

General Agreement

for the suppliers of the SumiRiko AVS Group

between

- 1. SumiRiko AVS Germany GmbH
Karl-Winnacker-Str. 22a
36396 Steinau an der Straße
GERMANY**

- 2. SumiRiko AVS Netherlands B.V.
Celsiusweg 32
5928PR Venlo
NETHERLANDS**

- 3. SumiRiko AVS France S.A.S.
Route d'Archettes
F-88026 Epinal Cedex
FRANCE**

- 4. SumiRiko AVS Spain S.A.U.
Poligono Industrial
Las Casas, Calle F
E-42005 Soria
SPAIN**

- 5. S-Riko de Querétaro S.A.P.I. de C.V.
Av. de las Fuentes N° 19
Parque Industrial Bernardo Quintana
El Marqués, Querétaro C.P. 76246
MEXICO**

- 6. SumiRiko SD France S.A.S.
Usine des Caillots
F-58302 Decize Cedex
FRANCE**

- 7. SumiRiko Rubber Compounding France S.A.S.
Usine des Caillots
F-58302 Decize Cedex
FRANCE**

8. **SumiRiko Industry France S.A.S.**
Usine des Caillots
F-58302 Decize Cedex
France

9. **SumiRiko South Africa (Pty) Ltd.**
130 Paterson Road, North End
6056 Port Elizabeth
SOUTH AFRICA

10. **SumiRiko AVS Wuxi Co., Ltd.**
No.2 Lingjiang Road
Wuxi New Development Zone
Jiangsu
P.R. CHINA, 214028

11. **SumiRiko AVS Romania S.R.L.**
Parc Industrial Sud 11
440247 Satu Mare
ROMANIA

12. **SumiRiko AVS Czech s.r.o.**
Drnovice 146
763 25 Ujezd
CZECH REPUBLIC

13. **SumiRiko AVS RUS LLC**
Frunze street, 14 "B", office 337
447037, Togliatty, Samara region
Russian Federation

(hereafter referred to as „**SumiRiko AVS**“)
represented by **SumiRiko AVS Germany GmbH**

and

the company

(company name) ,

Post Box / Address ,

Town / Postal Code

(hereafter referred to as **the supplier**)

TABLE OF CONTENTS

GENERAL AGREEMENT.....	1
TABLE OF CONTENTS.....	3
PREAMBLE	6
A NON-DISCLOSURE AGREEMENT.....	6
1 CONFIDENTIALITY.....	6
2 THE USE OF CONFIDENTIAL INFORMATION	6
3 RIGHT TO INFORMATION	7
B GENERAL PURCHASE AGREEMENT.....	7
1 CONTRACT OBJECT	7
2 THE USE OF WORK RESULTS.....	7
3 REQUEST FOR QUOTE	8
4 CONTRACT AWARD / GOODS REQUISITIONS	8
4.1 Contract acceptance.....	8
4.2 Delivery forecast / delivery distribution plan / forecasting	8
4.3 Release for delivery	9
4.4 Inventory buffer	9
5 GENERAL RELEASE	9
5.1 Delivery capacity	9
5.2 Supply shortfall	9
5.3 Subcontractors / materials / supplies.....	10
5.4 Exceeding the due date	10
6 SUPPLIER EVALUATION	10
7 SUPPLY OF REPLACEMENT PARTS	10
8 TOOLS / PRODUCTION EQUIPMENT / MACHINERY	10
8.1 Object	10
8.2 Ownership of the production equipment	10
8.2.1 Equipment loaning.....	10
8.2.2 Third parties	10
8.2.3 Labeling.....	11

8.3 Transport, packaging and insurance.....	11
8.4 Storage and usage.....	11
8.4.1 Obligation to exercise proper care.....	11
8.4.2 Storage obligation.....	11
8.5 Service and maintenance	11
8.6 Liability and insurance	11
8.7 Delivery and return.....	12
C QUALITY ASSURANCE AGREEMENT	12
1 INTRODUCTION.....	12
2 OBLIGATION OF SUBCONTRACTORS	12
3 AREA OF APPLICATION	12
4 QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEM REQUIREMENTS	13
5 AUDITS	13
6 PRODUCT AUDITS AND REQUALIFICATION	13
7 ADVANCE QUALITY PLANNING.....	13
8 APPROVAL SAMPLES	14
9 QUALITY GOAL	14
10 CHECKS AND INSPECTIONS.....	14
10.1 Minimum inspection requirements	14
10.2 Consideration of safety and regulation (S/R) characteristics	15
10.3 Traceability	15
10.4 Incoming inspection	16
11 COMPLAINTS / CLAIM PROCEDURES	16
11.1 Notice of defects by the supplier	16
11.2 Notice of defects by SumiRiko AVS.....	16
11.3 Elimination of defects	16
11.4 Field complaints.....	17
12 PRODUCT / PROCESS CHANGE - NEW PRODUCTION SITE	17
13 RESPONSIBILITY TOWARDS SUBCONTRACTORS AND SUB-SUPPLIERS.....	17
14 INSURANCES.....	18
15 DOCUMENTATION / ARCHIVING RECORDS.....	18

