Special Characteristics

Nexteer may utilize specific symbols on drawings and specifications to designate special characteristics. These special characteristics must be identified as customer special characteristics on the supplier's documents, including PFMEA, PFD, PCP and operator standardized work instructions. Operator standardized work instructions will highlight tasks that affect special characteristics. The supplier's management must ensure that all operators are knowledgeable and understand the appropriate controls for special characteristics existing on the parts being produced at their workstation. If special characteristics are generated by a sub-supplier, it is the responsibility of the Nexteer supplier to ensure compliance with the special characteristics' requirements in this manual.

Nexteer uses KPCs, QCIs (Quality/Customer Interface Characteristics) and QCLs (Quality Control Level Characteristic) to designate special characteristics on product drawings and specifications. (Note: KPCs and QCIs are used on drawings prior to the 2016 vehicle model year. QCLs are used on drawings both new and carry-over parts beginning with the 2016 vehicle model year.) These designations will define design features or tolerances that have a particular significance to safety, compliance with government regulations, interface to vehicle mating parts, and/or product functionality with consideration of process capability.

Nexteer uses Design Severity and Sensitivity Assessment (DSS) to evaluate the severity and sensitivity of the requirements shown on product drawings and specifications and to determine if a product characteristic is standard or special and assigns the QCL type. The drawing along with the DSS Assessment is an input to Vehicle/End User Severity for PFMEA. The drawing and DSS Assessment are inputs to the MAPP – reference section 8.1.1, Operational Planning and Control – Supplemental.

For any press assembly operation that has a severity of 9 or 10 (CL1, CL2, CL3) on the DFMEA/PFMEA the process control will be a force displacement profile, where force and distance will be measured simultaneously, and must conform to established values along the length of the press operation. Compliance to the force displacement profile will be the only acceptable criteria for determining good parts.

Operations with Fastener Assembly processes that have a severity 8, 9, or 10 (CL1, CL2, CL4) the following process controls shall be monitored and recorded 100%: tightening torque, torque angle, screw height, number of turns and a sampling check for breakaway torque and must conform to established values.

For any safety/compliance characteristic (CL1, CL2, CL3), the production control plan must include special checks to verify correct machine set up and that parts meet 100% of requirements prior to release of the process for production.

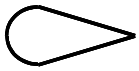
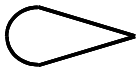
Parts that have features where 100% inspection and reject handling automation is required, shall not be reworked or reinspected for compliance and reintroduction into the normal process or finished goods container.

The following are the QCI & KPC designations, and the process/inspection requirements related to each.
There may be unique OEM specific standards that exceed the requirements listed in this section.

Product Characteristic Chart for use without QCLs

Drawing and Control Panel Information	Inputs to Selection	Process Requirements	Documentation Requirements	Response to Nonconforming Material
Safety QCI  **QS-100V** Attribute or Variable Gages	Select safety-critical product dimensions requiring 100% functional or go/no go checks ▪ Vehicle interface dimensions ▪ Possible pass-through defects ▪ Design & process knowledge (BOD/BOP) ▪ Customer returns, recalls, lessons learned ▪ Control plans from similar parts ▪ Design & Process FMEA ▪ Process capability ▪ Customer required Compliance with government regulation	100% verification using attribute check (Pass/fail gage or test) Note: A variable gage may be used to perform 100% verification	Same as Fit/Function QCI CI-100V.	▪ Sorting and/or engineering permit required with customer notification when specification not met. Document containment plan for all non-conforming parts.
Safety QCI  **QS-DR** Variable or Attribute Gages	Select safety-critical product dimensions where ongoing charting is required on the plant floor ▪ Vehicle interface dimensions ▪ Possible pass-through defects ▪ Design & process knowledge (BOD/BOP) ▪ Customer returns, recalls, lessons learned ▪ Control plans from similar parts ▪ Design & Process FMEA ▪ Process capability ▪ Customer required Compliance with government regulation	Same as Fit/Function QCI CI-DR.	Same as Fit/Function QCI CI-100V.	▪ Same as Fit/Function QCI CI-DR and, ▪ Document containment plan for all non-conforming parts.
Safety and/or Compliance KPC  **S/C** Variable or Attribute Gages	Product drawings with this symbol should be updated to the correct type of Safety QCI, as needed, during the next drawing revision.	Same as Fit/Function QCI CI-DR.	Same as Fit/Function QCI CI-100V.	Same as Safety QCI Fit/Function QCI CS-DR.
Fit/Function KPC  **F/F** Variable or Attribute Gages	Product drawings with this symbol should be updated to the correct type of Fit/Function QCI, as needed, during the next drawing revision.	Same as Fit/Function QCI CI-DR.	Same as Fit/Function QCI CI-100V.	Same as Fit/Function QCI CI-DR.

Product Characteristic Chart for use without QCLs

Drawing and Control Panel Information	Inputs to Selection	Process Requirements	Documentation Requirements	Response to Nonconforming Material
Standard (STD) No symbol Variable or Attribute Gages	▪ Design & process knowledge (BOD/BOP) ▪ Customer returns, recalls, lessons learned ▪ Control plans from similar parts ▪ Process capability Design & Process FMEA	Reasonable explanation of the control strategy is required at a review of manufacturing sequence chart, gage plan, PFMEA, & control plan. At this review decisions will be made on a dimension by dimension basis regarding which dimensions, if any, require capability studies during periodic data collection such as during prototype and part approval activities. Process Indices Acceptance Criteria: • Initial (PPAP) process study o Capability Index Target Cpk and Ppk >1.33 & demonstrated statistical control o Extended production run (> 6 months) Performance Index Ppk ≥ 1.0	Control plan is based on process capability. If plant floor control charts are required to maintain the process, then this requirement should be documented on the control plan.	▪ Sorting ▪ Request Nexteer Engineering Permit to allow the deviation ▪ Reduction in variability required when Ppk capability is not met.
Fit/Function QCI  **CI-100V** Attribute or Variable Gages	Select function-critical product dimensions requiring 100% functional or go/no go checks ▪ Vehicle interface dimensions ▪ Possible pass-through defects ▪ Design & process knowledge (BOD/BOP) ▪ Customer returns, recalls, lessons learned ▪ Control plans from similar parts ▪ Design & Process FMEA ▪ Process capability Customer required	100% verification using attribute check (Pass/fail gage or test) Note: A variable gage may be used to perform 100% verification	• Plant floor documentation is required. Specific documentation requirements are a function of process capability and must be defined on the control plan. • Customer specific requirements must be shown on the drawing and included in the control plan.	• Sorting • Request Nexteer Engineering Permit to allow the deviation
Fit/Function QCI  **CI-DR** Variable or Attribute Gages	Select function-critical product dimensions where ongoing charting is required on the plant floor ▪ Vehicle interface dimensions ▪ Possible pass-through defects ▪ Design & process knowledge (BOD/BOP) ▪ Customer returns, recalls, lessons learned ▪ Control plans from similar parts ▪ Design & Process FMEA ▪ Process capability Customer required	▪ Same as for standard dimensions and, ▪ Capability study with a sampling plan per Section 9.1.1. ▪ If the control strategy is to inspect with an attribute gauge on less than all of the parts, the gage must be built to 75% of the specified tolerance. Process Indices Acceptance Criteria: • Initial (PPAP) process study o Capability Index Target Cpk ≥ 1.67, & demonstrated statistical control o Ppk must be ≥ 1.33, or 100% inspection and/or error prevention Extended production run (>6 months) Performance Index Ppk ≥ 1.33 or 100% inspection and/or error prevention	Same as Fit/Function QCI CI-100V.	▪ Engineering permit required with customer notification for usage of parts not accepted with a full tolerance gage. ▪ When using a reduced tolerance attribute gage, a full tolerance gage must be used to check 100% of the parts produced since the last acceptable check. Reduction in variability required when Ppk is not met or when process is not in statistical control.

PRODUCT CHARACTERISTICS CHARTs and Capability Requirements for use with QCLs

- **Product Characteristics Control Levels Chart – See Attachment B**

    - Detection Control Table – See Attachment C
    - Process Control Table – See Attachment D
    - Defect Handling Table – See Attachment E

- **Initial Process Capability Requirements for PPAP**

    - Initial Process Capability studies are required for all special characteristics unless otherwise agreed upon in the MAPP, Supplier Capability and Selection Review, by the Nexteer Product Engineer and AQE. Process studies of other characteristics may be requested by Nexteer during the MAPP review.
    - Unless otherwise agreed to and documented by the Nexteer Product Engineer and AQE, the Acceptance Criteria for the initial Process Capability Studies for QCLs classified as CL1, CL2, CL4, and CL5 with either bilateral or one-sided distributions must achieve a Capability Index Target Cpk and Ppk >1.67 & demonstrated statistical control.
    - If an Initial process capability study is required for a CL3, the Acceptance Criteria for either bilateral or one-sided distribution is: Initial (PPAP) process study Capability Index Target Cpk > 1.33 (unless superseded by a customer specific requirement) & demonstrated statistical control and Ppk must be > 1.33, or 100% inspection and/or error prevention
    - Unless otherwise agreed to and documented by the Nexteer Product Engineer and AQE or superseded by a customer specific requirement, the Acceptance Criteria for the initial Process Capability Studies (if required) for Standard dimensions either bilateral or one-sided distributions are: Initial (PPAP) process study Capability Index Target Cpk and Ppk >1.33 & demonstrated statistical control.
    - If the capability index is not met, for CL1, CL2, and CL4, then 100% inspection is not acceptable as the only method for controlling the process. An additional detection control method must be used in conjunction with 100% inspection. Reference Attachment B.
    - As part of Launch and Early Production Containment (EPC) AQE/SQE's may require capability monitoring and submission for CL1, CL2, CL3 and CL4 features. Providing capability requirements are met, this requirement would be exited at time of EPC release.

- **Long Term (Ongoing) Capability Requirements**

Suppliers are required to maintain process capability including control charting throughout the product life. Supplier must provide long term capability studies from an extended production run if requested by Nexteer

    - QCLs classified as CL1, CL2, CL4, and CL5 with either bilateral or one-sided distributions must achieve a Capability Index Target Cpk and Ppk $\geq$1.33 & demonstrated statistical control.
    - QCLs classified as CL3 with either bilateral or one-sided distributions must achieve a capability index target Cpk $\geq$ 1.33 (unless superseded by a customer specific requirement). The Ppk must be $\geq$ 1.33 or 100% inspection and/or error prevention employed.
    - Standard Dimensions with either bilateral or one-sided distributions must achieve a capability Index Target Cpk and Ppk $\geq$1.0 & demonstrated statistical control

8.2.3.1.3 Organization Manufacturing Feasibility/Run-at-Rate

Suppliers shall perform Manufacturing feasibility reviews and shall include Nexteer team members as appropriate. (Reference section 8.1.1, APQP, F1058 Supplier Process Production Readiness Audit).

