Supplier General Quality Requirements

FSN-1013

Approvals

See PCR # 8639 for approvals.

Revision History

Revision	PCR #	Date	Pages Changed	Change Description
H	8639	2/3/23	8 & 11	Section 4.10 Updated the Suppliers minimum record retention period to 11 years
G	8373	2/8/22	13	Added Section 5.3 It is the supplier's responsibility to ensure that all persons working for the supplier are aware of: 5.3.1 Their contribution to product of safety conformity. 5.3.2 Their contribution to product safety. 5.3.3 The importance of ethical behavior.
F	6119	1/10/2017	2-3	Updated definitions section – added Production Realization. CAR # 3368
E	6049	12/7/2016	7	Updated shelf life requirements.
D	3783	5/6/2013	1-12	Modified procedure per PCR 3783.

1.0 BACKGROUND/INTRODUCTION

This Supplier General Quality Requirements document is defined as the basis of all quality agreements between all Fusion legal entities ("Buyer") and Fusion suppliers ("Seller" or "Supplier").

2.0 SCOPE and PURPOSE

This document defines the general requirements relating to the quality of all products or services purchased by the buyer from the supplier during the term of any agreement including but not limited to purchase orders, global business agreements, or other terms and conditions documents referencing this document. Any deviations, exceptions or additional requirements shall be mutually agreed in writing between buyer and supplier. Specific quality criteria, targets and similar measures will be mutually agreed in product specific component quality plans (CQP), if not already defined in a product specification. When referenced by the applicable agreements, all of these requirements will comprise a complete quality agreement between buyer and supplier.

Buyer companies serve a variety of industries and business segments and as such, Buyer has unique supplier quality requirements specific to these industries and business markets. Processes and tools described in this agreement represent the core expectations and requirements of our business partners.

The terms of purchase transactions between Buyer and Supplier are governed by a general business agreement or terms and conditions checklist. If neither of these agreements exists the terms governing purchase transactions between buyer and supplier are the buyers' standard terms and conditions, which are transmitted with every purchase order.

3.0 DEFINITIONS

Certificate of Compliance (COC): A document certified by a competent authority that the supplied good or service meets the required specifications. This is also called certificate of conformance, certificate of conformity.

Corporate Social Responsibility (CSR): A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates.

Product Realization: The work performed to develop, manufacture, and deliver the finished goods or services. This work includes quotation, product documentation development, product process development, component and service procurement, assembly, inspection, testing, packaging, and shipment. Areas related to product realization are directly or indirectly affected by customer or regulatory requirements (e.g. BOM, AVL, Drawing, Quality Requirements, Schematic, CAD, and Gerber Data). Affected categories include:

1. Documentation and Process Development (Product Control Plans, Inspection or Test Plans, Equipment, Tools, Fixtures, Work Instructions, Training).
2. Component, Chemical, and Packaging Materials including those in product and those used to ensure realization process activity (OEM, Franchised, MRO, and Independent).
3. Special assembly processes that require expertise not available at Fusion (Cable Assembly, Conformal Coat, and IC Programming).

Outside business support services used to ensure realization process activity (Information Technology, Chemistry Testing, Calibration, Component Testing, Training, or Recertification).

Quality Management System (QMS): The system of methods, measurements, and analyses performed to demonstrate product conformity to requirements, ensure process conformity to requirements, and maintain or improve the effectiveness of the overall system. This system is a feedback loop of input to the management review, analysis of data, output of the management review, and implementation of corrective action.

4.0 SUPPLIER REQUIREMENTS

4.1 SUPPLIERS QUALITY SYSTEM

Unless otherwise specified and approved by buyer, the supplier is required to have a Quality Management System (QMS) in operation aligned with or similar to ISO9001, AS9100, ISO13485, TL-9000, TS-16949 or other QMS system. Accreditation by a third party certification body to the current version of QMS standard will be viewed more favorably by Buyer in supplier qualification criteria.

4.1.1 Evaluations of supplier Quality Management Systems (QMS) will be performed by Fusion within one Quarter (3 months) of expiry of existing certifications.

4.1.2 Fusion will notify the supplier of pending expiry and request updated surveys or certifications as appropriate.

4.2 SUPPLIER PROVISIONS

4.2.1 **Performance**

Risk: Supplier shall inform Buyer immediately if there is any possible risk related to reliability, function, safety or deviation from legal compliance related to Supplier's product.

Performance Rating: Buyer may evaluate Suppliers business performance (quality, service, and cost of ownership) on a periodic basis and issue Supplier a supplier rating report

Corrective Action: For those rated Suppliers who received unsatisfactory performance metrics, Supplier shall submit a written improvement plan

within one month after receipt of rating report providing a roadmap and commitments on dates when Supplier will reach an acceptable rating.

