General Quality Assurance

Agreement

Concluded between:

Supplier Name

Supplier Address

and

Motherson Sequencing and Assembly
Services Global Group GmbH
Headquarters

Siemensallee 84, D-76187 Karlsruhe

Foreword

The quality of the Motherson SAS modules depends to a large extent on the quality of the supplied components.

To achieve highest customer satisfaction, it is essential to achieve constant quality enhancements and process reliability.

This agreement pursues the strategy of building long-term and fair cooperative relationships. A partnership with suppliers to meet the requirements for supply reliability and quality.

Detailed OEM and/or Motherson SAS related concerns and targets may be regulated in a separate additional Agreement between the affected production locations, if needed.

Thank you for your support.

Motherson SAS

Table of Contents

1. Generics

1.1 Scope and period of validity

This quality assurance agreement applies for all Motherson SAS organizations and has unlimited period. Shall come into effect after signature and may be canceled in writing within 6 months' notice to the end of the calendar year by Motherson. Modifications and supplements to this agreement are only effective if they are concluded in a written supplement signed by both parties.

1.2 Quality Management System

The supplier must have a fully functional quality management system in accordance with IATF 16949 (last revision), certified by an accredited third-party certification body.

Quality System of Sub-Supplier

The supplier undertakes to place an obligation on his sub-contractors to comply with the accepted provisions of this agreement.

Motherson SAS will request documented evidence from the supplier showing the effectiveness of the quality management system at his sub-contractors and the assured quality of the purchased parts

1.3 Environmental Management

The supplier must ensure protection of all environmental resources during all steps in the project. Therefore, the supplier should follow the guidelines of the ISO 14001 (last revision) and comply with all environmental guidelines given by the OEM.

1.4 Emergency contact

If requested the Supplier must define its quality representative and his deputy to ensure permanent contact with Motherson SAS. The representative or his deputy must be contactable during Motherson SAS working hours. The supplier must provide contact details (names, mobile-phone numbers, e-mail addresses) to Motherson SAS and notify Motherson SAS in written form of any change.

1.5 Safety parts, statutory and regulatory requirements

With safety parts, the supplier is obliged to achieve and record the quality management measures and results according to Customer Specific Requirements and to the requirements from IATF 16949. Every single safety part must be marked that it can clearly be identified, be clearly traceable and comprehensible. All marking and documentation for safety parts must be done to the specifications of the OEM and the record retention policy should follow the requirements of VDA 1.

Statutory and regulatory requirements

The product liability laws valid in the origin country and the countries, where the parts will be delivered must be obeyed.

The supplier shall ensure that the supplied products, processes, and services conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer-identified country of destination, if provided.

If the customer defines special controls for certain products with statutory and regulatory requirements, the supplier shall ensure they are implemented and maintained as defined, including at their sub-suppliers.

Hazardous Materials

The supplier must put the material data into the IMDS (International Materials data System). Further it must be confirmed by the supplier that no critical/hazardous substances are contained in their parts or materials. All laws and regulations regarding hazardous materials must be respected by the supplier.

Product Safety and Conformity Representative (PSCR)

A Product Safety and Conformity Representative (PSCR) shall be nominated by the supplier. The representative or his deputy must be contactable during Motherson SAS working hours. The supplier must provide contact details (names, mobile-phone numbers, e-mail addresses) to Motherson SAS and notify Motherson SAS in written form of any change.

1.6 Warranty

Warranty requirements shall be according to Motherson Automotive Terms and Conditions of Purchase.

1.7 Audit (at the supplier site)

Motherson SAS is entitled to conduct an audit to establish if the supplier's quality management system will guarantee Motherson SAS's requirements. This will be carried out in the form of a system, process or product audit using Motherson SAS specific documentation.

There will be prior notice for the timing schedule.

Appropriate restrictions by the supplier will be agreed to protect trade secrets. If required, the audit will be extended to the appropriate sub-contractor.