Product volume changes of 20% or more over a previously verified volume capability shall require run-at-rate. The capacity study shall include identification of the capacity constraints and evaluation of risk to Nexteer by the supplier. The results of this study shall be provided to the Nexteer AQE/SQE. The capacity information provided with the quote should reflect the available daily capacity and operating plan (hours/day, days/week). The operating plan should meet total weekly volume requirements and current model service requirements and shall be no more than 100 hours per 5-day work week. The Nexteer standard work year is based on 48 weeks, 240 workdays. Any operating plan using more than 100 hours per work week (e.g., 5 days x 20 hours per day) or different than the standard 48 weeks, 240 working days, must be agreed upon by Nexteer and clearly documented in the Nomination Letter. Program capacity information will be documented in the Nomination Letter under the Program Capacity Obligation section at time of business award. Suppliers shall be responsible to have capacity to provide 15% above the aggregate Nexteer volume or the percent (%) required by the OEM customer, whichever is greater, on a sustained basis without additional investment from Nexteer. The additional capacity may be produced outside of the 100-hour work week but less than or equal to 120 hours.

The full capacity for the part should be in place at the Supplier's floor and its sub-suppliers' floor no later than the Nexteer Run-at-Rate date. Any deviation from this requirement is a staged run-at-rate and must be agreed in writing by Nexteer and documented in the approved Nomination Letter at time of business nomination.

When specified in the APQP process, Run-at-Rate shall be based on the aggregate Nexteer volume and is performed as a method for production capacity and quality system verification. It is preferred to perform the Run-at-Rate analysis over multiple shifts with production operators and including a part-number change-over if appropriate. The final Run-at-Rate plan will be agreed upon in the early stages of Supplier APQP.

Run-at-Rate will be given a status of Pass or Fail. The supplier is expected to put into place the necessary corrective actions to ensure a successful (Pass) Run-at-Rate. An APQP Problem Case may be issued for failure to meet agreed upon target date or for requirements not met.

NOTE: Commodity or batch-based products may demonstrate Run-at-Rate by a process analysis to determine constraints and show enough capacity is in place to support the product release rates.

8.2.3.2

No Nexteer specific requirements for this section

8.2.4 Changes to Requirements for Products and Services

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 8.2:

- Nexteer Supplier Website: http://www.nexteer.com/
- Supplier Suggestion Change Request Application (SSCR) – Link is located on the Nexteer Website, Supplier Applications.
- Nexteer Help Desk for Supplier Systems and Applications: gsm.systems@nexteer.com

8.3 Design and Development of Products and Services

8.3.1 General

8.3.1.1 Design and Development of Products and Services – Supplemental

No Nexteer specific requirements for this section

8.3.2 Design and Development Planning

8.3.2.1 Design and Development Planning – Supplemental

The supplier shall prepare process FMEA's for all part numbers supplied to Nexteer. Where the supplier is responsible for design, the supplier shall prepare design FMEA's.

FMEA's may be written for families of parts where batch processes and common tooling is used. Families shall be clearly defined and have a full part-number listing of the family. The Nexteer Product Engineer and AQE/SQE shall approve the family designations.

For Nexteer drawings (or DSS document if available) containing QCL Special Characteristics, the severity shown on the supplier FMEA should be no less than what is shown in the Nexteer DFMEA SEVERITY column on the Product Characteristics Control Levels Chart, Attachment B. For example, all potential failure modes associated with a characteristic identified as a CL4 on the Nexteer drawing should have no less than an “8” shown as a severity on the supplier FMEA.

Upon request by Nexteer, the supplier shall provide a copy of the FMEA documents for review. The Nexteer AQE/SQE may request that the supplier’s FMEA be written in the supplier’s local language and English. If the document is considered proprietary, the supplier may provide the applicable section or provide qualified technical support and bring the FMEA to the requestor for review without retention of copies. A letter stating the proprietary nature shall be included in the Production Part Approval submission package.

FMEA’s shall be prepared using the AIAG & VDA Potential Failure Mode and Effects Analysis format OR the SAE J1739 format.

8.3.2.2 Product Design Skills

No Nexteer specific requirements for this section

8.3.2.3 Development of Products with Embedded Software

No Nexteer specific requirements for this section

8.3.3 Design and Development Inputs

8.3.3.1 Product Design Input

No Nexteer specific requirements for this section

8.3.3.2 Manufacturing Process Design Input

No Nexteer specific requirements for this section

8.3.3.3 Special Characteristics

Refer to section 8.2.3.1.2 for Nexteer specific requirements regarding customer defined symbols

8.3.4 Design and Development Controls

8.3.4.1 Monitoring

No Nexteer specific requirements for this section

8.3.4.2 Design and Development Validation

If the Supplier is design responsible, design verification and testing is required. At component levels, the supplier shall develop a qualification plan with Nexteer engineering. Verification methods shall be recorded with the test results.

8.3.4.3 Prototype Programme

Prototype Program – Prototype requirements shall be documented through the Buyer for that specific program.

It shall be the supplier's responsibility to request confirmation of the need for prototype control plans, FMEA's, etc. from engineering. NOTE: Prototype control plans do not apply to bulk materials.

NOTE: Prototype control plans may be required on High Impact parts as defined by Nexteer during program development.

Prototype Parts Provision – Suppliers who provide prototype/pre-production part requirements are expected to provide them at production pricing unless otherwise agreed to by GSM.
Delivery date(s) for samples of prototype components shall be established by Nexteer and noted on the purchase order. The delivery date(s) reflect the date(s) parts are to be received at the Nexteer docks.

All prototype components and shipments shall be identified as prescribed in any relevant documents provided by the Nexteer receiving unit regarding its Prototype Procedure.

The supplier shall submit inspection reports with sample delivery as required by the receiving unit's Prototype Procedure.

If review of the inspection report indicates that the parts do not agree with the prints or examination of the parts discloses an unsatisfactory condition not covered by the report, it shall be the supplier's responsibility to resolve all discrepancies with the Nexteer Product Design Engineer. This needs to be communicated in writing to the Nexteer Buyer.

If resolution of the discrepancy results in a tooling, material or processing change, the supplier will correct the situation (at the supplier's expense), resubmit an inspection report on the revised parts, and communicate the resolution in writing to the Nexteer Buyer as soon as possible.

8.3.4.4 Product approval process

The supplier shall comply with the current editions of the AIAG Production Part Approval Process (PPAP) and Service Production Part Approval Process (Service PPAP) manuals unless otherwise specified. The AIAG PPAP forms shall be utilized to prepare submissions.

The required method of submission is electronically via the PPAP application within Nexteer's Supplier Management system. Each section of the PPAP submission should be a separate file unless otherwise approved by the Nexteer AQE/SQE.

Any parts (other than those ordered for PPAP) shipped from production tooling to Nexteer Manufacturing Facilities or third-party equipment manufacturers for Nexteer must have some level of PPAP approval (may be interim approval) prior to shipment. The Supplier is to ensure that all sub-tier supplier processes are PPAP approved prior to submission of the saleable part to Nexteer. Evidence of sub-tier PPAP approval shall be retained by the supplier and made available to Nexteer upon request.

The supplier shall be capable of submitting an annual PPAP at no cost to Nexteer when required. The scope and content of an annual PPAP submission shall be as defined in Section 8.6.2.
All PPAP elements required by Section 8.6.2 shall be supported by current objective evidence. Items identified on the PPAP checklist in Nexteer Suppliers Management System (e.g. CQI assessments, gage studies, and capability studies), where applicable, shall be included as part of the annual PPAP and shall be dated within one year of the PPAP submission date, unless otherwise approved by Nexteer.

PPAP parts are to be shipped to Nexteer using the Global Sample and PPAP Label located on the Nexteer Supplier Website. The label is to be printed on bright orange paper and securely affixed to all 4 sides of the container(s) of sample parts.

On new or revised materials, notification of PPAP approval by Nexteer does not authorize shipment. Shipping authorization for the initial shipment after PPAP approval, will be issued by the Nexteer Production Control & Logistics Department (PC&L) and will contain the delivery due date and quantity to be shipped. To ensure breakpoint is established and in agreement with Nexteer plant requirements, suppliers must contact the Nexteer regional PC&L representative. Shipments not authorized by Nexteer PC&L may result in a Problem Case issued to the supplier.

Ongoing dimensional submissions or other PPAP elements may be required based on OEM customer-specific requirements, including customer-defined PPAP scope, frequency, or additional submission elements beyond standard AIAG PPAP expectations.

8.3.5 Design and Development Outputs

8.3.5.1 Design and Development Outputs – Supplemental

No Nexteer specific requirements for this section

8.3.5.2 Manufacturing Process Design Output

No Nexteer specific requirements for this section

8.3.6 Design and Development Changes

8.3.6.1 Design and Development Changes – Supplemental

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 8.3:

- www.aiag.org
- APQP and Current Production Cycle Documents – located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/
- Global Sample and PPAP Label – Located on Nexteer.com, Suppliers, Logistics Processes: http://www.nexteer.com/logistics processes/
- AIAG Production Part Approval Process (PPAP) manual, AIAG Service Production Part Approval Process (Service PPAP) manual.

8.4 Control of Externally Provided Processes, Products and Services

8.4.1 General

8.4.1.1 General – Supplemental

No Nexteer specific requirements for this section

8.4.1.2 Supplier Selection Process

The supplier shall be responsible for the quality of the parts it produces, their sub-supplier's quality and delivery performance, and subcontracted services, including sub-suppliers directed by Nexteer.

When the supplier determines incoming inspection of sub-supplier material is necessary, this activity shall be consistent with the risk and quality impact of the supplier. These inspections shall include variable data where appropriate and be used as a key indicator for sub-supplier quality management. Where high risk has been identified in the sub-contracted process, the supplier shall ensure containment is in place to protect the customer. For incoming receiving and inspection, the acceptance level shall be zero defects.

Suppliers are responsible to select sub-suppliers (e. g. Heat Treat, Plating) based on the expectation of Zero Defects, and on the sub-supplier's capability to continually maintain robust processes throughout the life of the product that meet all Nexteer's product requirements.

The Nexteer Supplier Quality Engineer may elect to participate in sub-supplier on site visits and/or audits. The AIAG CQI-19, Sub-tier Supplier Management Process Guideline, should be used as a tool for quality system development of a sub-supplier. The CQI-8, Layered Process Audit Guideline may also be used for sub tier supplier QMS development.

All applicable AIAG CQI special process assessments shall apply to sub-tier suppliers within the value stream, as determined by the manufacturing and sub-processing technologies used.
Suppliers are required to review, update, and upload into SMS their suppliers' assessments on an annual basis.

Suppliers should seek any additional expertise that is necessary, based on the particular sub-processing technology to ensure they are able to select a capable supplier and ensure on-going performance.

The Supplier shall complete a financial assessment of their supply chain at a minimum annually to evaluate and mitigate risk in the supply chain. The supplier shall be required to supply evidence of this evaluation upon request.

8.4.1.3 Customer-Directed Sources (also known as "Directed-Buy")

No Nexteer specific requirements for this section

8.4.2 Type and Extent of Control

8.4.2.1 Type and Extent of Control – Supplemental

No Nexteer specific requirements for this section

8.4.2.2 Statutory and Regulatory Requirements

Chemical Material Content, Reporting, and Approval Requirements

General Regulatory Requirements
Suppliers shall ensure that products provided to Nexteer meet all governmental regulatory requirements in the region of use. This includes, but is not limited to, requirements that address chemical registration (TSCA, REACH, IECSC, etc.), transportation (Dangerous Goods), explosive devices, and environmental restrictions as set forth by the applicable governmental agencies for the Nexteer point(s) of receipt.