4.2.2 **Amendments**

Specific Quality requirements may be amended only with the written consent of both Parties

4.3 REGULATORY APPROVALS, PRODUCT SAFETY, SUPPLIER CERTIFICATION AND COMPLIANCE WITH LAWS

Regulatory: Upon request, Supplier shall obtain all required regulatory approvals, and apply approbation marks accordingly, for products and manufacturing processes. Approvals shall be obtained and products marked, prior to first deliveries.

Safety: Buyer shall identify all relevant safety requirements and provide associated documentation for products designated for use in safety related applications. For other non-safety use related products, Buyer shall inform Supplier of the status of any product attributes Buyer deems important for safety considerations. Where product safety considerations or specifications exist from Buyer, Supplier must demonstrate specific control processes or qualification tests which include but are not limited to product validation, 3rd party qualification, and regulatory testing to guarantee 100% product compliance with Buyers' safety considerations or specifications.

Supplier Certification: If Buyer requests a Certificate of Conformance ("COC") that confirms the quality status of products and/or processes for each batch or any other interval, the requested COC shall be provided as requested prior to or with each delivery.

Packaging: Supplier shall comply with packaging regulations of destination countries including, but not limited to ISPM 15 "requirements of Wood Packaging Materials."

Environmental: Supplier warrants and represents that, unless otherwise specifically agreed by a duly authorized representative of Buyer, all Product supplied and work performed under this agreement shall comply with all applicable laws governing the environmental compliance of the Products similar but not exclusive to the EU Directive 21002/95/EC on Restriction of Use of

Hazardous Substances ("RoHS") and/or (EC) No 1907/2006 on Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH").

(i) Supplier shall define and implement appropriate and effective policies in order to ensure compliance to all environmental regulations and shall regularly assess compliance by Supplier and its suppliers. Upon request, Supplier shall inform Buyer of the measures adopted to ensure compliance with specifically identified environmental regulations. Any exemption to any environmental requirements which the Supplier wishes to utilize must be agreed to in writing with the Buyer.

(ii) Upon Buyer's request Supplier shall provide Buyer with full materials content information using the designated format provided by Buyer. Supplier warrants that the information it provides Buyer based on this requirement is correct and complete and will provide a Certificate of Compliance with each full materials content response provided to Buyer. In the event that a failure to comply with this Section is detected, Supplier shall, upon Buyer written notice, immediately remedy such failure so that its conduct and Product conforms to the Rules;

(iii) Upon Buyer's request, Supplier shall certify compliance with applicable laws and regulations identified by Buyer and provide such evidence of compliance, which may include but not limited to, test results, test verification, and lab reports. Such evidence shall be retained by supplier to be made available to buyer on request for a minimum of (10) year from date of test.

4.4 CHANGE MANAGEMENT

Product Change Notifications ("PCN") are required for all changes to production and prototype components affecting non-interchangeable form, fit or function and including, but not limited to, production performance, reliability, safety, appearance, serviceability, dimensions, tolerance, conformance to regulatory agencies, change of machinery, factory change, change of sub-suppliers, etc per requirements in JEDEC Standard 46 (JESD46). Notification by Supplier shall be independent of the last delivery date. All PCNs shall be submitted in writing to Fusion Buyer. Fusion Buyer will submit all PCN's to Fusion Program Manager and then the Program Managers will forward to applicable customer(s) based on customer requirements. PCNs must be provided 90 days prior to any change implementation. In case of Product Discontinuance, Seller shall provide written notice of planned Product Discontinuation.

(i) 6 months minimum from the notice for last order dates
(ii) 12 months minimum from the notice for final shipment release dates

4.5 AUDIT

Buyer has the right to conduct audits and inspections with respect to the manufacture, sale and delivery of Products, Environmental capability, and all other Seller activities in these requirements. At Buyer's option, Buyer may conduct an audit or inspection itself or Buyer may select an independent third party to conduct the audit on Buyer's behalf. If Buyer selects an independent third party to conduct the audit or inspection, Supplier may require that such independent third party execute a confidentiality agreement reasonably acceptable to Supplier. Supplier shall, and shall cause its affiliates, suppliers, employees and agents to cooperate fully, at no additional charge to Buyer, in any audit or inspection conducted by or on behalf of Buyer. Supplier shall immediately take all necessary or desirable corrective and preventative actions to resolve any issues discovered by any audit or inspection conducted by or on behalf of the Buyer.

