SMR Global Supplier Manual

July 17, 2025

Contents

Introduction

SMR Vision
As part of the Motherson Group, SMR vision is to be a globally preferred sustainable solutions provider. We want to support our customers and other stakeholders in ways that help them thrive and be more successful. To be part of their success, is very meaningful and motivating for us.

SMR Quality, Environmental & Sustainability Policy Statement
SMR will continually improve the quality of products and services it provides and also the environment in which it works. SMR will demonstrate continuous commitment to meet customers' highest expectations, prevention of pollution, and compliance with applicable specifications and applicable regulatory regulations. SMR is committed to conducting our business in a legal, ethical and responsible manner, as well as to minimizing the environmental, social and ethical impact of our supply chain.
To achieve our vision, and uphold SMR Quality, Environmental & Sustainability Policy, SMR is committed to fostering strong, collaborative relationships with our suppliers. Through strategic planning and execution, we aim to enhance every aspect of the supply chain. Sustainable and profitable growth is a shared objective, essential for both SMR and our supply partners

Purpose
The purpose of this Global Supplier Manual is to define SMR Systems requirements to our suppliers. It outlines expectations related to:
Responsible Business Practices Requirements
Supplier Qualification
Product Development
Ongoing conformance during production
Continuous Improvement
Additional customer specific requirements are provided in the appendices.
All requirements detailed in this manual and all applicable appendices align with OEM Customer Specific requirements shall be considered to be "Customer Specific Requirements" for the purposes of Quality System conformance and audit purposes.

Scope
This document defines the scope of SMR Global Supplier Manual and is intended to ensure compliance with SMR and OEM customer requirements by all suppliers and sub-suppliers of SMR Automotive.
This manual applies to:

- Direct and indirect suppliers
- Procurement teams
- Sourcing managers
- Relevant stakeholders

The SMR supplier manual defines Motherson requirements of Responsible Business, and Quality Systems, requirements based latest edition of IATF 16949 Quality Systems and OEM customer specific requirement. This manual also defines additional requirements that are integral to the future business relationships.
This document does not alter or reduce requirements of the contract, it is intended to provide a concise understanding of SMR expectations.
References to industry standards such as those form the Automotive Industry Action Group (AIAG) Referencing Advanced Product Quality Planning (APQP), Production Part Approval Process (PPAP) etc. and references to the UN Global Compact the latest edition is always referenced.
In case of difference between standard SMR requirement OEM Customer Specific requirements, the most stringent shall be binding. In all cases, specific requirements of General Terms and Conditions of Purchase, apply.
This document supersedes all previously released SMR Supplier Manuals.

Responsibility
All Suppliers of a product or service shall meet all requirements expected to comply with requirement of this manual applicable appendices, Motherson's sustainability standards and Motherson Purchasing sustainability Guidance in their operations and procurement of products and services during the whole project lifetime. Suppliers must ensure that all sub suppliers comply. This includes but not limited to:

- Regularly check for updates of this document on www.smr-automotive.com
- Ensure availability and awareness of related Customer Specific standards and requirements mentioned in this document and its appendices.
- Ensure requirements are met in their supply chain.

- Apply the Motherson Purchasing Sustainability Guidance in their procurement practices.

Language
SMR Automotive official language is English. All official communication with SMR will be done in English. Documents may display the native language when integrated in parallel translation. The English version of this manual is the official version. The English version has precedence in the event of discrepancies with manuals translated into different languages.

1. Responsible Business Practices Requirements

SMR requires its suppliers to conduct their operations in an Ethical, socially and environmentally sustainable manner. Suppliers must integrate ethical business practices, environmental stewardship, occupational health and safety standards, human rights protections, and fair labor practices into their operations, and ensure these principles are upheld throughout their supply chain.
Suppliers must comply with all applicable local, national and international laws and regulations and reporting requirments governing their operations and products and services. Applicable government regulations might include those in the country of manufacture, as well as the country of sale.

1.1 Supplier Responsibility for Ethical Business

Motherson expects its Suppliers to follow he principles of the United Nations Global Compact in human rights, labor rights, environment and anti-corruption.
Suppliers are required agree and comply to the Motherson Supplier Code of Conduct.
Suppliers shall integrate ethical, environmental, occupational health and safety, and human rights, and labor policies as defined in Motherson Code of Conduct through their practices and their supply chain.
In case of any violation of the Code of Conduct, Motherson reserves the right to reconsider its business relationships with the Suppliers.
Suppliers shall provide anonymous and secure ways for employees to report misconduct & safeguard to prevent retaliation against whistle blowers.

1.2 Supplier Responsibility for Human Rights and Working Conditions

Suppliers must develop and implement management system and appropriate preventive measures to protect and respect human rights and working condictiones standards aligned with Motherson Supplier Code of Conduct.
Supplier shall ensure the human rights and working conditions standards as defined in the Motherson Supplier code of Conduct are applied through their supply chain.

1.3 Supplier Responsibility for Environment

Suppliers shall adopt a formal Sustainability Policy that reflects their commitment to responsible environmental social practices, aligned with the requirements of Motherson Supplier Code of Conduct
Suppliers are expected to actively reduce their sustainability impact and promote sustainable practices throughout their supply chains. Supplier shall ensure SMR has a current revision of their Sustainability Policy

1.3.1 Environmental Management Systems Requirements
1.3.2 Suppliers shall adopt and maintain ISO 14001 Management System certification.
1.3.3 Suppliers shall ensure SMR has a current copy of their system certification.

1.4 Suppliers Energy & Green House Gas Actions:

shall take initiate to minimize the carbon foot print and actively monitor and reduce the greenhouse gas (GHG) emissions.
Suppliers should create an emissions reduction strategy with aim to reduce scope 1 and 2 emissions by 50% by 2030 and plan to reach net zero by 2050.
Suppliers shall create, and provide to SMR, science-based transitions plan with road map that included key milestones intended to achieve by 2040
Suppliers should implement procedures to calculate Product Carbon Footprint (PCF) of their products in line with ISO 14067, Greenhouse gases - Carbon footprint of products and GHG Protocol to ensure consistency in carbon footprint calculations.
Suppliers shall provide SMR PCF data, and include in IMDS submissions as requested.
Suppliers shall comply with regulations such as the SEC's (US Security Exchange Commission)Climate Rule and EU (European Union) sustainability directives
Suppliers shall comply with requirements of RoHS (Restriction of Hazardous Substances), eliminating or limiting use of hazardous materials.

1.5 **Waste Management:**

1.5.1 Suppliers shall Implement efficient resource utilization practices and minimize waste generation.

1.5.2 Supplier are expected to collaborate across their supply chains to integrate sustainability into procurement processes, including using recycled and environmentally responsible materials.

1.6 **Environmental Reporting Systems**

Supplier shall implement environmental reporting systems, and quantify Key Performance Indicators (KPIs) for reporting. Suppliers shall provide timely responses to SMR for request of ESG assessment, and results of KPIs

- carbon foot print (Scope 1,2,3) data emissions,
- water usage, waste water treatment,
- recycled materials used in production sites.

1.7 **Supplier Responsibility for Sustainability Procurement**

Suppliers shall incorporate ESG (Environmental, Social, and Governance) risk considerations into their supplier selection processes, in alignment with all aspects of the Motherson Sustainability Guidance Sustainability Guidance. Suppliers must also comply with all relevant Motherson policies.

Suppliers shall ensure that all entities within the SMR value chain commit to the Motherson Supplier Code of Conduct and assure ESG requirements. Suppliers are responsible for monitoring their sub-suppliers and ensuring their compliance

Suppliers shall require all entities within the SMR value chain to adhere to the latest version of the SMR Global Supplier Manual and all related appendices.