Governmental Hazard Communication Standard Requirements
Suppliers shall provide samples, testing, and supporting documentation in the form of GHS-compliant SDSs (Safety Data Sheets) per local government and Nexteer-specific requirements for all purchased materials or items that pose a potential health & safety, storage, transportation, use, or environmental risk to Nexteer or its employees. This requirement also applies to any rust preventative, grease, lubricating oil, or other chemical material that is present on a part, raw material, component, or assembly as provided to Nexteer. Nexteer review and approval of all such materials is required prior to delivery of these items to Nexteer. Questions may be directed to the appropriate Nexteer Buyer, Quality Engineer, or Nexteer HMCC email at mailto:nexteer.divhmcc@nexteer.com

Substances of Concern and Recycled Content
Global legal requirements and customer specifications necessitate the need for material substance disclosure via the International Material Data System (IMDS) for all parts and raw materials that become part of the Nexteer saleable product or end item. The content and reporting requirements are detailed in the Nexteer 23000000 Substances of Concern and Recycled Content specification. This specification is part of the standard engineering drawing template and is posted in the Nexteer Supplier Website. Any references to GM100M, GMW3059, or 10949001 is replaced/superseded by Nexteer 23000000 specification. Questions may be directed to the appropriate Nexteer Buyer, Quality Engineer, or Nexteer SoC email at mailto:nexteer.soc.saginaw@nexteer.com.

Responsible Sourcing
All suppliers shall be able to annually determine if PFAS (per- and polyfluoroalkyl substances) material is contained within their product or chemical material and list the Chemical Abstract Services Registry Number (CASRN), PFAS Constituent/Chemical Abstract Services (CAS) Index Name, Maximum concentration of PFAS constituent known in product (percent (%) weight), and corresponding Nexteer part number.

All suppliers shall be able to annually, determine the locations where Cobalt, Mica, and Conflict Minerals (i.e., tin, tantalum, tungsten, and gold, as determined by the U.S. Securities and Exchange Commission), contained within products sold to Nexteer originated. It is Nexteer's goal to source products that do not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country. Suppliers must conduct mineral due diligence in alignment with the Organization for Economic Co-operation and Development Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas ("OECD Guidance"). Suppliers are required to use smelters and refiners that have been validated as conformant to an independent 3rd party responsible mineral sourcing validation program. Suppliers are expected to provide parts containing raw materials from sources that have been audited against an independent 3rd party standard. Suppliers shall be required to submit this Responsible Sourcing information annually upon the request of Nexteer Automotive via Nexteer's Supplier Management system Conflict Minerals Application OR by reporting manually using the latest electronic version of the Responsible Minerals Initiative Extended Materials Reporting Template (EMRT) and the Conflict Minerals Reporting Template (CMRT). Responses must be submitted within Nexteer's Supplier Management system in the proper format and version via a completed CMRT or EMRT (letters or other types of declarations will not be accepted). Reporting of other minerals may be required as requested by Nexteer via an Additional Minerals Reporting Template (AMRT) . Suppliers are to refer to AIAG (www.AIAG.org) or the Responsible Minerals Initiative (www.responsiblemineralsinitiative.org) for more information.

8.4.2.3 Supplier Quality Management System Development

Nexteer requires suppliers of productive parts and services to develop and implement a quality management system (QMS) certified to ISO 9001, and to improve that QMS with the ultimate objective of certification to IATF 16949.

Any direct material manufacturing supplier that is not certified to IATF 16949 will be subject to a second-party audit by Nexteer Supplier Quality to verify that the supplier's QMS is certified to the requirements of ISO 9001 and compliant to the Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers (MAQMSR) or certified to ISO 9001 and compliant to IATF 16949.

Suppliers will be prioritized for QMS verification audits based on 1) parts with safety/regulatory requirements, 2) current performance to Nexteer, 3) quality certification status. Refer to section 8.4.2.4.

A supplier may be subject to annual QMS verification audits by Nexteer until IATF 16949 certification is achieved.

8.4.2.3.1 Automotive Product-Related Software or Automotive Products with Embedded Software

No Nexteer specific requirements for this section

8.4.2.4 Supplier monitoring

Supplier Quality Escalation Process
For Direct Suppliers, Nexteer utilizes a Supplier Quality Escalation Process (SQEP) to identify declining supplier performance and engage suppliers early as issues are developing to implement sustainable quality improvement. The intent is to implement a rigorous process that protects Nexteer from any degrading levels of quality performance at a supplier that can lead to spills and customer impacts.

The SQEP application in Nexteer's Supplier Management system manages and documents the Supplier Quality process for early intervention. There are 4 stages of escalation (Level 1 through 4). While the levels are typically sequential, a supplier may skip levels based on risk to Nexteer. The levels with general requirements are:

Level 1 is driven by the supplier and requires a quality system self-assessment via the NSA and supplier improvement plan.

Level 2 includes level 1 activities plus additional focus by Nexteer Supplier Quality (NSA on-site audit), a PFMEA to Control Plan gap analysis by both the supplier and Nexteer, supplier improvement plan to address the gaps, and submission of the supplier's most recent annual Quality Management System surveillance audit report.

Level 3 is the Nexteer Top Focus Supplier (TFS) process. The TFS process requires the active participation of the supplier leadership in weekly performance reviews, monthly reviews (may be at supplier location or Nexteer location), verification of DFMEA/DSS alignment, problem solving certification, demonstrated performance improvement (complaint rate reduction), in addition to level 1 and level 2 activities to be completed.

Level 4 is an on-site Quality Management System audit by the Nexteer SQE. This includes TFS activities of level 3. Entry into level 4 is based on risk related to: 1) Number of problem cases, 2) Quality certification status, 3) Supplied parts contain safety critical or regulatory features, and 4) Other additional risk factors as appropriate (e.g., financial health, program life, etc.).

Each supplier's improvement plan is tailored to the specific needs of the supplier and will be based off the problem cases and gaps identified during the improvement process. The SQEP process is not punitive; it is a focused effort to improve performance and build a stronger relationship between the supplier and Nexteer. Some suppliers may remain in Level 3 due to criticality of the commodity and/or the need to maintain strong supplier relationships at all levels.

Nexteer has the right to pursue systemic corrective action verification from IATF 16949 certified suppliers by filing a performance complaint to the supplier's certification body in accordance with the Rules: Automotive certification scheme for IATF 16949 - Rules for achieving and maintaining IATF Recognition.

Suppliers of calibration services, sorting and rework, software development, and service packaging are subject to a supplier evaluation which is taken into consideration for future business awards.

Tier-N Management
Suppliers of non-off the shelf products must perform a quality risk assessment of their tiered suppliers classifying them into low, medium and high risk & developing an audit plan for high and medium risk.

Risk and Environmental, Social, and Governance Score
For Direct Suppliers, Nexteer utilizes an Overall Risk and Environmental, Social, and Governance (ESG) Score to identify high risk suppliers across the following areas: Financials, Quality, Operational, Delivery, ESG & Emissions. The Overall Risk & ESG Score is a weighted score for each supplier that identifies those that present a high risk in one or more areas listed above. This allows Nexteer to implement appropriate actions to reduce risk to a level which protects both Nexteer and our customer from potential impacts.

Scoring rules may be found on Nexteer.com, Suppliers, Learning Center.

8.4.2.4.1 Second-party audits

Nexteer follows the second-party audit requirements of IATF 16949. Where a Nexteer OEM customer has additional requirements (e.g. audit frequency, scope, or duration in accordance with the IATF Rules **and OEM CSR's)**, those requirements shall apply and will be communicated to the affected supplier.

In addition, Nexteer may conduct risk-based proactive second-party audits at supplier manufacturing locations as part of supplier performance monitoring. These proactive audits are performed based on the supplier risk assessment and may include, but are not limited to, on-site production audits, process-focused assessments, or periodic reviews to evaluate process effectiveness, production readiness, and potential risk to quality or delivery performance. Proactive audits may be conducted using Nexteer-defined methodologies and may be performed on-site or remotely, depending on the assessed level of risk.

8.4.2.5 Supplier development

For existing direct material suppliers, Nexteer utilizes Nexteer's Supplier Management system-based Problem Case Management System (PCMS), Balanced Scorecard, and Supplier Quality Escalation Process (SQEP) to document/escalate performance issues (reference 8.4.2.4 Supplier Monitoring) and pursue opportunities for continual improvement.

In addition, we proactively conduct development activities with select potential new supplier/supplier locations prior to sourcing and APQP. The development process ensures new suppliers are trained/understand how to do business with Nexteer (including navigation of Nexteer Systems), implement a World Class Automotive Quality system aligned with the IATF standard, and create a foundation for a strong business relationship/partnership between the supplier and Nexteer.

During the development process, we jointly work with our new supplier/supplier locations on items such as but not limited to the review/agreement of Nexteer Terms and Conditions, Nexteer Supplier Requirements (NSR), Non-Disclosure Agreement (NDA), Cost Model, Manufacturing Capability Assessment (MCA), and other development training modules tracked via the Supplier Development application within Nexteer's Supplier Management system. A cadence of regular reviews, training, and support with the new supplier cross functional team ensures QMS action plan closure prior to launch/start of production.

8.4.3 Information for External Providers

8.4.3.1 Information for External Providers – Supplemental

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 8.4:

- Manufacturing Capability Assessment (MCA)/Nexteer Supplier Assessment (NSA) (F1004), Located within Nexteer's Supplier Management system.
- AIAG Special Process Assessments. Refer to section 2.1. Required to be completed and made available to Nexteer when part of the supplier's value stream.
- 23000000 Substances of Concern and Recycled Content specification – Located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/

8.5 Production and Service Provision

8.5.1 Control of Production and Service Provision

8.5.1.1 Control plan

The AIAG Advanced Product Quality Planning Manual and the AIAG Control Plan manual, available from AIAG, should be used as a guide in developing and maintaining control plans (i.e., Prototype, Pre-Launch & Production). Early Production Containment shall be implemented and identified on the Pre-Launch Control Plan for a duration of 90 days unless otherwise specified by the Nexteer AQE/SQE. Exit from Early Production Containment must be approved by AQE/SQE. A change history shall be maintained as part of the control plan to document implementation of changes.

Nexteer reserves the right to require approval of control plans for any part from any supplier.

All parts shall have Control Plans. Family control plans may be used for parts with common processes. The family shall be clearly defined on the control plan so that applicability is defined.

Design and process controls shall focus on prevention rather than detection and correction. Special attention shall be placed on the identification of input control characteristics rather than the post processing inspection and containment.

Proposed repair or rework of product shall be defined on the control plan (and included in the process flow diagram) and submitted to Nexteer for approval as part of the initial PPAP, or through a subsequent Supplier Change Request and PPAP submission. Repaired, reworked, or out-of-process product shall be re-inspected to all control plan requirements and documented procedures.

The supplier control plan must include layout inspection and functional testing to be performed annually.

The control plan must include the applicable AIAG Special Process Assessments and Guidelines (CQIs). Each applicable CQI Assessment must be submitted annually. Refer to section 8.2.1, Customer Communication, 8.3.4.4, Product Approval Process and section 9.2.2.3, Manufacturing Process Audit.