4.6 PRODUCT APPROVAL

Product approval by Fusion's buyer is required prior to first shipment of product in the following instances:

- A new part or product not previously supplied
- Correction of discrepancy on prior submitted parts
- Product modified by engineering change
- Use of material or manufacturer other than previously approved
- Production from new or modified tooling
- Product supplied following change in tooling, process, or manufacturer
- Product from tooling or equipment transferred to another facility
- Change of subcontractor sourcing
- Product re-released after 12 months inactivity
- After Buyer requests to suspend shipment due to Supplier quality concern

4.7 PRODUCT IDENTIFICATION AND PACKING

4.7.1 The product must be marked according to Buyers product specification or other specific product requirements with sufficient protection to the piece part during in-transit transportation and handling. All electrostatic sensitive devices must be clearly identified with an ESD warning label on each tray, tube, or reel within the shipment. All moisture sensitive devices must be packed and marked according to IPC/JEDEC J-STD-033 standard

4.7.2 Material supplied in industry standard packaging (tape/reel, tube, tray, and bag) must comply with EIA industry standard specifications to ensure proper use in automatic component placement machines. All products must be labeled with both human readable and bar code information at the lowest level of packaging.

4.7.3 Unless otherwise defined by Buyer, Supplier is responsible for the use of appropriate packing to guarantee adequate protection during the transport of the products.

4.8 TRACEABILITY AND SHELF LIFE

4.8.1 Supplier shall provide a trace code (lot-, date-, batch code) on the elementary pack which will allow trace back of all materials and process steps (including sub-tier suppliers).

4.8.2 If a product is usable within a time limit only, the Supplier must indicate the expiration date on the product or on the package.

4.8.3 If special storage requirements are required, the Supplier must indicate the requirements on the package.

4.8.4 If any additional special marking is required, Buyer will provide the specifications prior to purchase order placement.

4.8.5 Material delivered to Buyer shall have a minimum of 75% of shelf life remaining prior to date code expiration. Products older than 1 year as measured by date code on the date of delivery to Buyer will be returned to the Supplier for replacement, unless Buyer has agreed otherwise in writing.

4.8.6 Material shelf life for solderable components (with exception for Printed Circuit Boards – PCBs) shall not exceed 12 months. PCB shelf life solderability shall not exceed 6 months. Supplier shall provide Buyer with solderability testing analysis and obtain Buyer acceptance if shelf life may be exceeded.

4.9 QUALITY TARGET CONFORMANCE

4.9.1 Delivery Conformance is expressed in Acceptance Quality Level (AQL): Supplier standard sampling level AQL is 0.65 unless otherwise defined by Buyer. Supplier standard Sampling plan shall be according to American National Standard ANZI/ASQC Z1.4-2003 “Sampling Procedures and Tables for Inspection by Attributes” or International Standard ISO 2859 “Sampling Procedure for Inspection by Attributes”

- Single Inspection
- Level II

- Normal inspection if not defined

4.10 QUALITY INFORMATION

4.10.1 Supplier's quality control records related to Fusion purchased product shall be retained and available to Buyer for a minimum of 11 years after the last delivery.

4.10.2 Supplier shall inform Buyer immediately if any test and production control errors arise which may have influence on the quality of the Buyers products.

4.11 NONCONFORMING PRODUCTS

4.11.1 A non-conformance is any disruption created by Supplier which impacts Buyer or Buyer's customers' process. Typical example on non-conformance include but are not limited to:

- A non-conformance related to the component specification (e.g. drawing, environmental specification, impact on Fit, Form and Function…)
- An unsatisfying response to a complaint (e.g. no timely response, no efficient containment action…)
- A delay or error in delivery which leads to disruptions in Buyer manufacturing plant (except if there is evident inadequacy between determined and real delivery requirements)

4.11.2 Non-conforming material shall not be reworked and sold to Buyer as new product unless prior written authorization has been granted. Supplier shall perform failure analysis on all returned defective material and when requested shall provide results to Buyer. Supplier shall collect the data resulting from returned material failure analysis and evaluate trends and recurrences for continuous improvement

4.11.3 Supplier shall immediately send a Quality Alert to Buyer whenever suspected non-conforming product has been shipped to Buyer.

4.11.4 From time to time, and only upon buyers written release, Buyer may accept non-conforming product. All costs of investigations required to obtain the Buyers release shall be borne by the Supplier.

4.11.5 Supplier shall manage all complaints according to the (SCAR) or equivalent corrective action methodology. Supplier may use their own template or the recommended template found in Appendix 2. Specific actions required and defined but not limited to the following:

- Containment action(s) at Supplier premise and in the supply line must occur within 24 hours

- Supplier must analyze all defective parts and provide a failure analysis report to Buyer within 2 weeks of receipt of defective components.
- Confirmation on corrective and preventive actions shall be communicated to Buyer within 5 working days. Alternatively, where complex issues are involved, an action progress report shall be communicated within 5 working days with subsequent daily updates.
- Supplier will maintain a clear registration and tracking system of complaints to facilitate progress management and reviews.
- Buyer reserves the right to authorize closure of any SCAR. Buyer shall notify Supplier should Buyer not accept Supplier complaint closure.