2. Quality Management and Compliance Responsibilities

SMR requires its suppliers to ensure continued supply and consistent quality in the design, development, productions and servicing of its products and to identify and address risk operations

To support this commitment, suppliers are expected to fulfill the following responsibilities.

2.1 **Compliance with ISO 9001 and IATF 16949**

Suppliers must demonstrate compliance latest revision of IATF16949 with the latest released revision of ISO9001 through third-party audits by 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.

- Unless otherwise approved by the customer the following sequence should be applied to achieve this requirement:
- Initial compliance with ISO 9001 with compliance to other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent) through second-party audits.
- Development toward IATF 16949 certification
- Full certification to IATF 16949 within an agreed timeframe

2.2 **Supplier Quality Systems Certification Status**

Suppliers shall ensure SMR always has a current copy of their Quality System certification.

2.3 **Communication of Change of Status for Supplier Quality Certification**

Suppliers shall notify all SMR supplied locations in writing within five (5) working days, when there is a change or revocation of the suppliers Quality certification status.

2.4 **Supplier Quality System Revocation**

In case of serious uncooperativeness from supplier or unacceptable nonconformity in process, system or product; SMR may be forced to inform and request the supplier's ISO certification body to revoke quality certification until implementation and verification of appropriate problem resolution.

2.5 **Compliance to Customer Specific Requirements and Specifications**

Suppliers are responsible for remaining compliant with current Original Equipment Manufacturers (OEM) and SMR specific manuals and specifications for their products, and for retaining current copies of the appropriate standards.

2.6 **Compliance with applicable laws and regulations**

Suppliers must comply with all applicable local, national and international laws and regulations governing their operations and products and services. Applicable government regulations include those in the country of manufacture, as well as the country of sale.

2.7 Supplier Risk Management Responsibility

Suppliers shall evaluate financial, operational, cybersecurity, and geopolitical risks that could impact the supply chain. SMR require suppliers to adhere to ISO 31000 (Risk Management – guidelines).

2.7.1 Risk Assessment

Suppliers are responsible to conduct regular risk assessment for all operations which impact their ability to provide products and services in according to the requirements.

2.7.2 Contingency Planning

Suppliers shall develop a contingency plan for potential catastrophes disrupting product flow to SMR, and advise SMR at the earliest in the event of an actual disaster. Potential losses by fire, city water, electricity, flood, or storm, cyber-attacks on information technology systems, etc. should be prevented by active and organizational measures. In an actual catastrophe, suppliers shall provide SMR's authorized representatives' access to all of SMR or SMR's customer owned capital equipment. The supplier shall maintain adequate safety stocks at their own cost for high risk product.
Suppliers must ensure they have sufficient Property and Liability insurance to cover the replacement of all equipment and sub-components used to manufacture products purchased by SMR

2.8 Information Security Responsibility

Suppliers shall safeguard sensitive business data and comply with cybersecurity regulations.
SMR require suppliers to undergo security assessments to mitigate risks, implement access controls, cryptographic measures & secure data storage.
Information Security Management System
Supplies shall establish, implement, maintain, and continually improve an Information Security Management System aligned with the latest version of ISO/IEC 2700.

2.9 Compliance Reporting

Upon request, Suppliers must provide SMR with clear accurate and timely reporting regarding their compliance to these requirements, ensuring transparency and accountability in all relevant areas.

3. New Supplier / Location Qualification

New suppliers who wish to be added as suppliers of production materials to SMR shall:

- Demonstrate compliance with the latest released revision of ISO9001/ IATF16949
- Demonstrate an environmental management system. Latest released revision of ISO14001 Environment Management Systems.
- Demonstrate compliance to all applicable local Occupational health and Safety management systems, including latest valid revision of ISO45001.
- Demonstrate compliance to all applicable local Energy management systems, including latest valid revision of ISO50001.
- Comply with all applicable governmental regulations. Applicable government regulations might include those in the country of manufacture, as well as the country of sale.
- Meet all commercial and financial requirements of the relevant SMR region/country.
- Complete the Supplier Assessment Survey as a self-assessment.
- At the SDE's, SQ Personnel's or Purchasing Representative's discretion, facilitate on-site supplier assessment survey (audit) by SMR personnel (if applicable). The assessment may also contain additional requirements as specified by the Product Development Team.
- Indicate if the company is currently being investigated for environmental offences by any local, national or international agencies.
- Confirm that no violations of human rights have been made by the company.
- Uphold the human rights for social standards, work standards and social responsibility.
- Meet all the criteria defined by this document.
- Confirm Agreement to the Motherson Supplier Code of Conduct
- Confirm Agreement to the applicable Regional Motherson Terms & Conditions
- Register and agree to maintain company data in the ARIBA system.
- Agree to provide product level reporting as requested.

3.1 Supplier Profile Maintenance

Suppliers shall complete a supplier profile upon request, or when a major change takes place.
The completed profile shall be submitted to SMR Purchasing by mail, e-mail or in Ariba platform as requested.

In the event of a change in structure or ownership, the supplier shall immediately communicate the change to SMR on or before the effective date.

3.2 Supplier Facility Access

Upon reasonable prior notice and during normal working hours, the supplier shall grant SMR and SMR's customers access to their own facilities, as well as to the facilities of their sub-suppliers. This access is for the purpose of evaluating parts, processes, documentation (e.g., FMEAs, control plans, process instructions, and other relevant records), methodologies, and systems used in the manufacturing of SMR products. The objective is to verify that both the supplier's and sub-suppliers' products conform to SMR requirements.
SMR may, at its discretion, use independent auditors. Such auditors represent SMR and will audit the supplier's processes to establish conformance to desired quality systems.

3.3 Employee Competence

Suppliers shall establish and maintain a documented process for identifying training needs including awareness and achieving competence of all personnel performing activities affecting conformity to this manual requirement, and all product and process requirements. Personnel performing specific assigned tasks shall be qualified, as required, with particular attention to the satisfaction of customer requirements.

4. New Product Introduction

4.1 New Product Quote

Technical, quality, manufacturing, engineering, purchasing, delivery, and business requirement shall be obtained reviewed and agreed by supplier and committed prior to submission of quote supplier shall provide with each new product quote including

- Feasibility Agreement
- Supplier Capacity Verification
- Product Carbon Footprint
- Product emissions data
- Product emissions reduction targets
- ESG Sustainability Assessment Agreement
- Financial Risk Analysis as requested
- Agreement to Global Supplier Manual
- Signed acknowledgement to Non-Disclosure Agreement (NDA)
- Signed agreement to applicable Terms and Conditions (T&C)

4.2 Advanced Product Quality System (APQP) – Standard Development System (SDS)

All suppliers, regardless of component criticality, shall use a disciplined 5 phase APQP process during the launch of new products and capacity increase of current products for SMR.
APQP documentations and results shall be provide to SMR upon Request.
Supplier must complete and maintain evidence of all APQP requirement submit documents as requested
All suppliers shall provide APQP phase reports for a new product as specified by the SMR Operating Company

4.3 Customer Designated Special Characteristics

The organization shall conform to OEM customer requirements for designation, approval documentation, and control of special characteristics.