Traceability as documented in the control plan, shall include a definition of the lot including number of parts and number of production hours.

Engineering Specification (ES) Test Performance Requirements

In process (IP) testing to the ES is typically specified through an IP test plan/control plan or in the ES. The supplier shall develop a plan to meet those requirements and submit them for approval as part of the PPAP package. Reaction plans to failures shall be included in the IP test plan. Family data shall not be used unless the supplier can demonstrate that the products are a “family” that uses the same process equipment and process specifications. Clarification or approval of the use of family data shall be through Nexteer Supplier Quality.

To support data consistency, traceability, and the effective use of Nexteer digital and analytical tools, suppliers should identify and consistently reference applicable Nexteer Road Map (RM) numbers, where available, within the Control Plan and Safe Launch Control Plan.
Where Control Plans reference measured or monitored characteristics, the associated Road Map (RM) numbers should also be reflected in related quality planning and verification documents, including PFMEA and applicable process capability studies, to maintain clear linkage between documentation, requirements, risks, controls, and demonstrated process performance.

If Nexteer Road Map (RM) numbers are not used, suppliers shall be able to demonstrate an alternative, documented method for characteristic identification and for maintaining clear linkage between PFD,

PFMEA, Control Plan, and capability studies, such that traceability, data consistency, and effective analysis of quality risks are preserved.

8.5.1.2 Standardized Work – Operator Instructions and Visual Standards

Visual standards and/or boundary samples that differentiate “good” from “bad” shall satisfy customer requirements and be controlled (listed on the control plan).

8.5.1.3 Verification of Job Set-Ups

No Nexteer specific requirements for this section

8.5.1.4 Verification After Shutdown

No Nexteer specific requirements for this section

8.5.1.5 Total Productive Maintenance

No Nexteer specific requirements for this section

8.5.1.6 Management of Production Tooling and Manufacturing, Test, Inspection Tooling and Equipment

No Nexteer specific requirements for this section

8.5.1.7 Production Scheduling and Supplier Delivery Evaluation

Refer to the current version of Nexteer Logistics Requirements (NLR) manual which is incorporated into these Supplier Requirements by reference. The NLR manual is located on nexteer.com: Logistics Processes.

8.5.2 Identification and Traceability

The Nexteer Supplier Requirements (NSR) define the governing requirements for supplier identification and traceability.
Nexteer product traceability requirements apply to all supplied parts. The level of traceability (singular/serialization or lot-based) shall be defined based on product, process, safety, regulatory, and OEM customer requirements.

Traceability as defined by Nexteer is the ability of a supplier or sub-suppliers to provide in-process inspection data, quantity of parts produced, number of non-conforming parts, CQI required documentations, material certs, etc. All this data is to match the Production Control Plan and available for review by Nexteer within 24 hours’ notice from Nexteer. This information is to be linked to the label and/or individual part marking (2D bar code, ink stamp, etc.). The details of what is needed from the shipping label and/or individual part marking must be documented by the supplier and shared with Nexteer during the APQP process.

Typical traceable items may include lot, date, shift, raw material, machine, die/cavity number, department number, key process parameters/data, etc. Key process parameters/data must be captured throughout the process using the applicable traceability method.

Critical components are defined as those components that have features designated with safety/compliance QCIs or KPCs (QCI – QS, or KPC S/C) QS-100V and QS-DR QCI's or S/C KPC's (Reference Section 8.2.3). Nexteer Product Engineering designates critical components/features. For drawings with QCLs, refer to attachment B for traceability requirements.

The ultimate goal of a good traceability system is to minimize exposure if defects are found. The two types of traceability are:

- Singular/Serialization – used to reduce the risk to a single part or component. In the event of parts being moved from the normal process flow, the parts shall be marked for singular traceability. Marking location and method of the direct part marking shall be indicated on the product drawings. Serial number is the minimum information required for singular traceability marking. Parts must be tracked for defect reconciliation.

- Lot Control – used to reduce the risk to a specific number as determined by the size of the lot. A lot is the maximum quantity of parts that share consistent dimensional, material and process characteristics. Lot sizes shall be a maximum of one (1) shift (typically 8 hours) of supplier's production. NOTE: One batch of raw material (examples: resin, rubber, heat of steel) can create multiple lots. Only one batch of raw material can be identified in each lot – **(i.e., cannot mix two batches of raw material in a single lot).** Batch information must be traceable via lot number. Lot definition will be approved by the Nexteer AQE/SQE.

Critical assemblies, sub-assemblies and components shall have traceability to the safety critical component feature or features. Singular traceability, marking / serialization, is Nexteer's preferred method. All CL1 control levels must be compliant to singular traceability unless otherwise approved during the MAPP process. If singular traceability (marking/serialization) is not possible, lot control shall be implemented. Critical components shall be marked at the earliest possible operation and traced throughout the remaining operations. Key process and quality data, as identified in the control plan, shall be included in the stored data. Selection of traceability method and determination of data to be collected is determined by the Nexteer Requirements (DSS, Part Print, MAPP, etc.) and the Nexteer AQE/SQE. Evidence of the record system, including retrieval, must be fully established and available prior to PPAP submission.

Supplier's traceability system will be assessed through the Nexteer F1036 Traceability Fire Drill process (reference https://www.nexteer.com/quality-processes/ for F1036). Specific part traceability will be reviewed, documented, and verified through the MAPP process and Supplier APQP process, such as control plan, supplier process production launch readiness audit, etc.

See Section 7.5.3.2.1 – Control of Records for record retention requirements for lot traceability.

8.5.2.1 Identification and traceability – supplemental

No Nexteer specific requirements for this section

8.5.3 Property Belonging to Customers or External Providers

The supplier is to permanently mark Nexteer owned tools as "Property of Nexteer Automotive" or Nexteer's customer owned tools as directed by Nexteer. The supplier shall furnish a tool inventory of all Nexteer owned tools (active and inactive) in the supplier's possession. The tool inventory shall be submitted to the

Nexteer Buyer annually by January 31. The inventory shall contain the following information for each Nexteer owned tool:

- Tool part number(s) (typed in numerical order)
- Current tool revision
- Description
- Date parts last ordered
- Total cost of tool
- Number of shots produced from tool
- Remaining tool life (number of shots)
- Indicate previous part number if tool has been changed to produce a new part number

If tooling is to be paid by Nexteer, suppliers will be paid for tooling contingent on receipt and approval of requested tooling documentation, full PPAP approval, and successful run at rate at documented contracted capacity.
Maintenance and refurbishment of Nexteer or Nexteer customer owned tooling are the responsibility of the supplier.

If the supplier is tool design responsible, then reproducible tooling prints shall be completed by supplier within 6 weeks after PPAP approval (or at start of regular production, whichever comes first) on all new program tools, tools undergoing an engineering change, and current tools that are revised. Suppliers shall provide electronic reproducible tooling prints for existing tools. See Nexteer.com for Tooling Terms and Conditions for full details.

Where Zeiss CMM machines are utilized, refer to Nexteer SD-1019 which is available upon request.

8.5.4 Preservation

Refer to the current version of Nexteer Logistics Requirements (NLR) manual which is incorporated into these Supplier Requirements by reference. The NLR manual is located on nexteer.com: Logistics Processes.

8.5.4.1 Preservation – Supplemental

No Nexteer specific requirements for this section

8.5.5 Post-delivery activities

8.5.5.1 Feedback of information from service

No Nexteer specific requirements for this section

8.5.5.2 Service agreement with customer

No Nexteer specific requirements for this section

8.5.6 Control of Changes

8.5.6.1 Control of Changes – Supplemental

Change Control & Control of Design and Development Changes

This requirement includes changes to part design, material, and sub-tier supplier, manufacturing location (internal or external) or process. (Follow AIAG PPAP, current edition). Nexteer requires that all suppliers and their sub-tier suppliers understand the importance of the timeframe required to get change request approvals through each customer level up to and in some cases, including the Original Equipment Manufacturer (OEM). Contact your Nexteer Supplier Quality representative to discuss the scope and timing of the change approvals.

Any and all changes from the previously approved PPAP related to design, process, component, packaging, component suppliers, or facilities, and site changes including supplier proprietary designs shall be submitted to Nexteer for review and approval prior to implementation. Additionally, a completed and approved Production Trial Run (PTR) may be required. The supplier shall not make any changes without prior written notification and approval from Nexteer. Any unauthorized changes can, and in most cases will result in the supplier being placed on New Business Hold and costs incurred with the unauthorized change will be at the expense of the supplier. The supplier is responsible to communicate Nexteer's Change Management requirements to its sub-tier suppliers. An unauthorized sub-tier change can also lead to Nexteer's supplier being placed on New Business Hold.

The supplier must consider the entire scope and consider key information for the change before a Supplier Suggestion Change Request (SSCR) is submitted. It's critical that the supplier notify Nexteer via an SSCR (see below) as early as possible to allow time for Nexteer to review and approve the SSCR and supplier PPAP. In some cases, the OEM may have additional requirements and will need to approve the change and Nexteer will need to obtain a PPAP approval from the OEM.

Examples of key information to be considered include but are not limited to:

- Does the change require an appearance approval from the OEM?
- Will Nexteer be required to submit a PPAP to the OEM for this change?
- What quantity of banked inventory will Nexteer require?
- How is the supply chain going to be affected by this change?

Involving Nexteer early on, will ensure all parties will be able to develop an acceptable timing plan for the change.

The supplier shall retain approved change requests, for the life of the material per section 7.5.3.2.1.

Initial shipments of new or revised material will be appropriately labeled with the change level until notified by Nexteer Production Control, that all superseded materials, have been cleared from the supply chain.

Nexteer requested changes require timely response to the Buyer. Supplier responses are required within 10 business days.

Supplier Suggestion Change Requests – Suppliers are responsible to communicate supplier suggestion change requests (SSCR) with appropriate supporting documentation through the Supplier Suggestion Change Request Application, for all Nexteer locations. See link below included in the Supporting Documentation, Forms or Reference section.

8.5.6.1.1 Temporary change of process controls

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 8.5:

- www.aiag.org
- The following Documents are located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/
  - Early Production Containment Training
  - F1094 – Containment Checklist
- Nexteer Global Packaging and Shipping Manual – Located on Nexteer.com, Suppliers, Logistics Processes
- Supplier Packaging Information Form – Located on Nexteer.com, Suppliers, Logistics Processes
- Global Supplier Container Label Requirements Standards EDIFACT – Located on Nexteer.com, Suppliers, Logistics Processes
- Global Sample and PPAP Label – Located on Nexteer.com, Suppliers, Logistics Processes
- Nexteer Logistics Requirements manual located on Nexteer.com, Suppliers, Logistics Processes
- Customs and Border Forms Website: http://www.cbp.gov/xp/cgov/toolbox/forms/
- AIAG PPAP Manual -- www.aiag.org
- APQP and Current Production Cycle Forms – Located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes//
- Supplier Suggestion Change Request Application (SSCR): Link is located on Nexteer.com, Suppliers, Supplier Applications.