4.11.6 Incoming Inspection: Buyer reserves the right to evaluate any Supplier material delivered at Buyer's Incoming inspection. Buyer's incoming inspection may cover, but is not limited to, product type, quantity, supplied documents including first article or test reports, dimensional specifications, material specifications, and/or externally visible transportation damage. Buyer is not obligated to perform a more detailed examination upon arrival. Supplier will be notified if rejected goods are identified and, after confirmation of the defective material, rejected material batch shall be replaced by Supplier at Supplier's cost. Buyer shall have thirty (30) days from the date of receipt of Product to inspect and test for conformity with specifications ("Acceptance"), and will either accept, return for rework, or reject the Product. If Buyer returns a Product for rework, Supplier agrees to correct the Product, and resubmit for re-inspection and testing under the same acceptance procedures previously used. In the event Buyer rejects a Product, it shall give Supplier written notice of such rejection stating the reason(s) for unacceptability. Should Buyer fail to reject the Product within such thirty (30) day period, the Product shall be deemed accepted.

4.11.7 Quality Failures of Accepted Product: Supplier is required to furnish a Return Material Authorization for the return of non-conforming product within 48 hours of request. For all non-conforming material discovered at any stage in the process or in the field the Supplier will bear all risks of loss with respect to all non-conforming materials and will promptly pay or

reimburse all costs incurred by Buyer. Non-conforming materials costs incurred may include, but are not limited to:

- Costs of material
- Scrap or replacement
- Unusable finished products
- Line-stop costs
- Field losses
- Disposal by Buyer
- Testing, inspection, and sorting as required
- Recall costs such as shipping and packaging
- Costs that are directly related to the resolution of the non-conformity
- Costs of product(s) or additional material impacted by the non-conformity
- Lost contribution margin
- Transportation and handling costs or returned non-conforming material.

In cases where time is of the essence and Buyer must disposition the product, sorting and/or reworking costs performed by Buyer will be paid by the Supplier. If Supplier does not respond to Return Request for Defective Products within 2 weeks of request, Buyer reserves the right to dispose of rejected products with all disposal costs borne by Supplier.

4.11.8 Epidemic Failure: If an epidemic failure occurs, Supplier and Buyer will cooperate to implement the following procedure:

(i) The Party that discovers the failure will promptly notify the other party;

(ii) Within two (2) business days Supplier will give an initial response to Buyer indicating its preliminary plan for diagnosing and addressing the problem;

(iii) Supplier and Buyer will jointly exert all commercially reasonable efforts to diagnose the problem and plan a workaround or more permanent solution;

(iv) Supplier will apply its engineering change order procedure in appropriate circumstances for hardware problems originating in the manufacturing process;

(v) Supplier will prepare and consult with Buyer regarding an appropriate recovery plan as well as an appropriate workaround, as an interim solution, if one is needed; and

(vi) Supplier and Buyer will mutually agree on a recovery plan

Defective products verified as Supplier caused may, by mutual agreement between Buyer and Supplier, either be returned to Supplier or scrapped by Buyer. Rejected products shall be replaced or credited at Buyer's option. Supplier shall provide immediate product replacement via the most rapid delivery method when significant rejected product quantities are involved.

4.11.9 Buyer payment for any non-conforming materials will not constitute acceptance by the Buyer, limit or impair Buyer's right to exercise any rights or remedies or relieve the Supplier of its responsibilities for the non-conforming material.

5.0 RESPONSIBILITY

5.1 Changes to this procedure can only be made by approval from the Director of Materials and the Quality Manager. Request for changes can be addressed to the team by anyone using this process.

5.2 **Supplier Responsibility**: It is the supplier's responsibility to develop a contingency plan including all risks related to the environment, government regulations, natural disasters, labor dispute, etc. The supplier should also have a disaster recovery plan in case of an emergency disrupting the delivery of the product or services to Fusion.

5.3 **Supplier Responsibility**: It is the supplier's responsibility to ensure that all persons working for the supplier are aware of:

5.3.1 Their contribution to product of safety conformity.
5.3.2 Their contribution to product safety.
5.3.3 The importance of ethical behavior.

6.0 Inspection Data

6.1 The supplier is responsible for recording data per Fusion's requirements. Data is to be retained at the supplier's location for a minimum of 11 years or as specified by Fusion.

6.2 Fusion will supply inspection requirements to the supplier. In the event that specific requirements have not been communicated, data must (at a minimum) be recorded and maintained per the supplier's control plan for the given part.

6.3 Data is to be recorded for each manufacturing lot.

6.4 Data must be readily accessible. When data is required by a Fusion representative, the supplier must submit inspection data for the required lot within 24 hours of receipt of request.

6.5 Whenever a data point is found to be out of specification and product has been shipped to Fusion, the supplier is to immediately notify the Fusion Quality Manager and Buyer. Non-conforming product may only be acceptable if a temporary deviation has been approved by Fusion.