4.4 Supplier Risk Assessment

The organization shall a method to identify " High Risk" Suppliers in their supply chain. Consideration for "High Risk" Suppliers must meet criteria defined by APQP Clause 0.5.1. Organizations should give preferential consideration to supplier are NOT considered "High Risk". However, when necessity requires a High-risk supplier (due to customer direction, lack of alternatives) the organization must:

- Implement regular APQP meetings
- Implement Risk Mitigation plans with the suppliers
- Report on the status of "High Risk Suppliers and risk Mitigation plans during the organizations own APQP meetings with the customer.

4.5 Pre-Production Sample Submission

Documentation of product compliance result shall be submitted with Supply of pre-production parts for engineering validation Minimal documentation Requirement to be submitted: Additional Customer specific required documentation will be detailed by the program launch team and purchasing representative

- Dimensional conformance report
- Material conformance report
- Material Safety Data Sheets, IMDS
- Pre-Production Control plan
- Process FMEA
- Capability studies
- Approved production-intent packaging

4.6 Validation – Design / Product / Process (DVP&R) – PV Test Plan & Results

Design-responsible suppliers shall provide a product Design Validation Plan (DVP) for SMR approval.
Production Validation test plan shall be reviewed and agreed during the planning phase.
Design Verification (DV) shall be satisfactorily completed and reported per the Program APQP timing.
Production Process Validation testing results to be completed prior to PPAP submission.

4.7 Packaging, Product Identification Material Handling and Transportation

The supplier shall ensure that the packaging conforms to SMR requirements and is approved by SMR. Suppliers providing product to multiple operating units, shall work with each of the locations to ensure that the packaging labeling and ,material handeling, transporations is aggeed with each SMR site and is sufficiently robust to withstand shipment. SMR and suppliers shall agree upon the product identification and packaging plan during APQP, including the following requirements

4.8 Packaging

All packaging must meet basic standards for goods protection and carriage. The packaging should withstand the mechanical, climatic, biotic and chemical stresses to which they are exposed during transport, storage and cargo handling. All packaging must conform to appropriate health and safety, environmental and all applicable legislative requirements.

4.9 Packaging Approval

The supplier must contact SMR site to obtain the latest site-specific packaging approval form. Packaging approval form must be completed and submitted for signature by appropriate SMR personnel. The supplier shall maintain approved form, available for review by request.

4.10 Returnable Packagin Compliance

Suppliers shall meet the requirements of SMR user plant with regard to the use, control and supply of returnable packaging.

4.11 Product Labeling

There shall be only one part number in a box or packaging unit. All packaging units shall be labeled and the label shall include:
SMR part number with engineering level and part name.

- Quantity of components within the box or packaging unit
- Supplier name with appropriate SMR supplier code.
- Lot traceability number and date - This number shall a direct relationship with Packing Slip supplied. Identification shall permit traceability back to specific supplier manufacturing and inspection records.
- All component packaging must comply with all legal, and/or Customer specified safety information unless specified in writing by SMR.
- Additional traceability requirements at SMR's request.
- Raw Material Heat number, if appropriate.
- A Bar Coded label applied to each packaging unit. SMR facilities may specify their own bar coding formats. Suppliers shall meet the bar code requirements of the SMR location they are shipping.

4.12 Transportation

Suppliers are responsible ensure that their products are transported in a manner that prevents damage or deterioration. The must maintain written instructions detailing proper packaging, storage, and shipping procedures that conform to SMR plant's requirements.

4.13 Shipping Responsibilties

Where the supplier is responsible for the shipment of components to SMR, they shall consign with a reputable and excerenced logistics provider. The chosen company must have proven experience in handling the shipment and

knowledge of all applicablee legal obligations with including import/export tarrifs and and duty requirements to ensure prompt delivery.

4.14 **Special Transport Condicitons**

For products requiring special transport conditions (e.g., paint, chemicals, electronic components), suppliers must ensure that inter-storage and transportation comply with the specific temperature and handling requirements of these materials. Compliance must be verified using appropriate methods such as thermo scripts or other validated techniques.

4.15 **Launch Containment**

During the development phase, the supplier shall implement a launch containment process to validate the production control plan and ensure that any quality issues are promptly identified, contained, and resolved at the supplier's site. This process must include the establishment of quality walls and containment stations that are:

- Occurring after the final inspection of the production process
- Off-line from the regular manufacturing flow,
- Physically separated from standard operations,
- Independently verified

The timing for launch containment implementation and the exit criteria must be clearly defined in coordination with the designated SMR site responsible launch team member.

4.16 **Manufacturing Process Review**

The SMR Product Development Team, based on risk assessment and customer-specific requirements, will conduct a systematic and sequential review of the supplier's manufacturing process at the supplier's facility prior to Production Part Approval Process or conducted as part of the quality planning and manufacturing process validation for new or significantly modified products.

- This review may include activities such as process sign-off, run-at-rate, and other relevant evaluations.
- SMR's customer(s) may participate in this review.
- The format of the review will be determined by the Product Development Team and may follow either:
    - The customer's format (as used for SMR), or
    - SMR's internal review format.

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4.17 **Production Part Approval Process**

Suppliers shall demonstrate their ability to consistently provide products that conform to the latest revision of engineering design drawings. A Production Part Approval Process (PPAP) submission is required for each product supplied to SMR.

4.17.1 PPAP Process Requirements

When preparing the PPAP, the supplier shall assure the following as applicable to the submission:

- Production Validation (PV):
    - Sample parts have been secured, and PV testing is proceeding according to the agreed schedule.
- IMDS Submission:
    - IMDS data is submitted to the correct IMDS location before initial sample submission, and confirmation of SMR's acceptance is provided.
- Tooling Information:
    - The SMR Supplier Tool Information form is completed and submitted. All tools are properly identified and tagged.
- Gage Plan:
    - The Gage Plan has been completed and signed off by SMR.
- Capabiltiy Analysis:
    - The Capability Study i has been complet and confirm the PPk / Cpk meet the product phase capability requirments.
- Inspection Methods:
    - Inspection methods are finalized, up to the latest engineering level for each shipping unit, and included in the PPAP submission.
- Launch Containment Plan:
    - The plan has been agreed upon with SMR and implemented.
- Sample Quantity and Selection

- A total of six (6) samples—or two (2) from each cavity—shall be selected from a significant production process run consisting of at least 300 consecutive parts.
- These samples must be produced using the serial-intent process and built to the latest engineering change level.
- Randomization and Identification
- Samples must be randomly selected from the production run.
- Each sample must be clearly identified to ensure traceability.

- Dimensional Measurement
  - The selected samples shall be used to perform measurements reported in the Dimensional Results section of the PPAP documentation.
- Submission and Retention
  - After completing the measurements, three (3) samples—or one (1) from each cavity—shall be submitted to SMR as part of the PPAP package.
  - The remaining samples must be retained at the supplier's location for reference or further analysis if required.
- Color / Grain Approval
  - Pre-grain, grained, and color/gloss samples (if required) have been submitted and authorized by SMR.
- Process Step Documentation alignment:
  - The numbering of steps shall be consistent across the Process Flow Diagram, Process Failure Mode and Effects Analysis (PFMEA), and Control Plan to ensure traceability and alignment throughout the production process.
- Material Testing:
  - All material test results are complete, acceptable, and referenced in your PPAP package.
- Sub-supplier PPAPs:
  - All component parts and materials have full PPAP approval from sub-suppliers, with references included in your submission.
- Capacity Verification / Run at Rate:
  - A documented Run at Rate must be conducted to confirm that production rates meet the required volume demands. The duration and conditions of the Run at Rate must be agreed upon in advance with SMR.
- Sub-supplier Capacity:
  - Production capacity has been reviewed at all sub-suppliers (including lower tiers), confirming rates are sufficient for launch requirements.
- Engineering Release:
  - Parts are being produced at the current engineering release level, with no open deviations.
- Product Validation (PV) Testing:
  - PV testing is complete; parts from series tooling/processes meet all applicable specifications (Drawing, OEM, SAE, ASTM, etc.).