8.6 Release of products and services

8.6.1 Release of Products and Services – Supplemental

No Nexteer specific requirements for this section

8.6.2 Layout inspection and functional testing

As part of annual PPAP re-validation (see Section 8.3.4.4), the supplier shall annually perform the following, unless otherwise approved by Nexteer:
• A layout inspection on a minimum of five (5) pieces. Including all dimensions, notes, and specifications defined on the product drawing
• Functional verification, where applicable
• Raw material certification, including verification of compliance to all engineering material and performance requirements
• Updated laboratory scope of accreditation, where testing is performed by internal or external laboratories
• Measurement System Analysis (MSA) studies, where applicable to characteristics included in the layout or functional verification
• Process capability studies for characteristics identified by Nexteer and/or defined in the Control Plan as special, safety, compliance, or key characteristics (e.g. QCLs), where applicable

Results of the above activities, together with an updated Part Submission Warrant (PSW), shall constitute the minimum annual PPAP re-validation package and shall be submitted to the Nexteer AQE/SQE upon request.
If discrepancies are identified during layout inspection or functional testing, the supplier shall submit an Interim Recovery Worksheet (IRW) as part of the annual PPAP re-validation.

Annual layout inspection and functional testing requirements shall be documented in the supplier's Control Plan, as applicable.

8.6.3 Appearance items

No Nexteer specific requirements for this section

8.6.4 Verification and acceptance of conformity of externally provided products and services

No Nexteer specific requirements for this section

8.6.5 Statutory and regulatory conformity

No Nexteer specific requirements for this section

8.6.6 Acceptance criteria

No Nexteer specific requirements for this section

8.7 Control of nonconforming outputs

8.7.1

No Nexteer specific requirements for this section

8.7.1.1 Customer authorization for concession

No Nexteer specific requirements for this section

8.7.1.2 Control of nonconforming product – customer-specified process

The supplier shall have an internal containment procedure that integrates the requirements of the Nexteer Supplier Containment Instruction, located on nexteer.com, Quality Processes.

Per Attachment E, Defect Handling Table, suppliers shall have a material handling, reconciliation and response process that protects Nexteer and Nexteer customers. When required, reject reconciliation must be completed prior to shipment of parts. If reject counts versus actual reject log does not reconcile, there must be a clearly defined reaction plan that includes a robust communication throughout the supplier's organization and communication to Nexteer that defective parts may have not been 100% contained.

Controlled Shipping

The intent of Controlled Shipping is to implement a rigorous process that protects Nexteer from the receipt of nonconforming parts and/or material. Controlled Shipping is a formal requirement by Nexteer Supplier Quality for a supplier to put in place an additional inspection process to sort for nonconforming material, while implementing root-cause analysis and corrective actions.

Controlled Shipping Level 1 (CS1) is an additional inspection process separate from the PPAP approved process controls, implemented at the supplier's manufacturing facility.

Controlled Shipping Level 2 (CS2) is an additional inspection process above and beyond CS1, with the additional inspection process being completed by a third party. The third-party inspection company is selected by the supplier and approved by Nexteer Supplier Quality. The supplier is responsible for the cost of the third-party inspection company and additional incidental cost of CS2. Suppliers in CS2 shall notify their certification body and request review during the next surveillance/recertification audit. The supplier should submit to Nexteer, an audit report showing corrective action review by the certification body. This report should be provided to your SQE.

The Controlled Shipping process includes a detailed notification to the affected supplier for each level. The Controlled Shipping notification clearly identifies the dimensions or features that must be inspected, the supplier's responsibilities, the minimum duration of the inspection, and the specific exit criteria that must be met before the supplier may request exit from controlled shipping.

8.7.1.3 Control of suspect product

The supplier shall separate suspect parts and/or material from conforming parts and/or material by using an isolated secured containment area.

8.7.1.4 Control of reworked product

The supplier shall obtain approval from the Nexteer SQE prior to commencing rework of the part or material that was not already documented in the approved PPAP process. Reworked parts or material require traceability of the individual part *and Nexteer approval. This may include PPAP submission with Process Flow, PFMEA, and Control Plan updates.*

8.7.1.5 Control of repaired product

The supplier shall obtain approval from the Nexteer SQE prior to commencing repair of the part or material that was not already documented in the approved PPAP process. Repaired parts or material require traceability of the individual part *and Nexteer approval. This may include PPAP submission with Process Flow, PFMEA, and Control Plan updates.*

8.7.1.6 Customer notification

Refer to 8.7.1.2

8.7.1.7 Nonconforming product disposition

Refer to 8.7.1.2

8.7.2

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 8.7:

- The following forms are located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/
  - Containment: Supplier Containment Instruction, F1094 Containment Checklist

9. PERFORMANCE EVALUATION

9.1 Monitoring, measurement, analysis, and evaluation

9.1.1. General

No Nexteer specific requirements for this section

9.1.1.1 Monitoring and Measurement of Manufacturing Processes

Initial Process Capability Studies

125-piece capability studies are required at time of PPAP for all special characteristics unless otherwise agreed upon in the MAPP Supplier Capability and Selection review. Process capability studies of other characteristics may also be requested by Nexteer during the MAPP or APQP reviews. The 125-piece data points should come from the 300-piece minimum PPAP production run, in time-ordered rational subgroups of a minimum of 3 pieces. The sampling plan is to be documented and pre-approved by the Nexteer AQE/SQE.

On the initial process studies for special characteristics the supplier needs to demonstrate that the process is stable and in control through the use of a control chart as per the AIAG PPAP manual. Normality and capability must also be demonstrated. The above can be shown using the "Capability Six Pack", within Minitab per section 9.1.1.2.

The acceptance criteria for the process indices are per the requirements in Section 8.2.3.1.2.

NOTE: Any expected initial non-normal distributions should be communicated at the Supplier Capability & Selection Review (Technical Review) so that the capability analysis method and acceptance criteria can be discussed and agreed upon prior to PPAP submission.

Also refer to section 8.2.3.1.2 for on-going capability requirements.

9.1.1.2 Identification of statistical tools

Identification of Statistical Tools – The supplier should use the latest edition of AIAG SPC for manufacturing process controls and AIAG MSA for measurement system equipment management.

Minitab version 15 or newer (due to calculation differences in earlier versions) is the required statistical software package for preparation of Measurement System Analysis, and Process Capability studies. Any alternate software proposed must be evaluated by Nexteer and proven to match the results of Minitab.

9.1.1.3 Application of Statistical Concepts

No Nexteer specific requirements for this section

9.1.2 Customer satisfaction

No Nexteer specific requirements for this section

9.1.2.1 Customer satisfaction – supplemental

Monitoring and measurement, analysis, and evaluation

Nexteer uses a Balanced Scorecard to monitor supplier performance. The Scorecard provides an on-going assessment of quality, cost, delivery, and responsiveness. Suppliers will receive a Scorecard based on a 100-point maximum. Monthly performance details will also be provided to allow the supplier to identify improvement areas. The scorecard calculation is based on Cost (Calendar year % booked savings), Quality (6 month rolling data), Delivery, and Responsiveness. The Nexteer Supplier Scorecard performance levels are used as a measurement tool to compare suppliers:

Preferred –100 to 85

Source-able – 84 to 70

At Risk – 69 and below

The Supplier Balanced Scorecard User Guide defines in detail the individual scoring elements. This guide can be found on the Nexteer Supplier Website, Supplier Applications, Application Learning Center. Additionally, scoring rules are available in the Balanced Scorecard application via a link located within each individual monthly scorecard.

Suppliers may be weighted differently based on the supplier's site and commodity. You will be notified by your Nexteer AQE if you have specific targets.

The scorecard is available online via Nexteer's Supplier Management system. Suppliers are responsible to access Nexteer's Supplier Management system, review their scorecards, and ensure action plans are developed as applicable to achieve good scorecards.

9.1.3 Analysis and Evaluation

No Nexteer specific requirements for this section

9.1.3.1 Prioritization

No Nexteer specific requirements for this section

9.2 Internal audit

9.2.1

No Nexteer specific requirements for this section

9.2.2

Suppliers are responsible to develop and implement a Layered Audit Process. The program shall be administered under the guidance of a competent manufacturing process auditor as defined in IATF 16949 sanctioned interpretation no. 4. The AIAG CQI-8, Layered Process Audit Guideline may be used as a reference.

- The audit process shall involve multiple levels of site management, from line supervisor up to the highest level of senior management normally present at the organization manufacturing site.
- A member of the manufacturing site senior management (e.g., Plant/General Manager) shall conduct process control audits at least one per week. All members of site senior management shall conduct process control audits on a regular basis.
- Delegation of this activity will not be accepted with the exception of extenuating circumstances.

The purpose of performing layered audits is to verify compliance to the documented manufacturing/assembly process to assure the production system and process controls are working optimally.

Refer to the Nexteer Layered Audit Process requirements contained in the Layered Audit process document located on nexteer.com, Quality Processes.

9.2.2.1 Internal Audit Program

No Nexteer specific requirements for this section

9.2.2.2 Quality Management System Audit

No Nexteer specific requirements for this section

9.2.2.3 Manufacturing process audit

Suppliers of new parts that require special processes will be notified during the APQP process that they shall comply and must submit all applicable AIAG CQI assessments and Nexteer process specific audits for their value stream as part of their PPAP submission package. The initial CQI assessment must be less than 12 months old from the date the assessment was performed. An annual CQI reassessment is required. Suppliers are responsible to apply these requirements to applicable sub-suppliers. There may be additional unique OEM specific assessments required.
Contact your Nexteer SQE for submission requirements. Refer to section 8.2.1, Customer Communication.

9.2.2.4 Product Audit

No Nexteer specific requirements for this section

9.3 Management Review

9.3.1 General

No Nexteer specific requirements for this section

9.3.1.1 Management Review – Supplemental

No Nexteer specific requirements for this section

9.3.2 Management Review Inputs

No Nexteer specific requirements for this section

9.3.2.1 Management Review Input – Supplemental

No Nexteer specific requirements for this section

9.3.3 Management Review Outputs

No Nexteer specific requirements for this section

9.3.3.1 Management Review Output – Supplemental

No Nexteer specific requirements for this section

Supporting Documentation, Forms or Reference for Section 9:

- www.aiag.org
- Supplier Balanced Scorecard Scoring Rules – Located on the Nexteer Website, Supplier Applications: http://www.nexteer.com/learning-center/balanced-scorecard/
- AIAG Special Process Assessments. Refer to section 2.1. Required to be completed and made available to Nexteer when part of the supplier's value stream.

10. IMPROVEMENT

10.1 General

No Nexteer specific requirements for this section

10.2 Nonconformity and Corrective Action

10.2.1

No Nexteer specific requirements for this section

10.2.2

No Nexteer specific requirements for this section

10.2.3 Problem Solving

It is Nexteer's expectation that Suppliers shall have resources certified in structured problem solving (e.g., Six Sigma, Shainin, or equivalent).

Suppliers shall monitor and respond to all Problem Cases issued by Nexteer. The initial response to a problem is due within 24 hours. Final response, (with verified root cause analysis), is due within 14 calendar days.

Suppliers shall complete a 5-Why Analysis as a means of ascertaining root cause analysis. Suppliers shall be able to show evidence of verification of effectiveness of the corrective action. The 5-Why Analysis shall be submitted via the final response in Problem Case Management in Nexteer's Supplier Management system.

When claimed parts require destructive testing for root cause analysis, the supplier shall inform and obtain approval from the Nexteer AQE/SQE before such testing is performed.