2. Quality Assurance in Development

2.1 Advanced Product Quality Planning

The supplier must carry out the APQP process and component qualification according to OEM requirements. Motherson SAS is entitled to request evidences for performing this process at any time.

The supplier is to allow Motherson SAS to review the project plan and associated documentation upon request.

The supplier undertakes to establish a Containment Plan which must be put in place from the Pre-Series and during the ramp-up phase, in form of a Quality Wall.

2.2 Technical Documents

The supplier is responsible for meeting the technical requirements set by the OEM and Motherson SAS.

Any uncertainties regarding interpretation, missing documents, and instructions/specifications, etc. must be clarified immediately to ensure problem free collaboration. This clarification is the responsibility of the component supplier.

2.3 Feasibility studies

The supplier is obliged to execute feasibility studies whether requested products can be produced under series/batch production conditions corresponding to the technical specifications and contract agreements.

Motherson SAS is entitled to request evidences of the performance of such feasibility studies at any time.

2.4 FMEA

The Failure Mode and Effects Analysis (FMEA) shall be carried out to examine possible risks and their evaluation regarding severity, probability of occurrence, and the possibility of detection.

These risks shall be minimized by introducing appropriate measures.

The FMEA is thus an important instrument for preventing defects. The FMEA shall be carried out in a timely manner, so that the results and measures to be taken can still be incorporated into planning.

A FMEA shall be used for all phases of the product life cycle, such as design, production, assembly, packaging, transport, customer usage, as well as recycling and waste disposal.

The FMEA shall be used as a continuous improvement tool.

Product FMEA shall be completed for all parts which are being designed within the responsibility of the supplier.

Process FMEA shall be completed for all process steps of a component. In particular, the results of the process FMEA and the special characteristics shall be taken into consideration as basis for the control Plan.

On request, the supplier must allow Motherson SAS access to the FMEA at any time.

The identified failure modes within FMEA shall be simulated on the shop floor after industrialization of the production process in order to verify if the failure are detected. Additional failure modes and other potential causes shall be identified and integrated into the FMEA.

2.5 Definition of inspection characteristics

The identification of inspection characteristics shall be derived by OEM requirements, Motherson SAS requirements, FMEA's, Risk Analyses, and other development tools.

Within the quality planning procedure, important, significant, and critical characteristics must be summarized in a detailed control plan.

2.6 Definition of test/inspection methods and equipment

To carry out all tests and inspections that are required in accordance with the technical documents and the defined quality characteristics, the supplier must have the necessary test and measurement equipment.

It is the supplier responsibility to make sure that all test equipment used is monitored and calibrated regularly and that this is fully documented.

For every test, method and test equipment used an analysis of the test equipment capability according to the guidelines for Measurement System Analysis must be performed and submitted to Motherson SAS on request.

2.7 Packaging and Labelling

All parts must be packed in such way which avoids damage in transport or storage. Parts delivery conditions and label identification need to be compliant with the Supplier Logistic Manual (SLM) and the agreed Packaging Datasheet. For more details see Supplier Logistic Manual.

2.8 Product and process approval

Before starting series production, it must be proven to Motherson SAS that the quality and quantity requirements, which have been agreed in the drawings, specifications, and nomination, are met.

Unless otherwise agreed, product approval shall be in accordance with the "Production Process and Product Approval" procedure as per VDA Volume 2 "Securing the Quality of Supplies".

Unless otherwise agreed, a project related quality and capacity check (Significant Production Trial Run) will be carried out at the supplier's premises as part of the process approval procedure.

The approval includes following documents:

- Launch Readiness Review (LRR)
- Production Process Audit (VDA 6.3)
- Capacity Verification (OEE)
- Initial sample report (ISR, PSW)

In respect of critical characteristics, documented evidence of a capability investigation shall be prepared and added to the initial sample inspection report.