4.17.2 PPAP Documentation Requirement

All production part submissions must comply with the requirements defined by the Product Development Team.

- Submission to SMR Locations
  - A PPAP shall be submitted to each SMR location for every component, in accordance with that location's specific requirements. All PPAP documentation must be submitted in English. Suppliers may request to use a local language only if the business does not involve the export of products.
- Submission Format
  - The first sampling method (PPAP, VDA, ISIR, etc.) shall follow the OEM-required format for the respective SMR location.
- Drawing Requirements
  - PPAP packages shall only be submitted for production-released drawings. A copy of the applicable drawing must be included in the submission package.
- Pre-Submission Compliance
  - Suppliers must ensure that all requirements are met before submitting to SMR, including obtaining SMR approvals for any change requests.
- Sub-Tier Supplier Responsibility
  - Suppliers are responsible for ensuring full approval status for all sub-tier PPAP submissions, including those from SMR-directed suppliers, prior to submission to SMR. Any deviations must be reported to SMR.

- Submission Level Requirements
  - All initial PPAP submissions, engineering changes, and other changes must follow VDA/AIAG Level 3 submission guidelines.
  - Level 1 PPAP may only be submitted with documented agreement from SMR.
- Shipment Without Approval
  - Any shipment of production product without a signed and approved Part Submission Warrant (PSW) or an approved engineering deviation (concession) will be classified as defective product.
- Safety/Critical Components
  - For components designated as safety or critical, no deviations or concessions are permitted on features that affect functionality or reliability without proper validation and customer approval

PPAP Documentation submission requirement

The PPAP Submission Chart details submission requirements for the PPAP levels

SMR	PPAP Section Reference Requirement	Reference section # AIAG	AIAG 4th Edition March, 2006 Level 1	Level 2	Level 3	Level 4	Level 5	Reference section # VDA 2	VDA2 6th Edition 2020 Note1	Note3
1	**PSW - Part Submission Warrant / PPA coversheet** Format AIAG or PPA latest revision Per customer specific requirement	18	S	S	S	S	S	1	S	S
2	**Authorized Engineering Change Documents**	2	R	*	S	*	*	3	S	S
3	**Customer Engineering Approval**	3	R	*	S	*	*	3	R	S
4	**Design FMEA (DFMEA)**	4	R	*	S	*	*	5	R	S
5	**Process Flow Diagram(s)**	5	R	*	S	*	*	10	R	S
6	**Process FMEA (PFMEA)**	6	R	*	S	*	*	9	R	S
7	**Control Plan**	7	R	*	S	*	*	11	S	S
8	**Measurement System Analysis Studies** Each checking fixture, for attribute and variable test/inspection identified in the control plan must have MSA record included in the PPAP.	8	R	*	S	*	*	15	S	S
9	**Dimensional Results** 6 pcs 2 cavity or less tool or 1 pc 3 or more cavity tool each cavity with ballooned drawing and all dimensions and notes on drawing	8	R	*	S	*	*	1	S	S
10	**Records of Material (components list) / Performance Test Results**	10	R	*	S	*	*	1	S	S
11	**Initial Process Studies -** 125 parts min for all special characteristics (SC/CC) on drawing if none identified by drawing agreement with customer on characteristic to be studied	11	R	*	S	*	*	12, 13	S	S
12	**Qualified Laboratory Documentation -** Documentation is provided showing lab is approved to perform testing (QS-9000, A2LA	12	R	*	S	*	*	N/A	R	S
13	**Appearance Approval Report (AAR)** Appearance approval form per customer specific format	13	R	*	S	*	*	1	S	S
14	**Sample Production Parts** Three (3) samples are included in PPAP submission. - Samples are to be marked with program, part number, print revision level, and date of PSW (date supplier signed PSW). - Samples should be form the layout parts and should be identified to indicate	14	S	*	S	*	*	2	R	S
15	**Master Sample(s)** Master Samples: - Three (3) Master samples have been retained by the suppliers for use in making acceptance and boundary samples. - Insert sheet in PPAP submission stating master samples retained at supplier.	15	R	*	S	*	*	N/A	R	S
16	**Checking Aids** Each checking fixture, for attribute and variable test/inspection identified in the control plan must have calibration record included in the PPAP	16	R	*	S	*	*	15	S	S
17	**Customer-Specific Requirements** ISO/IATF Certificates, commodity specific requirements CQI 9, 11, 12, 14 ,23, 27, Confli	17	S	*	S	*	*	6	S	S
18	**Design Record of Saleable Product** dimensions and notes and numbered in reference to repoeter results is included in PPAP submission.	1	S	*	S	*	*	3	S	S
19	**IMDS** Copy of all applicable part number IMDS submission approved status	7	S	*	S	*	*	17	S	S
20	**Tooling Approval form** (including pictures of tag on tools, showing SMR or OEM ownership)	N/A	S	*	S	*	*	16	S	S
21	**Confirmation of suitability of carrying units , including storage** Packaging approval / Storage approval	N/A	R	*	S	*	*	20	S	S
22	**Confirmation of agreed capacity - Run at rate report** Capacity analysis per SMR Format	N/A	R	S	S	S	S	17	S	S
23	**Launch Containment plan**	N/A	R	*	S	*	*	N/A	S	S
24	**Self Assessment Using SMR /VDA questionnaire**	N/A	R	S	S	S	S	18	R	S
26	**Approval of coating systems in accordance with customer requirements**	17	R	*	N/A	*	*	17	S	S
26	**Part History**	N/A	R	*	S	*	*	2	S	S
26	**PPA status of the supply chain (Purchased parts, directed parts and in hou** Including Process assembly trials	N/A	R	*	S	*	*	21	S	S
27	**Homiligation certificate EU/ CCC**	N/A	R	*	S	*	*	21	S	S
28	**Conformance to VW D-TLD characterictics**	N/A	N/A	N/A	N/A	N/A	N/A	21	S	

e / documentation to SMR
R = documents retained at supplier and accessable to SMR at any time for review
* = retain all documents avaliable at all times SMR review - requirement to provide in PPAP is to be agreed with between SMR and supplier.

4.18 **Document & Product Sample Retention**

Suppliers shall retain documents and product master samples as a minimum to the guidelines defined in this manual. OEM requirements and regulatory requirements supersede and extend the required retention period. Parts used on multiple programs will follow the most stringent OEM document and product sample retention requirement.

4.19 **Document Retention**

- Audits - The organization shall retain records of internal quality system audits and management review for three years.
- Design records- life of the part plus 50 years
- APQP - The organization shall maintain the APQP/PPAP for the life of the part (production and service) plus 7 year as part of the PPAP record.
- PPAP documents – 100 % of PPAP documents must be retained for lie of the part plus 50 years.
- Training - The organization shall retain records of training for 3 years from the date of the training.
- Job set up -The organization shall retain records of job set-up verifications for 1 year.
- Retention periods longer than those specified above may be specified by an organization in its procedures.
- Maintenance- The organization shall retain records of maintenance for 1 year.
- Equipment Calibration -The organization shall retain records of measurement equipment calibration for one calendar year or one year after equipment is superseded.
- Safety Features - All documents with safety feature requirements shall be retained for minimum of life of the part plus 50 years.