10.2.4 Error Proofing

If the part has CL1 or CL2 features, Nexteer Supplier Quality may complete an additional review of quality documents to determine if controls are adequate. Additional error proofing may be required as a result of this review.

Error proofing is an automatic mechanism or device in the process to prevent a process from producing defects, or it detects any deviation on the part and notifies the operator. Error proofing automatically prevents the defected part from moving to the next process step.

Challenge parts must verify the effectiveness of the error proof device.

10.2.5 Warranty Management Systems

The supplier shall have a warranty analysis process consistent with AIAG CQI-14, Automotive Warranty Management Guideline and if applicable, OEM Customer Specific Requirements. Warranty issues are documented via a problem case within Nexteer's Supplier Management system with the expectation of supplier root cause analysis and corrective action submission within fourteen (14) calendar days.

Nexteer may require that a supplier retain returned warranty parts after analysis has been completed. If required for a particular Nexteer customer, an extended retention period (minimum of 90 days) will be communicated during a MAPP review or via a nomination letter.

10.2.6 Customer Complaints and Field Failure Test Analysis

The supplier is required to universally implement within the supply base the latest edition of the AIAG CQI-14 Automotive Warranty Management Guideline and OEM Customer Specific Requirements where applicable relative to Field Failure Analysis, which provide best practice guidelines for managing warranty processes and review of returned parts from the field. Additionally, where OEM Customer Specific Requirements apply, the supplier is required to submit its proposed plan to test returned parts for Nexteer's review.

10.3 Continual Improvement

10.3.1 Continual Improvement

When necessary, Nexteer will provide suppliers with tools, data, and expertise to support continual improvement activities. These tools and methods may include assessments, audits, data analysis, and other Nexteer-defined mechanisms intended to identify risks, performance gaps, and improvement opportunities.

Suppliers are responsible for developing and implementing a First Time Quality (FTQ) improvement process with appropriate alarm limits and reaction plans defined. FTQ issues should be prioritized with action plans showing continual improvement over time. An FTQ improvement process should be implemented during APQP, and PPM calculations verified at PPAP and Run-at-Rate. The goal of FTQ should be zero PPM.

Production Control Charts - When a control chart indicates that the production process has gone out of control, it is the supplier's responsibility to stop and fix the process and quarantine the suspect material for 100% inspection.

Suppliers shall use the Supplier Suggestion/Change Request application for any process changes associated with continual improvement activities.

Supporting Documentation, Forms or Reference for Section 10:

- CQI-14 Automotive Warranty Management Guideline
- Layered Audit – Located on Nexteer.com, Suppliers, Quality Processes: http://www.nexteer.com/quality-processes/
- AIAG CQI-8, Layered Process Audit Guideline
- Supplier Suggestion Change Request Application (SSCR) – Link is located on Nexteer.com, Suppliers, Supplier Applications.

11. COMMERCIAL

11.1 Commercial Expectations

To work with suppliers toward perfect program launches and continued seamless production, Nexteer will need access to suppliers' facilities and appropriate documents. In some cases, this may require access to sub-tiers' facilities and documents, with prior approval and participation of the Nexteer supplier.

Supplier's Involvement Prior to Sourcing – The following requirements are a supplement to Nexteer's General Terms and Conditions and Tooling Terms and Conditions, which are located on the Nexteer Supplier Website.

- When the Buyer requests a quotation in Nexteer's On-Line Quoting System, the supplier shall submit their response via Nexteer's On-Line Quoting System. Included with the on-line Quote Template, the supplier shall submit the Manufacturability Assessment & Process Plan (MAPP) template within 7 days of request from the Buyer.
- Nexteer utilizes the Manufacturing Capability Assessment (MCA) prior to contracting a business

relationship with a new supplier or a new supplier facility. An MCA will also be used if a technology or part family is new to an existing supplier's manufacturing location. A supplier will only be considered for business by Nexteer, if the MCA results in a green rating or has an acceptable action plan.
- Suppliers may be requested to participate in an MCA with Nexteer personnel or conduct a pre-assessment prior to an on-site meeting.
- Other commercial and technology assessments may be performed prior to or in conjunction with the MCA. Refer to section 8.4.2.5, Supplier Development.
- Nexteer requires submission of financial information, which may be supported by a third party to perform high-level financial assessments on each of our suppliers. Refer to section 8.2.1

During the Request for Quote response, the supplier should use the Nexteer Cost Breakdown format required by the Nexteer Buyer. Additionally, the supplier will verify the data exchange formats with the Nexteer Buyer. The Nexteer Buyer will assist in the coordination of the definition of these requirements. All communications/documents shall be in English unless there is prior agreement. Suppliers should utilize electronic print file formats.

11.1.1 Cost Modeling

As a requirement of new business award, the supplier shall have a cost model signed and shall use the Nexteer Cost Breakdown format. Nexteer requires the supplier to embrace and use Cost Modeling as the tool when quoting any product (new or current), this tool provides adequate visibility to understand the areas of opportunity that allows both parties to identify where efforts should be focused to make the supplier's offer more competitive, or failing that, which areas should be improved in the future. The Nexteer Cost Breakdown format should be used to ensure a standardized and fair comparison process between the various offers.

Cost Modeling also allows for subsequent evaluations of the parts in Regular Production to guarantee the supplier's competitiveness throughout the life of the program. Nexteer encourage the supplier to apply the tool thru the entire life of the part.

Nexteer is committed to providing the necessary training to the supplier to understand the use of the tool and allow the supplier to maximize its benefits throughout its entire value chain.

11.2 Pricing

Suppliers are expected to be globally competitive and benchmarked by the Nexteer Buyers. When requested by the Buyer, quotes shall be prepared using the Nexteer on-line quoting system within Nexteer's Supplier Management system.
Suppliers will complete the Piece Price and Tooling Breakdown Sections and include a separate itemized price for: 1.) Expendable packaging and 2.) Returnable packaging, when specified. Suppliers will complete the Manufacturability Assessment & Process Plan (MAPP) and Supplier Packaging Information (SPI), as requested by Nexteer.

Suppliers are expected to have a continual cost reduction improvement process to reduce their costs and improve the value of the product to Nexteer. The expected cost reduction goal will be annual. To support this, it is critical that suppliers continually improve their cost competitiveness as suppliers who do improve will be "preferred" to those who do not.
When appropriate, Nexteer GSM can provide assistance in cost reductions, through various workshops. For further information, contact your Nexteer Buyer.

Suppliers who provide prototype/pre-production part requirements are expected to provide them at production pricing unless otherwise agreed to by the Nexteer Buyer.

Nexteer will not accept quotations, issue contracts or purchase orders with minimum order quantities or guaranteed volumes.

11.3 Currency

Supplier is to quote in the currency specified by the Nexteer Buyer, which is the currency that Nexteer sells the final product to our customer. Exceptions to this requirement will result in a risk factor being added to the quoted price from the supplier, thus impacting the competitiveness of the supplier's quote.

11.4 Payment

Note: For production parts, payment (including tooling) requires the following supplier actions:

- Completion of APQP process
- Full PPAP approval
- Successful run-at-rate for the documented contracted capacity

To affect Electronic Funds Transfer (EFT), new suppliers will complete an EFT Payment Authorization Form for the appropriate Nexteer region location, if applicable. These forms are available on the Nexteer Supplier Website and are required only prior to issuing first payment or if remit name, address or "Ship From" DUNS number changes. Payments cannot be issued until the documented remittance information is provided to Nexteer as indicated on the form. Supplier invoices must be issued to the Nexteer legal entity location from which the purchase order was issued, and each invoice must include the purchase order number.

A Foreign Receiving Report or FRR should be used by supplier receiving locations to document that material has been received under a Nexteer Legal Entity Purchase Order at their respective locations. The FRR should be completed by the receiving location and returned to Nexteer to input receipts, which will generate payment to the supplier.

11.5 Cost Recovery

Cost Recoveries including Warranty Recovery will be communicated through the Cost Recovery Management application within Nexteer's Supplier Management system. Suppliers are expected to respond to the Cost Recovery in a timely manner to avoid deduction of responsiveness points from the supplier scorecard. Warranty costs will be inclusive of all Nexteer incurred expenses including charges from Nexteer customers. Nexteer customers use various methodologies to charge back warranty or recall costs to Nexteer. These methods shall result in a warranty chargeback method between Nexteer and the Nexteer supplier. The most common Nexteer customer chargeback methods are described in the table below, as well as the resulting charge back method between Nexteer and the Nexteer supplier.

	Regular Warranty				Warranty Spike/Field Campaign/Recall
	Direct Chargeback	Responsibility Factor RF (%)		Warranty Performance Target	
OEM to Nexteer Charge Back Method	Cost charge back by OEM is defined based on individual analysis of each warranty returned part	Cost chargeback by OEM is defined based on warranty return sampling analysis at a defined time in the project. $RF_{Nexteer}$ can be carried over project life or updated at agreed frequency	Cost charge back by OEM is pre-established (40/60, 100/0…). Can be carried over project life or updated at agreed frequency.	Cost charge back by OEM only if Nexteer does not meet the contractual warranty performance target (i.e. IPTV)	Cost charge back by OEM after negotiation with Nexteer depending on spike scenario
Nexteer to External Supplier Resulting Chargeback Method	Problem Case issued, Cost Recovery refers to Problem Case	PC not necessarily issued, CR issued referring $RF_{Supplier}$ established between Nexteer and external supplier. $RF_{Supplier}$ ideally results from the analysis of same above samples used for $RF_{Nexteer}$ (between OEM and Nexteer)	PC not necessarily issued. CR issued referring to $RF_{Supplier}$ established between Nexteer and supplier based on random sample analysis. If this is not possible, the regional Quality Manager will define an alternativwe process with GSM and supplier.	PC not necessarily issued. CR issued referring to $RF_{Supplier}$ established between Nexteer and supplier based on random sample analysis. If this is not possible, the regional Quality Manager will define an alternativwe process with GSM and supplier.	Problem Case issued, Cost Recovery refers to Problem Case
Debit from Nexteer to external supplier	Equals debit Nexteer received from OEM	Equals debit Nexteer received from OEM multiplied by $RF_{supplier}$	Depends on negotiation	Depends on negotiation	Equals debit Nexteer received from OEM

11.6 Data Privacy

At Nexteer we respect and are committed to protecting the Personal Information and align Nexteer's privacy policies and data protection practices with the law. Personal Information means any information relating to an identified or identifiable individual. Nexteer policies and processes reflect current standards and principles with respect to the processing of Personal Information, including sensitive personal data, and will abide by any laws and regulation specific to the countries in which Nexteer does business.

The commitment to protecting the Personal Information and associated data protection practices are extended through contract to our suppliers and partners. Accordingly, all Nexteer suppliers shall comply with (i) all laws, rules, regulations, court orders and governmental requirements applicable to the privacy, confidentiality or security of Personal Information, including without limitation, to the extent they may be applicable: (a) the European Union Directives and/or Regulations governing data protection as well as the laws and regulations that implement such Directives; (b) laws and regulations imposing security requirements to protect Personal Information; (c) laws and regulations restricting international transfers and processing of Personal Information; and (d) laws and regulations requiring the secure disposal of records containing certain Personal Information; (ii) all applicable industry standards concerning privacy, data protection, confidentiality and security of Personal Information; and (iii) all applicable provisions of Nexteer's privacy policies (see notably), statements or notices made available to the supply base. Suppliers shall enter into any further privacy or information security agreements, including any applicable data transfer agreement, or take any other steps requested by Nexteer for purposes of compliance with the foregoing.

