



September 20, 2010

**CEO/President
Valued Supplier**

Dear Supplier CEO/President/Quality Director:

Recent unauthorized changes across Sensata's supply chain have prompted this letter to **reinforce the importance of your ongoing compliance to Sensata's requirements for proposing, initiating and implementing all Supplier and Sub-supplier changes.**

While we are all experiencing the impact of today's economy, we cannot afford to compromise the integrity of our quality and the improvements we have made over the years. As a Supplier to Sensata, it is imperative that your commitment to quality equals ours. **Therefore, at a *minimum*, we expect our Suppliers to be compliant to these requirements:**

- A. Adopt, implement, and maintain a *policy* of zero tolerance for any unauthorized changes at your company or at your Sub-Supplier.
- B. Follow the mandatory customer notification protocol when desiring to make a change.
- C. Complete and submit Sensata's Supplier Request for Engineering Approval (SREA) as part of the submission level requirements associated with the change.
- D. Ensure that your Change Management Process has identified and documented all changes including risk assessments, production approval process, and change implementation dates. Confirm that this process requires Customer Approval prior to the implementation of any changes.
- E. Conduct a Gap Analysis of your existing Change Management process, including Customer and Sub-tier supplier changes, taking the necessary actions to close any process and practice gaps per the analysis results

Strict adherence of these principles requires:

- 1) Suppliers ***may not*** implement changes to the process or manufacture of Sensata's products before identifying the required information stated above **and** must receive written approval of the proposed change from the appropriate Sensata Supplier Quality Engineer.
- 2) Suppliers ***may not*** ship non-approved production parts until submitting required PPAP level data and obtaining written approval to ship.
- 3) Suppliers ***may not*** ship prior to the approved implementation date established with Sensata.

Below are the clauses from latest revision of Sensata's Global Supplier Quality Manual #1004255 which states the following requirements:

Change control - The Supplier shall have a process to control and react to changes that impact product realization, including product and manufacturing process changes. The effects of any change, including those changes caused by sub-suppliers, shall be assessed, verified and validated to ensure compliance with Sensata Technologies' requirements prior to implementation. Any product realization change affecting Sensata Technologies' requirements (product and/or process) require notification to and approval by the assigned SQE and Procurement Manager, prior to change implementation.

Guidance on change notification requirements are given in the AIAG PPAP manual noted in section 4.3.5. The Supplier shall notify the assigned SQE of any change. The assigned SQE will determine and inform the Supplier when a Supplier Request for Engineering Approval (SREA) G-SM-24 (doc #:1006304) shall be submitted for review and approval.

For proprietary design, impact on form, fit and function (including performance and/or durability) shall be reviewed with the assigned SQE and/or Procurement Manager so that the effect can be properly evaluated.

To reemphasize, Suppliers must notify Sensata of **all** changes including sub-tier supplier changes prior to implementation. See attached appendix for further details.

The importance of managing change cannot be overstated. Hence, we are asking for the respective Supplier's CEO or President's and Vice President or Director of Quality to sign below. If you have any questions regarding supplier-initiated changes, please contact me, your Sensata Purchasing representative or Sensata Supplier Quality representative. Thank you in advance for your renewed commitment and continued cooperation in assuring a disciplined Change Management process that yields defect free products to Sensata and its customers.

Sincerely,



Gene Golab
Sensata technologies
VP Global Procurement



APPENDIX A

The following are examples (not an exhaustive list) of changes requiring Sensata notification and approval (as defined in the latest edition of AIAG PPAP reference manual) – Note that Sensata must be notified for ALL changes.

- Use of **other construction or material** than was used in the previously approved product
- Production from **new or modified** tools (except some perishable tools), dies, molds, patterns, etc., including **additional or replacement tooling**
- Production following upgrade or **rearrangement of existing tooling or equipment**
- Production from tooling and **equipment transferred to a different plant location/site** or from an additional plant location/site
- **Change of any supplier, sub-suppliers for parts, non-equivalent materials, or services (e.g., heat-treating, plating)**
- **Product produced** after the **tooling has been inactive** for volume production for **twelve months or more**
- **Product and process changes** related to components of the production product manufactured internally or manufactured by suppliers
- **Changes in test/inspection method** – new technique (no effect on acceptance criteria)

When a major disruption at Sensata and/or its customer facility is experienced due to failure by a Supplier to notify, obtain approval and implement a change, the following actions will be taken by Sensata's Procurement Team:

- Supplier will be placed on New Business Hold (Special Status Notification)
- Supplier will be placed on 3rd Party Controlled Shipping (CS2) for a defined period of time
- 8D meeting(s) at defined interval with executive level Supplier leadership and Sensata management
- Supplier registration body (TS or ISO) will be notified of the Supplier Special Status requesting follow-up surveillance audit to be conducted, irrelevant of the Supplier Quality Management System Certification



Change Management Acknowledgement:

Please acknowledge your understanding and personal commitment of the aforementioned Supplier Change Management Requirements by returning this page to:
Tammy Morrissey (tmorrissey@sensata.com)
with the signature of your CEO/President and Vice President/Director of Quality.

Supplier Full Name: _____

CEO/President Signature: _____

Printed Name: _____ Date: _____

Vice President/Director Quality Signature: _____

Printed Name: _____ Date: _____

Comments: _____

Exceptions: _____

You may access Sensata's Supplier Portal for more information regarding Sensata's Supplier Policies and Procedures. <http://www.sensata.com/supplier/>