4.20 **Sample Product Retention**

Suppliers shall retain master samples from each activity, die, cavity, or pattern for the same duration as the associated Production Part Approval Process (PPAP) records—or until a new master sample is approved for the same part number by SMR..

All master samples must be properly identified, referencing the PPAP submission and the corresponding SMR approval date.

4.21 **End-of-Life (ELV) / International Material Data System (IMDS)**

Reporting Suppliers shall ensure that all components and materials supplied to any SMR plant facility comply with the current environmental legal requirements.

SMR requires suppliers to provide information on the raw materials used in all products supplied to SMR. ELV and IMDS standards have been developed by vehicle manufacturers to collect and manage this data.

Suppliers must submit the required ELV/IMDS data to SMR as soon as possible after the award of new business, but in any case, before PPAP submission. The supplier as part of the PPAP submission must provide confirmation of SMR´s acceptance of the ELV/IMDS data. IMDS submissions must be placed under the appropriate SMR location IMDS code (the location to which the supplier's product is shipped). Suppliers should contact the appropriate SMR location to obtain the IMDS code.

4.22 **Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH)**

REACH is a European Community Regulation on chemicals and their safe use (EC 1907/2006). It deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances. The law entered into force on 1 June 2007.

All Suppliers that are impacted by REACH legislation must ensure compliance to latest REACH Annex restrictions and reporting requirements. Suppliers must provide reports of all required substances for all components used in the manufacture of parts that are included in products shipped to an SMR entity.

4.23 **Supply Chain Corporate Environmental and Social Responsibility Reporting**

Suppliers are required to develop, implement, and maintain sustainability policies and practices aligned with the Motherson Supplier Code of Conduct and the SMR Integrated Management Systems Policy. These practices must ensure compliance with all relevant local regulatory requirements and applicable customer standards across products, processes, and the entire supply chain.

Suppliers must conduct comprehensive assessments of their entire supply chain to verify compliance with governmental regulations and customer-specific requirements.

Continual improvement initiatives shall be developed and implemented across the supply chain to reinforce sustainability and regulatory compliance.

Suppliers shall respond to all SMR requests for information and surveys related to Supply Chain Corporate Environmental and Social Responsibility. This includes providing documentation that demonstrates alignment with the SMR Integrated Management Systems Policy.
Annual completion of the ESG Aassessment survey is required
Suppliers shall also respond to inquiries regarding Corporate Environmental and Social Responsibility in accordance with all applicable governmental regulations and customer-specific requirements.

4.23.1 **Conflict Minerals - Annual CMRT Submission**

SMR Suppliers Shall identify usage Tin, Tungsten, Tantalum and Gold in product and process complete Suppliers shall respond to inquiries regarding the use of minerals designated as Conflict Minerals by section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in their product.
SMR Require 100% of smelters and mines identified, country identified and smelters or refiners, conformant to Responsible Minerals Approval Process (RMAP).
Submission of Conflict Minerals Reporting Template (CMRT) annually as requested due date by SMR.
The supplier must require supply chain to complete CMRT with all detail as required by SMR.

4.23.2 **Extednde Minerals Reporting – Annual EMRT Submission**

Suppliers shall respond annually as requested to inquiries regarding the use of Cobalt, Mica and graphite all minerals identified as risk. SMR Require suppliers EMRT identifying 100% of smelter information.

4.23.3 **Additional Mineral Reporting - Annual AMRT Submission**

SMR Suppliers shall respond annually to request for Additional Minerals Reporting (AMRT) for all minerals directed by SMR, and as per OEM requirements.

4.24 **Tooling Management**

Suppliers shall maintain an established and validated system to ensure the effective and efficient management of all tooling and production systems as specified by the Purchase Order and applicable supplemental documents.

- Preventive and predictive maintenance procedures must be implemented for all tooling. Evidence of maintenance execution shall be available upon request.
- All tooling shall be permanently marked to clearly indicate ownership—whether OEM, SMR, or supplier-owned—ensuring visual identification is always possible.
- Documentation confirming tooling identification and all other requested tooling data must accompany the product PPAP submission.
- Suppliers shall maintain detailed and up-to-date records of maintenance schedules and tool history. These records must be readily available for review.
- Suppliers shall maintain detailed and up-to-date records of maintenance schedules and tool history. These records must be readily available for review.

4.25 **Sub-Supplier Management**

Suppliers to SMR must demonstrate effective capability in managing their own sub-suppliers. This includes implementation of APQP (Advanced Product Quality Planning) disciplines and conducting regular audits.
SMR reserves the right to audit the sub-suppliers' critical processes when deemed necessary, to ensure robust controls are upheld across the entire supply chain.

- Suppliers shall maintain a comprehensive supplier management system that tracks the quality and delivery performance of their sub-suppliers.
- Suppliers shall document and verify corrective actions taken to resolve sub-supplier issues, providing evidence of effective resolution processes
- Suppliers shall cascade the requirementsof thjis manual throughout their supply chain. All sub-suppliers must comply with the requirements outlined in this manual.
- Suppliers shall ensure that all applicable customer-specific requirements are clearly communicated and implemented throughout their supply
- Critical processes must be adequately managed and audited to ensure ongoing compliance and performance.
- chain.

4.26 **Customer (OEM) Specific Requirements**

SMR defines its specific requirements through this global document and its regional specific appendices. In addition. SMR requires compliance to end user OEM customer specific requirements.

- OEM Customer – Specific requirements, can be found on the AIAG Global Oversite for OEM Customer Specific Requirements. For those customers that are not listed on the AIAG Global Oversite please go

directly to the specific customer website. If any doubt as to the end User OEM or further guidance is needed, contact your SMR Purchasing / SDE contact for assistance

- Supplier is responsible to complete all “Special Process” Audits, and OEM required audits that pertain to their process on an annual basis, or as directed by the OEM requirement. The audits are to be submitted to the SMR Supplier Module of CEBOS or submitted to SMR SDE\SQE on or before the scheduled due date.

5. Series Production Conformance

5.1 Compliance Certification

Compliance documentation to safety or legal requirements shall be supplied as required.

- A signed certificate of conformance, certificate of analysis, and/or capability data summary may be required to accompany shipments of specified components or materials. The certificate of analysis must contain the actual results of physical testing and/or measurements specified by contract. SPC data requirements must cover special control characteristics, at minimum.

5.2 Product Traceability (Batch/Lot Traceability)

All suppliers to SMR shall an effective batch/lot of definition and traceability procedure. The shipper number will be linked to the batch/lot traceability procedure in such a way that the delivered product can be traced back to the raw material, purchased components, and the production shift.

- Unless otherwise approved in writing by the SMR SDE or Purchasing Representative, a batch/lot shall consist of one shift, or eight hours of production, whichever is smaller. SMR reserves the right to specify a minimum and maximum batch/lot size.
- The batch/lot definition shall reflect all significant processes influencing the component / material, with the shipping lot number reflecting the last value-added operation.
- Suppliers shall ensure that their lot traceability system maintains its integrity throughout the entire extended supply chain, including raw material and purchased components/products.

5.3 Process Control

Suppliers shall identify, document, and maintain a list of process controls; including inspection, measuring, test, and error-proofing devices; that includes the primary process control and the approved back-up or alternate methods.

5.3.1.1 Ongoing Statistical Process Control

SPC is mandatory for all significant and critical product characteristics as defined by SMR or the supplier’s internal requirements. Any deviation to this requirement, together with attribute feature control, must be concurred and documented by the Product Development Team.
Evidence of process capability must be retained at the supplier’s manufacturing location. Documentation of process capability shall be made available to SMR representatives upon request.