EU General Data Protection Regulation (GDPR)

With respect to personal information (as defined in GDPR) received or transferred pursuant to Data Privacy Framework , Nexteer Automotive Corporation is subject to the regulatory enforcement powers of the U.S. Federal Trade Commission. The company's commitment to participate in the Data Privacy Framework program may be found at the following U.S. Department of Commerce website located at: https://www.dataprivacyframework.gov/list

PRC Personal Information Protection Law (PIPL)

Cybersecurity and data protection. In consideration of the processing and interaction of corporate data and personal information involved in the agreed cooperation, the Supplier agrees to fulfill their obligations relating to network and data security management, personal data protection, etc. in accordance with the applicable PRC *Cybersecurity Law*, *Data Security Law*, *Personal Information Protection Law* in force, as well as other applicable laws and regulations, normative documents, standards, regulatory requirements, industry policies and other requirements.

Data Processing Agreement

Where Nexteer transfers Personal Information onward to suppliers for processing, such suppliers will enter into a Data Processing Agreement setting forth their undertakings with respect to adherence to adequate data protection principles.

Information Security

Information security is a critical component of operational integrity, customer trust, and supply chain resilience. Modern manufacturing environments rely heavily on interconnected systems, automation, and data exchange across the supply chain. Weak security controls at any point in this chain can lead to operational disruptions, financial losses, safety risks, or unauthorized access to sensitive information. Suppliers play a critical role in safeguarding these operations. Effective safeguards, such as controlling access to systems, protecting sensitive data, ensuring secure communication, and maintaining cybersecurity hygiene help prevent incidents like production downtime, compromised product quality, or exposure of confidential designs and processes.

While TISAX assessment and certification are not currently mandated for all suppliers, we strongly encourage our suppliers and service providers to align with TISAX information security requirements. We recommend pursuing independent third-party assessments and working toward obtaining a recognized TISAX compliance label to demonstrate a structured, verifiable approach to information security.

Proactive alignment with TISAX expectations supports risk reduction, strengthens our corrective security posture, and positions all parties to meet current and future customer and regulatory requirements.

Email Domain Usage:

While the use of a registered corporate email domain is currently not mandatory, suppliers are strongly encouraged to communicate using a business-registered domain rather than public email services such as Gmail, Outlook.com, or 163.com. Doing so enhances efficiency by ensuring messages are properly routed and easily identifiable and strengthens information security by reducing risks related to impersonation, spoofing, mistaken emails, and unauthorized access. Suppliers may continue using public email domains where necessary but transitioning to a registered domain is recommended to support secure and reliable communication.

11.7 Corporate Social Responsibility (CSR) Supplier Principles

Nexteer is committed to acting in accordance with all applicable laws and conducting our business in a socially and environmentally responsible manner with the highest degree of integrity. This commitment is extended to our global supply base via Nexteer's **Corporate Social Responsibility (CSR) Supplier Principles.**

Nexteer's Global Supply Chain Management expects the entire supply chain to specifically adhere to the principles described in Nexteer's **Corporate Social Responsibility (CSR) Supplier Principles**. Direct suppliers are required to self-certify yearly by answering questions and providing appropriate evidence via the Nexteer Sustainability application in Nexteer's Supplier Management system. Nexteer reserves the right to audit such submissions either on-site or virtual. Compliance to the Nexteer Corporate Social Responsibility Supplier Principles is a requirement of new business award. For each non-compliance, the supplier must implement corrective action plans to remain compliant with Nexteer CSR Supplier Principles. In the event the supplier fails to respect these principles, Nexteer reserves the right to impose penalties up to the exclusion of the supplier from Nexteer's supply base.

Regarding any potential forced labor identified in the supply chain, suppliers shall commit to a 30 day response time to either 1) reject the relationship i.e. confirm the relationship is false or 2) confirm the materials from the forced labor entity do not end up in Nexteer components, or 3) confirm the relationship and materials from the forced labor entity. In the case of number 2 or 3, a corrective action plan shall be provided to Nexteer.

Supporting Documentation, Forms or Reference for Section 11:
Manufacturability Assessment & Process Plan (MAPP) Template - Located on Nexteer.com, Suppliers, Sourcing Processes: http://www.nexteer.com/sourcing-processes/
EFT Payment Authorization Forms - Located on the Nexteer.com, Suppliers, Financial Processes: http://www.nexteer.com/financial-processes/
Corporate Social Responsibility (CSR) Supplier Principles – Located on Nexteer.com, Suppliers, Doing Business With Nexteer: https://www.nexteer.com/doing-business-with-nexteer/

Attachments B, C, D and E

There may be unique OEM specific standards that exceed the requirements listed in this section.

Attachment B **(Note–attachment A does not exist. This document intentionally begins with attachment B.)**
References to 07-1-4-12 G1174, G1331, 15-1-4-4 G1735, 15-1-4-13 G1763, 15-1-4-28 G1786, 19-1-4-2 G1901, and 07-1-4-15 G1185 are for Nexteer internal use only.

ATTACHMENT B - PRODUCT CHARACTERISTIC CONTROL LEVELS CHART

Nexteer Automotive **Product Characteristics Control Levels Chart** Revised: 1-Dec-2024

Design Criteria					Manufacturing Requirements[1]				
Design Severity & Sensitivity (DSS) Result					Detection Activity				
FMEA Severity[2]	Sensitivity	Characteristic Name	Control Level	QCL Symbol	Frequency of Inspection or Process Monitoring	PFMEA Detection Rating Criteria	Process Controls	Material Handling	Traceability 07-1-4-15 G1185
9 - 10	RED	Safety (10) or Government Compliance (9)	CL1		100%[3]	1 - 4	1 - 4	A	Singular Preferred Lot Control Required
9 - 10	YELLOW	Safety (10) or Government Compliance (9)	CL2		100%[3]	1 - 6	1 - 4	A-B	Lot Control or Singular
9 - 10	GREEN	Safety (10) or Government Compliance (9)	CL3	No drawing symbol	Per Control Plan[5]	1 - 6	1 - 7	A-B	Per Traceability Input Document
8	RED	Fit/Function	CL4		100%[3]	1 - 6	1 - 6	A-B	Per Traceability Input Document
8	YELLOW	Fit/Function	CL5[4]		Per Control Plan[5]	1 - 6	1 - 7	A-C	Per Traceability Input Document
8	GREEN	Standard	STD	No drawing symbol	Per Control Plan[5]	1 - 6	1 - 7	A-C	Per Traceability Input Document
4 - 7	RED	Fit/Function	CL5[4]		Per Control Plan[5]	1 - 6	1 - 7	A-C	Per Traceability Input Document
4 - 7	YELLOW	Standard	STD	No drawing symbol	Per Control Plan[5]	1 - 6	1 - 7	A-C	Per Traceability Input Document
4 - 7	GREEN	Standard	STD	No drawing symbol	Per Control Plan[5]	1 - 6	1 - 7	A-C	Per Traceability Input Document
1 - 3	R-Y-G	Standard	STD	No drawing symbol	Per Control Plan[5]	1 - 10	1 - 7	A-C	Per Traceability Input Document

Attachment B Continued (Notes)

Revised: 1-Dec-2024

Note 1: WHEN AN ALTERNATIVE CONTROL STRATEGY IS NECESSARY OR APPROPRIATE USE NEXTEER G1331 APPROVAL FORM X-1331 LOCATED IN THE DEVIATIONS WEBSITE.

Note 2: AS PRESCRIBED BY SAEJ1739 FMEA STANDARD AND AIAG & VDA 1st EDITION HANDBOOK. THE PFMEA SHALL INCLUDE EFFECTS ON THE PRODUCT AND PROCESS. THE PFMEA SEVERITY RANKING USED TO CALCULATE THE ACTION PRIORITY OR RISK PRIORITY NUMBER SHOULD BE EQUAL TO OR GREATER THAN THE SEVERITY RANKING IN THE DFMEA.

Note 3: a. IF 100% PART INSPECTION IS NOT THE MOST EFFECTIVE OR FEASIBLE SOLUTION, THEN PROCESS CONTROL PARAMETERS MUST BE 100% MONITORED AND IDENTIFIED AS A KCC IN THE CONTROL PLAN ALONG WITH AN APPROPRIATE VERIFICATION PLAN & DETECTION METHOD WITH DOCUMENTATION REQUIRED.

NOTE: PROCESS MONITORING APPLIES TO MACHINE SETTINGS THAT ARE CONTROLLED PER NEXTEER MACHINE PROCESS SHEETS (MPS). A KCC IS A PROCESS PARAMETER THAT INFLUENCES ONE OR MORE QCLs.

Examples: BATCH OR STEADY STATE PROCESSES (e.g.: BATCH OR BELT HEAT TREAT, PLATING), DIMENSIONS RESULTING FROM A MOLDING, STAMPING OPERATION OR FROM A MACHINING OPERATIONS WHERE 1 TOOL CUTS MULTIPLE DIMENSIONS, MATERIAL PROPERTIES AND DIMENSIONS FOR INCOMING INSPECTION, GEOMETRIC TOLERANCES VERIFIED BY COORDINATE MEASURING MACHINE AND WHEN DESTRUCTIVE TESTING IS REQUIRED.

b. PART INSPECTION OR PROCESS MONITORING FOR ALL COMPONENTS AND ASSEMBLIES MUST BE WITHIN THE MANUFACTURING FACILITY. EXCEPTIONS THAT RESULT IN 100% VERIFICATION DOWNSTREAM AT NEXTEER INSTEAD OF AT THE SUPPLIER MUST BE APPROVED BASED ON EFFECTIVENESS OF CONTROLS. ALL NEW PART NUMBERS WILL REQUIRE PART INSPECTION OR PROCESS MONITORING AT THE COMPONENT OR ASSEMBLY'S MANUFACTURING LOCATION INDEPENDENT OF PREVIOUS EXCEPTIONS.

Note 4: CUSTOMER DOCUMENTED REQUIREMENTS SUPERSEDE REQUIREMENTS SHOWN. WHERE POSSIBLE CUSTOMER DESIGNATED CHARACTERISTICS WILL BE A CL5 OR APPROPRIATE DESIGNATION BASED ON SEVERITY AND SENSITIVITY.

Note 5: THE OPTIMUM CONTROL STRATEGY METHOD WILL BE DETERMINED DURING PFMEA (MAKE) AND SUPPLIER MAPP DEVELOPMENT AS INPUT TO THE CONTROL PLAN. IN SOME CASES CAPABILITY STUDIES WILL BE NECESSARY TO DETERMINE ONGOING FREQUENCY AND SAMPLE SIZE.

Attachment C – Detection Control Table (PFMEA Detection Rating Criteria)

Revised: 01-Dec-2024

Detection Controls per SAE J1739
07-1-4-12 G1174

Assessment of "ability to detect" for PFMEA is accomplished by assessing the likelihood that the current detection-type process controls will be able to detect the failure mode or associated cause, considering guidance from detection maturity method and opportunity for detection.