- Requalification is required for example: Design change.
- Change of production site. Change of production facility. Introduction of back up tools. Interruption of production for more than 1 year.

Supplier shall respect OEM requalification requirements

3. Quality assurance in serial production

3.1 Procurement

The supplier must assure that the products obtained from its sub-supplier meet the required quality.

The supplier must inform Motherson SAS about all sub-suppliers which have influence on the part quality before sourcing them. Motherson SAS has the right to raise an objection at its own discretion and the supplier must follow Motherson SAS's requirements thereon without any delay.

Motherson SAS needs to be informed about any transfer of production processes in written form.

Transfer must be approved by Motherson SAS Purchasing and Motherson SAS Quality.

3.2 Zero-Defect Strategy

According to OEM and Motherson SAS quality framework agreements a zero-defect-strategy must be applied in general.

3.3 Statistical process control

The prescribed quality-relevant characteristics must be checked during the production process and recorded in accordance with a process-related control and inspection plans.

Upon request, access to the documents must be given to Motherson SAS.

Special Characteristics are identified on drawings/specifications by a symbol and can affect dimension, material, safety, regulation, and product function. For these characteristics that affect safety and legislation, the supplier undertakes to have Anti-error/Mistake proof incorporated into the

process and for those characteristics that affect function the supplier undertakes that the processes are capable and stable to six sigma.

3.4 Quality Inspection

To assure that the products delivered to Motherson SAS are without any defects. The inspection status must be attached clearly visible on the transport containers.

3.5 Documentation

The supplier undertakes to retain the required documents and evidence according to OEM requirements and if not defined, the supplier shall apply VDA 1 “Documented Information and Retention”.

PPAP documentation and records must be stored for 30 years after production run-out.

3.6 Early warning system

OEM and Motherson SAS shall be promptly informed by the supplier about any parts considered suspicious.

3.7 Traceability and change management

Traceability of parts must be in accordance with OEM guidelines.

Shipments of modified parts concerning product or production processes must be announced at least 3 days prior to first delivery of the modified parts. First supply of changed parts must be clearly marked on the packaging.

The supplier undertakes to ensure the traceability of product supplied. In the case of an identified non-conformity, traceability will be possible such that the limitation of the quantity of suspect non-conformance parts/products is minimized to single part number.

Changes will not be made without prior written notification and agreement from Motherson SAS. These include changes to part design, material, subcontractor, logistics flow, manufacturing location or process.

3.8 Incoming inspection at Motherson SAS plants

The supplier is fully responsible for the quality of the products delivered to Motherson SAS. Motherson SAS only checks for transport damages, the identification and quantity of incoming goods, so any inspection by Motherson SAS shall neither release the Supplier from responsibility for the quality of the products nor constitute acceptance of the Supplier’s products by Motherson SAS.

3.9 Costs

All supplier caused quality problems found during Incoming Inspection, Motherson SAS processes and within “0” km area of OEM customer, so called-0km rejects, and warranty field-claims will be complained to the supplier.

Any incident will have a financial impact and result in a cost charge to the supplier. If corrective actions of the supplier are not effective, deadlines are not kept or “JIS-delivery” to the OEM is in danger, Motherson SAS is authorized to implement corrective actions (for example: sorting actions etc.) and to invoice incurred costs to the supplier.

In the event the products and/or services do not conform to the foregoing warranty and/or the supplier is in breach of the agreement and/or contract, Motherson SAS may, without prejudice to Motherson SAS’s right to claim for damages, charge the supplier with, and the supplier undertakes to bear, all and any repair or replacement costs including but not limited to:

The administrative costs:

The basic administrative costs are fixed at a lump sum per complaint (one complaint per event see amount in Annex 2), this amount covers the costs of supervision and analysis of non-conformity. In case of reoccurrence or safety incident an additional fee will be applied.