- SMR suppliers and their sub-tier suppliers shall utilize the latest edition of relevant standards, including applicable references in IATF 16949, to determine process capability requirements.
- The required capability index for launch and ongoing production processes is Ppk (Performance Index).
- Suppliers shall maintain the minimum statistical indices for all significant product characteristics throughout the product lifecycle:
- 2.00 Ppk for program approval
- 1.67 Cpk for ongoing production conformance
- Process capability may be evaluated using either variable or attribute data.
- For variable data, SPC indices must be calculated from a minimum of 100 individual samples.
- All service parts must conform to specification requirements.

In case of NOK result, special containment action will be required. E.g. 100% control of this characteristic. Containment actions of NOK result must continue until such time that the process Cpk demonstrates acceptable process capability.

5.3.1.2 Temporary Change of Process Control

The supplier shall document the process that manages the use of alternate control methods. The organization shall include in this process, based on risk analysis (such as FMEA), severity, and the internal approvals to be obtained prior to production implantations of the alternate control method.

- Prior to shipping any product inspected or tested using an alternate control method, the supplier must obtain customer approval.

- A documented and regularly reviewed list of approved alternate control methods shall be maintained. These methods must be referenced in the control plan.
- Standard work instructions shall be available and implemented for each alternate process control method.
- The organization must conduct daily reviews of alternate process control operations to verify adherence to the standard work instructions. The primary goal is to return to the standard process defined in the control plan as soon as feasible.
- Example Practices Include:
  - Daily quality-focused audits (e.g., layered process audits, where applicable)
  - Daily leadership meetings focused on quality and process integrity
- Restart verification procedures documented for a defined period, depending on severity, confirming full functionality of error-proofing devices or systems
- Product Traceability Requirements:
  - During the use of any alternate control method, suppliers must implement full traceability for all affected products.
  - This includes verification and retention of the first and last piece from every production shift where alternate methods are in use.

5.4 Manufacturing Process Audit

Supplier shall audit all manufacturing processes over each three-year calendar period to determine their effectiveness and efficiency using customer-specific required approaches for process audits. Where not defined by customer, the organization shall determine the approach to be used.

5.5 Layered Process Audits

The supplier must conduct Layered Process Audits (LPA), the aim of which is to ensure consistent application and execution of standards. LPA are to be performed by Operational Managers.
LPA shall be implemented for all operational areas (manufacturing, logistic, maintenance). All shifts shall be audited.

5.6 Product Audit

The Supplier shall audit products using OEM customer-specific required approaches at appropriate stages of production and delivery to verify conformity to specified requirements. Where not defined by the customer, the organization shall define the approach to be used. Any quality issues that may result in nonconforming product shipped to SMR or reaching SMR Customer must be contained and corrected at the supplier's location. The supplier shall implement a quality wall and establish containment stations, which must be off-line, separate, and independently checked from the normal manufacturing process and located at end of process

5.7 Dock Audit

SMR suppliers shall conduct periodic dock audits on packaged material. Evidence of these audits shall be retained with other lot inspection documentation.

5.8 Error-proofing

Error proofing devices shall be tested to failure or simulated failure at the beginning of each shift at a minimum when feasible, otherwise according to the control plan.
The organization shall keep a list of all error proofing devices and identify which can be bypassed and which cannot be bypassed. The bypass determination shall consider safety, severity and overall RPN rating. SMR must be informed for any bypass of error proofing devices with agreed plan for additional containment during time that error proofing is bypassed.

5.9 Color Masters

The following applies to suppliers of colored parts or components and to suppliers of paints, coatings, pigments, dyes, tints, master batches and other colorants.
Only SMR or its customers' approved color masters may be used to develop color formulations or to determine the acceptance of colored materials. The supplier is responsible to verify that the master is current.
The supplier shall dual sets of color masters whenever possible. A color standard shall be used for verification of working standards and stored in a manner to maintain color integrity.

5.10 Color Measurement and Evaluation

Visual and analytical evaluation of color and gloss shall be made in compliance with customer end item requirements. Contact the relevant SMR plant for information.

5.11 **Change Management**

The supplier must have a documented process for change management the process shall require consideration of a production trial run for every product and process change. Results of the trial run shall be documented.
Any changes by a supplier that impact product realization must be controlled and SMR notified for approval prior to change.
Guideline, “The supplier shall notify the responsible customer product approval authority of any design, process, or site changes.”
Supplier must obtain SMR approval and changes must be controlled through the APQP and PPAP process. SMR determines requirements. Contact SMR to clarify any issues.
In the following cases supplier PPAP is mandatory:

- A new part or product.
- A part number revision change.
- Any change that requires a revision of the Process Control Plan.
- Correction of a discrepancy on a previously submittedpart.
- Product modified by an engineering change to customer specifications, design records/ customer drawing, or materials.
- New production site including changing the layout in the same building.
- Production was stopped more than 6 months. In the following cases customer waiver is mandatory:
- Long term rework.
- Short term deviation.
- Damaged or delayed shipment.

These requirements are mandatory for the whole supply chain. All tier supplier levels the change management must be controlled in the same way by SMR suppliers.
All changes must be marked visually with special label, agreed by local SMR production site.

5.12 **Annual Validation**

The supplier is responsible for conducting annual validation. Annual validations shall be submitted to SMR for approval. Annual validations are due one (1) year from the date of last PPAP submission (date supplier signed PSW).
Supporting documentation to include:

- PSW (reason for submission – “other “– annual validation).
- Layout (dimensional report) to drawing 100 % of the drawing dimensional requirements.
- Current capability data (minimum 100 data points).
- Records of compliance for safety and TDL features.
- Gage Calibration.
- Material Certification.

Any questions on submission requirements shall be directed to SMR for concurrence.

5.13 **Supplier Nonconforming Material – Concern Management**

When suspect / nonconforming product or delivery or service issue is identified, it is the supplier’s responsibility to contain product, replace suspect / nonconforming product, and implement actions to permanently correct and prevent occurrence.

- SMR Quality, Logistics or Purchasing may require a supplier to implement independent containment activity if the severity of the performance issues deems it appropriate
- Supplier must respond to the nonconforming material as per the general nonconforming material concern management requirements and all Defective Material Report type requirements.
- All communication regarding the nonconformance should include the report number.
- An administrative fee, and all associated costs will be charged to supplier. Administration fee will be charged as cost defined in the region. All costs associated with shipping, handling, processing, reworking, inspecting, and replacing defective material, including the costs of warranty and of value-added operations prior to discovery of the defect shall be charged to, and paid by, the supplier.
- Response to all types of Defective Materials Reports must be submitted in the required timing electronically through the sites quality management system or by Email to the local SQE/ SDE in the SMR plant.
- Disposition; Return Material Authorization (RMA) or Scrap Authorization Number required within 24 hours for all types of Defective Material Report. Failure to disposition product within 72 hours will result

with product being disposed of at supplier's cost and listed as having no response to the problem description.

- Corrective actions will be provided in the SMR supplier corrective actions 8D format. All problem-solving tools used and effectiveness of corrective actions must be reported.
- All Nonconforming product or service corrective actions result will be reflected in the supplier FMEA and control plans, and lessons learned documents.
- All DMR types will be reported for the supplier Monthly performance rating.
- All applicable number of defects will be reported to calculate supplier PPM, in the monthly year to month supplier performance rating system.
- Disposition and Corrective action response timing will be tracked, late responses will be reported to calculate the on-time response score in the supplier performance rating system.
- Use of “lessons learned” to ensure nonconformance issues are eliminated in the design phase of future programs. Lesson learned or TGW (“Things Gone Wrong”) list.to be updated for all applicable nonconformance’s.
- The supplier’s organizations shall have a documented problem-solving process which shall include:
- Tracking of issues through closure.
- Daily review of issues by a multi-disciplined team including plant management.
- Daily reviews are documented.
- All levels of the organization are including in the problem-solving process.
- Timely closure of corrective action(s).
- Initial containment is well documented by the use of a containment worksheet or similar any waiver to specified general and DMR type expectations must be agreed with SMR site Quality management.