D	Detection Method Maturity	Opportunity for Detection	Nexteer Detection Examples
10	No testing or inspection method has been established or is known	The failure mode will not or cannot be detected	No detection control
9	It is unlikely that the testing or inspection method will detect the failure mode	The failure mode is not easily detected through random or sporadic audits	Inspection at an unspecified frequency
8	Test or inspection method has not been proven to be effective and reliable (e.g., plant has little or no experience with method, marginal MSA results on comparable process or this application, etc.)	Human inspection (visual, tactile, audible), or use of manual gauging (attribute or variable) that should detect the failure mode or failure cause	New type of manual gauge or inspection method
7		Machine-based detection (automated or semi-automated with notification by light, buzzer, etc.), or use of inspection equipment such as a coordinate measuring machine that should detect failure mode or failure cause	Adoption of a new methodology (automated or semi-automated machine inspection)
6	Test or inspection method has been proven to be effective and reliable (e.g., plant has experience with method; MSA results are acceptable on comparable process or this application, etc.	Human inspection (visual, tactile, audible), or use of manual gauging (attribute or variable) that will detect the failure mode or failure cause (including product sample checks)	Manual inspection -Includes machine enhanced solutions e.g., Xray, Magnetic Particle Inspection, Eddy current, etc. -Product requirements called out without specific measureable limits with effective controls e.g., fully engaged (tacticle push/pull), clear of grease (visual), etc.
5		Machine-based detection (semi-automated with notification by light, buzzer, etc.), or use of inspection equipment such as a coordinate measuring machine that will detect failure mode or failure cause (including product sample checks)	Material lot control, destructive testing, load cell calibration, error-proof verification, alignment calibration, CMM inspection equipment, equipment-based inspection which has lower dependence on operators(for example, grease weight scale build in machine which can show the weight automatically)
4	System has been proven to be effective and reliable (e.g., plant has experience with method on identical process or this application), MSA results are acceptable, etc.	Machine-based automated detection method that will detect the failure mode downstream, prevent further processing or system will identify the product as discrepant and allow it to automatically move forward in the process until the designated reject unload area. Discrepant product will be controlled by a robust system that will prevent outflow of the product from the facility.	Machine inspection (automated) downstream e.g. noise test, leak test, final function test (Includes bar code or RFID defect pass/fail tracking)
3		Machine-based automated detection method that will detect the failure mode in-station, prevent further processing or system will identify the product as discrepant and allow it to automatically move forward in the process until the designated reject unload area. Discrepant product will be controlled by a robust system that will prevent outflow of the product from the facility.	Machine inspection (automated) e.g. in station adjust and measure, in cycle process monitor, torque & angle, force or distance monitoring, part presence switch
2	Detection method has been proven to be effective and reliable (e.g., plant has experience with method, error proofing verifications, etc.)	Machine-based detection method that will detect the cause and prevent the failure mode (discrepant part) from being produced	Machine monitoring before cycle e.g. monitoring machine parameters, air pressure switch, grease detection switch, correct voltage, power for welder, batching matching, weight belts, part in position switch, etc.
1	Failure mode cannot be physically produced as designed or processed, or detection methods proven to always detect the failure mode or failure cause		

Attachment D

PROCESS CONTROL TABLE

Revised: 01-Dec-2024

PROCESS CONTROL*	Process Controls Description For use with gauging and machine monitoring *15-1-4-4 G1735, 15-1-4-13 G1763
7	Sampling using attribute gauging - to monitor and adjust process
6	Sampling using variable gauging - to monitor and adjust process
5	Sampling using stop light style(red, yellow, green) variable gauging
4	Variable gauging with SPC charting
3	Variable gauging with automatic feedback/compensation control
2	Machine monitoring/control
1	Error (Cause) prevention as a result of fixture design, machine design or part design.

* 100% Attribute gauging is considered a Detection Control.

Attachment E – Nonconforming Material Handling

Revised: 01-Dec-2024

Nonconforming Material Handling / Reconciliation / Response

	Nonconforming Material Handling 19-1-4-2 G1901			Reconciliation 15-1-4-28 G1786		Response 15-1-4-28 G1786	
When Inspecting Part or Monitoring Process 100%	Nonconforming parts prevented from being used in subsequent operations by means of disassembly, destruction or part tracking (RFID or Barcode). In case of small parts or parts without RFID/barcode, part is placed automatically into a lock box with a tamper proof reject chute.	Nonconforming parts prevented from being used in subsequent operations by means of disassembly, destruction or part tracking (RFID or Barcode). In case of small parts or parts without RFID/Barcode, operator required to place nonconforming part in lock box interlocked to prevent equipment from advancing until reject part is detected. Reject Chute and lock box must be tamper proof.	Nonconforming parts placed into approved container, properly identified, and segregated from in-process material	Reject reconciliation completed prior to shipment of parts Reject Count from Equipment or Process Must Match Actual Physical Rejects and/or Log Sheets	Standard Reject Containment process formalized Reject Count from Equipment or Process Must Match Actual Physical Rejects and/or Log Sheets	If reject count versus actual rejects/log does not reconcile, there must be clearly defined standard reaction plan (containment procedure) that is utilized	Recovery, Repair or Rework allowed only with PPAP approved methods unless a Temporary Deviation, Approved Change Request and/or Supplier Suggestion / Change Request (SCR) is issued and approved for any material that deviates from the product drawing or specification requirements. Reprocess in Station or Retest in Station is allowed when resubmitting material thru original approved process. Allowed max attempts must be defined by ME in Traceability Input Doc or SWI, otherwise not allowed.
When sampling; < 100% inspection	Not applicable	If nonconformity found must segregate all parts produced back to the last known good part/lot and place in a lock box.					
A	✓			✓		✓	✓
B		✓		✓		✓	✓
C			✓		✓	✓	✓

12 Nexteer Supplier Requirements – Change Review Log Summary

Approval/Effective Date	Issue/Revision Changes Summary	Title/Function
May 1, 2026	**2.1 Normative and Informative References** – Added AIAG CQI-32 Bar Steel Systems. Added the Nomination Letter to the Order of Precedence. **3.1 Terms and Definitions** – Added SMS (Nexteer's Supplier Management System) as a replacement for Intelex in this section and throughout and added TISAX (Trusted Information Security Assessment eXchange). **4.3 Quality System Certification** – Allowed for comparable quality certifications to ISO9001 for distributors whose business is not primarily automotive. **4.3 Requirements for Suppliers of Electronics** - Now includes a dedicated cybersecurity audit and support of Nexteer's compliance with ISO/SAE 21434. **4.4.1.2 Product Safety** – Added subtitle 'Functional Safety, Cybersecurity, and other Industry Standards". Cybersecurity audit is required when requested by Nexteer (process specific audit). **5.1.1.1 Corporate Responsibility, Environmental Sustainability** – Clarified for the suppliers' reporting, it is based on a consistent 12-month reporting period and reasonable allocation methods to relate such data to Nexteer goods or parts. **6.1.2.3 Contingency Plans – Recall Insurance** - New requirement is based on but not limited to supplier performance, export risk, corporate and financial risk, and product technical risk. At the discretion of Nexteer, suppliers may be required to maintain product recall insurance coverage including "Third-Party Liability," with a minimum limit of $5 million dollars and deductible or self-insured retention of not more than $100 thousand dollars. **7.4 Communication** - Suppliers must have clear and accurate communication of their policies etc. with workers, suppliers, and customers. **7.5.3.1.2 Record Retention** – -Records of process control data, product inspection data, product audit reports, and documented reaction actions to readings outside specification shall be retained in a recoverable format for ten (10) years. -Records related to components identifying Safety or Critical Characteristics shall be retained for the longer of thirty (30) years after final delivery (including service requirements) or the period prescribed by applicable law, unless otherwise specified by Nexteer GSM or regulatory authorities. -Records related to product traceability shall be retained for the life of the product plus service, unless otherwise specified by	Jacky Xu Chief Purchasing Officer Global Supply Management Glenn Barrie Executive Director Global Supplier Quality & Development

Approval/Effective Date	Issue/Revision Changes Summary	Title/Function
	Nexteer GSM, applicable law, or Customer-Specific Requirements. **8.2.1 Customer Communication –** -Added Nexteer Supplier Data Cloud (NSDC) communication requirement. -Supplier profile contact information in Nexteer's SMS is required to be reviewed on a bi-annual basis and failure to confirm or update will result in a system lock-out. -DocuSign renamed to eSignature Platforms and added stamped company seal may be required for suppliers located in the Asia Pacific region. **8.3.4.4 Product Approval Process** - Evidence of sub-tier PPAP approval shall be retained by the supplier and made available to Nexteer upon request. **8.4.2.4.1 Second-Party Audits** – Risk based proactive second party audits may be conducted by Nexteer at supplier locations as part of supplier performance monitoring. **8.5.1.1 Control Plan** – Suppliers should identify and consistently reference applicable Nexteer Road Map numbers where available, within the control plan. Where Control Plans reference measured or monitored characteristics, the associated Road Map (RM) numbers should also be reflected in related quality planning and verification documents. If Nexteer Road Map (RM) numbers are not used, suppliers shall be able to demonstrate an alternative, documented method for characteristic identification and for maintaining clear linkage between PFD, PFMEA, Control Plan, and capability studies, such that traceability, data consistency, and effective analysis of quality risks are preserved. **8.5.1.7 Production Scheduling and Supplier Delivery Evaluation** – Contents of this section were removed and are now included in a new manual stating Nexteer requirements for Logistics which is incorporated into this document by reference. This new document is titled "Nexteer Logistics Requirements" and is published on nexteer.com. **8.5.2 Identification and Traceability** – Clarified Nexteer product traceability requirements apply to all supplied parts and not just critical components. The level of traceability shall be defined based on product, process, safety, regulatory, and OEM customer requirements. **8.5.4 Preservation** - Contents of this section were removed and included in a new manual stating Nexteer requirements for Logistics which is incorporated into this document by reference. This new document is titled "Nexteer Logistics Requirements" and is published on nexteer.com. **8.6.2 Layout Inspection and Functional Testing** – Section arrangement updated only to provide clarity utilizing a bulleted list of annual PPAP requirements. **10.3.1 Continual Improvement** – Removed reference to the MCA/NSA audit as this is no longer in a document format that can be provided to the supplier.	

Approval/Effective Date	Issue/Revision Changes Summary	Title/Function
	11.5 Cost Recovery - Suppliers are expected to respond to the Cost Recovery in a timely manner to avoid deduction of responsiveness points from the supplier scorecard. **11.6 Data Privacy** – Information Security and Email Domain Usage. We strongly encourage TISAX (trusted information security assessment exchange) alignment on information security. We strongly encourage suppliers to use a business registered email domain rather than public email addresses. **11.7 Corporate Social Responsibility (CSR) Supplier Principles** - Regarding any potential forced labor identified in the supply chain, suppliers shall commit to a 30 day response time to either 1) reject the relationship i.e. confirm the relationship is false or 2) confirm the materials from the forced labor entity do not end up in Nexteer components, or 3) confirm the relationship and materials from the forced labor entity. In the case of number 2 or 3, a corrective action plan shall be provided to Nexteer.	