The operating costs of protective measures taken by Motherson SAS:

The “per hour COST” (see Annex 2) if Motherson SAS‘s personnel carry out additional temporary incoming inspection, sorting, destruction or reworking activities. Any hour started shall be charged as a full hour.

The costs incurred in the downstream operation stage:

If the non-conformity is detected during the manufacturing or processing stage,

Motherson SAS at its sole discretion shall charge supplier with, and supplier undertakes to bear, all and any costs and/or expenses incurred by Motherson SAS in relation to and/or in connection with such non conformity, such as, but not limited to the costs for:

- substitute deliveries,
- rejects of completed and/or semi-finished products,
- machine downtime (costs incurred as a consequence of the downtime),
- staff costs associated therewith,
- transportation costs,
- packaging and handling costs.

Third party claims and costs and other additional costs, such as, but not limited to:

- claims charged to Motherson SAS by the customer.
- costs of an expert(s), where such expert was employed, in particular to determine defects or to determine which possibilities exist to remedy such defects.
- damages to Motherson SAS property or to property of customer.

- logistic costs (transportations, repackaging, travels to supplier or customer, travels due to escalation process)

- cost of any tests and/or controls relating to any renewed or replaced product.

Motherson SAS reserves the right to set off its payment obligations against any amount which might be owed to it by the supplier, on any grounds and of any nature whatsoever, including amounts corresponding to penalties and quality claims.

3.10 Supplier problem solving process

When a problem occurs, the supplier will immediately put his operations into containment in order to protect Motherson SAS and customers from receiving any defective material according to Containment controlled shipments procedure.

For 'critical' problems, the supplier will be placed in Controlled Shipment level 1 or level 2 at the supplier's expense as a further means to ensure that no defective parts reach Motherson SAS or its customer.

When defective material/products (direct material) are detected at Motherson SAS interior modules, a non-conformance report will be issued to supplier. It is the responsibility of the supplier to contain, initiate immediate corrective action and fill out the Motherson SAS 8D Report Format.

An initial containment action response is required within 4 hours at Motherson SAS facility and its effectiveness will be monitored. In maximum 24 hours it is expected the report of the containment actions taken (D3), and a final corrective action response within 10 working days (D6).

Supplier shall submit the corrective action using an 8D format from Motherson SAS with reliable and accurate evidence within 20 working days (D8).

The 8D report will be approved only if the corrective actions have been completed and Motherson SAS confirms the effectiveness during next 3 shipments. In other way, if the 8D report is not complete, effective or there is a second offense, then the 8D will be rejected and the suppliers must present another root cause analysis.

In case that Motherson SAS receives a customer claim related to the supplier, the requested customer deadlines for each 8D step shall be respected by the supplier.

3.11 Supplier performance and escalation principle

Supplier performance shall be measured according to the agreed quality targets (see Annex 1). Target agreement will be renegotiated once a year or be initiated by Motherson SAS or every time target values required from the OEM become stricter.

Escalation process

Whenever the supplier's performance level is not reaching Motherson SAS or OEM expectations, an escalation process will be triggered.

Typical situations requiring escalation could include but are not limited to the criteria's described in Annex 3- Supplier Requirements Manual.

4. Final provision

In the case that any individual clause of this agreement proves to be, or become invalid, the validity of this agreement shall not be affected. In such case, the invalid clause shall be changed nearest the original intent.

In case Motherson SAS requirements differ from OEM customer specific requirements, OEM requirements shall prevail. This is applicable only for issues that directly impact OEM.

This contract has been elaborated in two copies, one for each party.

5. Annexes

Annex 1 Quality Target Agreement

Annex 2 Charge Cost Policy

Annex 3 Supplier Requirements Manual

Place: .....

Date : .....

Motherson Sequencing and
Assembly Services Global Group GmbH

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Strategic Purchasing Director

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Global Operation and
Supplier Quality Director

Place: .....

Date : .....

Supplier

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Supplier Name/Position

.....

Supplier Signature