5.14 **Defective Material Reports Types and Required Actions**

DMRC – Defective Material Report Customer

- Description: Issued when nonconforming supplier material is found at an SMR customer location, causing disruptions such as yard holds or stop ships. This includes cases where SMR is placed on special status due to supplier issues (e.g., 3rd party containment, new business hold).
- Required Actions –Immedeate Containment Requirements: Containment and/or certified stock must arrive at the SMR user plant within 4 hours.If not met, SMR may sort/contain the product and charge the supplier for related expenses.Supplier must provide to SMR Corrective aciton according to the General Corrective Action Expectations outlined below

DMR – Defective Material Report

- Description:Issued when SMR receives material or services that do not conform to quality or delivery specifications, causing disruption to SMR’s production process.
- Required Action:Supplier must provide to SMR Corrective aciton according to the Corrective Action Response Expectations outlined below

DMRL – Line Accumulation

- Description:Nonconforming product found at SMR with no production disruption (≤3 pcs per defect type).
- Required actions: Supplier must complete the root cause analysis a according to the Corrective Action Expectations outlined below. Document and retain the analysis report., Submit the analysis report to SRM upon request.

DMR – Past Due Annual Validation

- Description:Issued when product is received after the due date for annual validation (1 year from PSW submittal date).
- Required actions: Submit updated validation immediately. Complete the root cause analysis a according to the Corrective Action Expectations outlined below. Document and retain the analysis report., Submit the analysis report to SRM upon request.

DMRW – Warranty

- Description: Nonconformance reported during vehicle warranty period (e.g., dealer returns, recalls, field actions).
- Required Action:Provide to SMR the Corrective actions, respond according to the General Corrective Action Expectations expectations outlined below.

DEL – Delivery Issue Report

- Description: Reported by SMR Materials Department for issues with shipment or documentation
- Required actions: Organize corrective actions and affected shipments within 4 hours.
  - Notify SMR Materials Scheduling for expedited freight if needed.
  - Submit 8D Corrective Action within 24 hours.

- Provide daily updates until resolution

5.15 **Corrective Action Response Expectations**

Initial response (within 24 hours): Submit a written response in corrective action format including:

- Team Identification
- Problem Description
- Containment Actions, including:
  - Will the suspect product be sorted or replaced with certified stock?
  - Arrival time and personnel for sorting.
  - Quantity sorted and quantity non-conforming.
  - Identification/marking of sorted/certified product.
  - Clean point for first shipment and how it will be marked.
  - In-transit suspect product details and containment plan.

Final response (within 10 calendar days): Submit a full 8D Corrective Action Report, including:

- Root Cause Analysis (functional and systemic)
- Permanent Corrective Actions
- Preventive Actions
- Horizontal Deployment

Weekly updates until all actions are complete.
Certified product must be supplied for 30 days post-corrective action.
SMR will monitor effectiveness of corrective actions.

5.16 **Supplier Containment**

SMR may place a supplier on containment due to performance issues.
Containment Levels:
CS2 (Containment Level 2): Triggered by repeat issues within 3 months.
Requires use of an approved third-party provider.
Supplier Responsibilities:

- Ensure only quality-assured product is delivered.
- Clearly identify quality-assured product (containers and individual parts).
- Notify SMR if unable to support production with quality-assured product.
- Provide on-site support to SMR and its customers if containment fails.
- Accept all costs related to containment actions, including third-party services.

5.17 **Supplier Nonconformance Administration Fee Model**

Minimum administration fees apply based on DMR type. Fees vary by SMR site.

DMR Type	Resource Scale
DMRL –Line Accumulation & DEL – Delivery Issue	5
DMR & DMRW – Warranty	10
DMRC – Customer Issue	20

Fee Calculation:
Administration Fee = Resource Scale × Hourly Rate (Resource Cost)
Refer to SDE/SQE or local specifications for site-specific rates.

5.18 **Nonconformaing Material PPM Calculation and Defect Handeling Guideline**

- PPM Calculation Basis
  - The quantity used to calculate PPM is based on the total number of defective units recorded on DMR, DMRL, and DMRC reports.
  - This includes all rejected product found on the production line and in containers.
- Unit of Measure
  - PPM will be calculated using the same unit of measure in which the product is received.
  - Example: If resins are received in pounds or kilograms, 1,000 pounds/kilograms of defective material equals 1,000 defects.
- Third-Party Logistics (3PL) Warehouses

- Product received at a 3PL warehouse controlled by SMR is treated the same as product received at an SMR facility.
- Any defects found during sorting at the 3PL will be counted as pieces defective for PPM calculation.

- In-Transit Product Exception
  - Product in the delivery chain at the time of the original nonconformance report will not be counted against the supplier if the supplier takes corrective action before SMR receives the product. Acceptable actions include:
    - Recalling the shipment and inspecting the product.
    - Setting up containment to sort product upon arrival.
  - This exception applies only to product in transit at the time of the original defect notification. Defects found in shipments made after the notification date will be counted against the supplier's PPM.
- Returned Product
  - If the supplier requests the product to be returned, the entire quantity returned will be counted against PPM.
  - Example: 1,000 pieces rejected and returned = 1,000 pieces counted against PPM.
- Supplier Sorting at SMR
  - If the supplier or their designated sort organization inspects the rejected product at the SMR facility, only the actual number of defective pieces found will be counted against PPM.
  - Example: 1,000 pieces rejected, 25 found defective during sort = 25 pieces counted against PPM.
- Rework at SMR
  - The total quantity of product reworked at SMR due to supplier defects will be counted against PPM.
- Mislabeled Product
  - If product is mislabeled but the parts are usable, each mislabeled container is counted as one (1) reject toward PPM.
  - Example: 6 mislabeled boxes of 100 parts = 6 rejects counted.
  - If mislabeled product contains incorrect parts that are not usable, the total number of parts in the mislabeled containers will be counted against PPM.
- Warranty-Related Defects
  - Defects recorded on DMRW (Warranty) reports are not included in PPM calculations.
  - Warranty issues will negatively impact the supplier's monthly performance rating for each month the issue remains unresolved.
  -

5.19 **Deviations for Non-Conforming Material**

It is the policy of SMR not to accept product that does not meet the requirements of the applicable drawings and specifications.

- Requests for concessions on non-conforming product shall be submitted to the SMR plant for review and to obtain written approval prior to shipment. Request details to include
  - Root cause for the non- conformance,
  - Actions taken to eliminate root cause
  - Actions ttp prevent recurrence.
  - Date of quality assured product availability,
  - Confirmation of product traceability and the manner of identification.

5.20 **Supplier Performance Rating**

Motherson Group Global Procurment, GSP, has defined expectations for its group companies preferred source with world-class performance in quality, cost and delivery. To accomplish these targets, it is essential that Motherson Group companies align with a strong supply base with an ability to match these demands. Enabling compliance to the businesses expectations for Quality, Cost, Delivery, Development, and Management / Safety / Environment Systems.

The purpose of the Supplier Performance Evaluation System (SPES) is to provide a means of objectively assessing the ability meet expectations, to identify areas of risk and opportunities for improvement.
SMG evaluates Supplier Performance using a set of criteria based Key Performance Indicators, These KPI's are focused on quality performance, delivery performance and commercial competitiveness. Motherson employs the results as essential tools for decision making, risk mitigation and continuous improvement. A supplier performance report is available to all direct suppliers on a monthly basis, which assesses the overall performance according to the defined criteria

The Supplier Performance Evaluation System is the tool used to report supplier Performance.
Details of the parameters and scoring system can be found in the SPES system guideline.
https://spes.motherson.com/Template/Guidelines%20for%20SPES.pdf?id=9307b3bf-5871-430d-a373-dd9b2f44584c

Parameters and Weightage
Suppliers will be evaluated monthly on the following parameters as per the weightage percentage against them. Supplier's final score is the sum of operational performance (85%) and commercial performance (15%). Final Score will be calculated by multiplying the total points of each parameter\ (Quality, Delivery & Commercial) with their weightage percentage

Parameters	Weightage %
Operational	**85%**
Quality Delivery	60% 40%
Commercial	**15%**

Detail of each Key Performance Indicator (KPI) and score rating can be found SPES system guideline.
https://spes.motherson.com/Template/Guidelines%20for%20SPES.pdf?id=9307b3bf-5871-430d-a373-dd9b2f44584c

Final Score
Monthly and Year to month scores are provided, the supplier must to take the actions as per the final score as mentioned in the below table.

Final Score
Monthly and Year to month score is provided, supplier has to take the actions as per the final score as mentioned in the below table.

Final Score	Rating	Action:*
>=95	A	**"A"** rating indicates supplier have achieved the Preferred target. No actions are required.**
>=85	B	**"B"** rating indicates good performance. All required corrective actions for quality and delivery reports must be submitted. Follow Normal Continuous improvement
>=66	C	**"C"** rating indicates cautionary supplier performance. The performance should be escalated with in your organization for improvements. Plan and focus on performance indicators causing result in order to improve performance in coming months. All required quality and delivery must be submitted.
<66	D	**"D"** rating indicates an unacceptable supplier performance. Systematic Corrective Actions Required (Problem in there Quality System) – Approval From EVP's Purchasing & Quality for sourcing. Systematic corrective actions plans must be submitted to SMG responsible quality and purchasing representatives.

**** Actions here are for reference, OPCOs should take actions based on their customer requirements and QMS standards.***
**** *Downgrading will be applied to A rating suppliers if 100% compliance is not met.***

- Suppliers shall take appropriate actions according to the rating received in effort to achieve preferred status.
- Unsatisfactory suppliers shall implement improvement plans to improve their performance.
- It is the Supplier's responsibility to assure all certification status and documents to support all Management Saftey and Enviromental reqruiements are provided to SMR.
- Supplier is responsible to assure the performance report is received and the information contained in the report is correct.
- Enquiries and comments should be identified on the report and directed to the SMR Automotive Purchasing department.
- Unsatisfactory suppliers that fail to improve may be de-sourced.

5.21 Management review outputs

Supplier's Top management shall document and implement an action plan when customer performance targets are not met.
Supplier Top management shall provide management review to the following:

- Design and development planning
- Supplier quality management system development
- Customer satisfaction — Supplemental except as noted below
- Quality management system audit
- Manufacturing process audit
- Warranty Management review of all actual and potential field-failures and their impact upon quality, safety or the environment.

5.22 Supplier Warranty Cost Reduction Program

Suppliers are required to develop an aggressive warranty reduction program. Activities to be included are:

- Assignment of a warranty "champion" to act as a single point of contact for warranty issues.
- Analysis of warranty issues (amount of rejects and cost).
- Timely implementation of corrective actions or process improvements to lower warranty costs.
- Use of "lessons learned" to ensure warranty issues are eliminated in the design phase of future programs.
- Development of TGW ("Things Gone Wrong") list.

5.23 Service Parts Requirements

All suppliers are responsible for the supply of original equipment service parts to SMR plants for the duration specified by SMR's Customer.

- Service parts are to be produced from production tooling.
- Regular preventative and predictive maintenance activities are required to maintain production capability.
- Service parts have the same requirements as production unless otherwise directed by SMR.

6. Continuous Improvement

6.1 Continuous Improvement Program

Suppliers shall develop a Continuous Improvement Program, approved by their company senior management, which establishes improvement goals, implementation dates, and responsible personnel. As part of a supplier's commitment to its customer, SMR expects that a supplier will implement coordinated improvement activities.

6.2 Lean Manufacturing

SMR expects suppliers to recognize Lean Manufacturing as an inherently cost-effective method of managing a business. Therefore, suppliers are expected to adopt and implement Lean Manufacturing principles.

6.3 Benchmarking

SMR expects suppliers to establish benchmarking activities, and to subsequently implement process improvements.

6.4 Value Analysis / Value Engineering (VA/VE)

SMR expects suppliers to continuously supply VA/VE ideas and to support SMR workshops during and after the introduction of new products, to provide continually improving product value.

6.5 Business Improvement Plan (BIP)

Suppliers are expected to implement a visual BIP, a measurement-based continuous improvement methodology, to prioritize and focus company resources on improving the most important aspects of the business in key areas such as safety, quality, cost, delivery, and people. This should involve all employees in driving continuous improvement activities throughout all work areas, including production and administration. Teams and Individuals should be empowered to improve the performance metrics through the use of Continuous Improvement process steps.

List of Appendices

Appendix A - Glossary of Terms and Acronyms
Appendix B – Packaging and Shipping Requirements

Customer Specific Requirements (CSR) Appendices

Appendix C – BMW CSR
Appendix D - Daimler CSR
Appendix E – GM CSR
Appendix F – FCA CSR
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Appendix V – Honda CSR
Appendix W – McLaren CSR
Appendix Y – Rivian CSR

Other Documents

Motherson Regional Terms and Conditions.
Motherson Supplier Code of Condut
SPES Guideline

History of the revision

No.	Cause of modification	Date	Modifier	Approved
1	First issue			
2	Revision of all chapters acc. to IATF 16949 requirements	20.12.2017	Judith Robertson	Alejandro Lomas
3	1) Updated Supplier Performance Rating to SMG SPES system requirements 2) Reformat the table of content and body of document 3) Update PPAP requirements to align section numbers with the SMR PPAP check list 4) Correction to Name of Appendix B 5) Appendix V – Honda added	01.05.2019	Judith Robertson	Alejandro Lomas
4	1) Reformat the entire document 2) Correction to revision dates 3) Correction to the calculation for Quality performance rating	08.05.2019	Judith Robertson	Alejandro Lomas
5	02 new CSR files (Appendix W & X) included	16.06.2020	Judith Robertson	Alejandro Lomas
6	1) Updated to add CSR for Cobalt reporting and Corporate Supply Chain Responsibility requirement and survey requirement 2) Detail requirement for ISO 45001, and supply chain social / corporate surveys 3) New CSR (Rivian customer) added	23.10.2020	Judith Robertson	Alejandro Lomas
7	Remove reference to Appendix X- Opel now replaced by PSA CSR	01.05.2021	Judith Robertson	Alejandro Lomas
8	Updated to include CMRT/EMRT reporting requirement	20.03.2023	Judith Robertson	Alejandro Lomas
9	Added Section 2.9 to include High risk suppliers' requirements	20.11.2024	Judith Robertson	Alejandro Lomas
10	Added Sustainability (ESG) contents in the manual.- Reformatted all sections	16.07.2025	Judith Robertson	Alejandro Lomas