16 ADDITIONAL SPECIFICATIONS	18
D SUPPLIER LOGISTICS MANUAL	18
1 GOALS AND RESPONSIBILITY	18
2 AREA OF APPLICATION	18
3 LOGISTICS CONCEPTS.....	18
3.1 Responsibility of the supplier	18
3.2 Computer interfaces	18
3.3 Emergency concept	19
4 TRANSPORT PROCEDURES	19
4.1 Terms of delivery	19
4.2 Special delivery processing	19
4.3 Quality record concerning incidental special deliveries	19
5. LABELING GOODS AND TRANSPORT DOCUMENTS.....	19
5.1 Tags: VDA 4902 most up-to-date version (suitable for barcodes)	19
5.2 Delivery note DIN 4991 / VDA 4912	20
5.3 Shipping order VDA 4922	20
6 ORIGIN OF GOODS AND PREFERENCES.....	20
7 PACKAGING	20
7.1 Packaging requirements	20
7.2 General requirements to prevent pack ageing waste	21
7.3 Packaging costs	21
7.4 Packaging planning sequence	21
7.5 Empties	22
7.5.1 Container account	22
7.5.2 Container account coordination	22
8 MISCELLANEOUS	22
E HEALTH, SAFETY & ENVIRONMENTAL PROTECTION	22
F SOCIAL RESPONSIBILITY	22
G DURATION OF THE AGREEMENT AND TERMINATION	23
H GENERAL PROVISIONS	23
I APPENDIX.....	25

PREAMBLE

The objective of this general agreement is to secure a long-term partnership between SumiRiko AVS and its suppliers in order to meet market requirements with the highest quality standards.

The agreement refers to all goods that SumiRiko AVS receives or will receive from the supplier.

However, this general agreement shall also entitle other subsidiaries of SumiRiko AVS (affiliated companies) to order production materials from the supplier under the general terms and conditions set forth in this agreement.

Transfers of ownership shall then take place directly between the respective subsidiaries placing the order and the supplier. Which subsidiary is supposed to be the respective recipient of the delivery results from the underlying goods requisition. The invoice should then also be sent to the company specified.

Unless the legal relationships of the contractual parties change due to judicial necessities not related to the present agreement, the terms and conditions established here must also be used in those cases to the extent that they are relevant.

A NON-DISCLOSURE AGREEMENT

1 Confidentiality

The contractual parties are aware that confidentiality is an essential foundation for joint contractual relationships. In this regard, during and after termination of the cooperative partnership, the supplier and SumiRiko AVS are obligated to observe silence and to abstain from disclosing to third parties any information that must be handled confidentially. This also applies to information that one contractual party receives from any other party during preliminary discussions or contract negotiations.

For the purpose of this agreement, "information" shall be defined as any information that one party provides or has provided to another party verbally, in writing or in concrete form, particularly plans, drawings, invoices, designs, formulas, samples and other documents as well as all additional knowledge and experience with regard to the contract object.

Originator: R. Einmal
Status: September 2017

2 The Use of Confidential Information

This established, the contractual parties shall agree on the following except when otherwise stipulated:

- Information sent by one party must be handled by the other party with the same care that he or she would handle his or her own business and operating secrets, however, at least with the same care of a professional business person.
- Confidential information may be used in operations of the recipient to achieve the agreed goal and shall remain the property of the disclosing party.
- The information may only be made available to those employees working for the recipient who are aware of the information or who have to analyse the information within the scope of the preliminary discussions, the cooperative partnership, the exchange of information, etc. This information may not be duplicated without prior written permission from the disclosing contractual party nor may it be used for personal purposes or as part of other business relationships with third party companies, with the exception of SumiRiko AVS customers, working with the recipient. However, for the purpose of this agreement, third parties do not include the companies of SumiRiko AVS and the companies to which it has a direct or indirect share as long as these have signed a corresponding non-disclosure agreement.

The aforesaid obligation does not apply to such information and technical and business knowledge and experience that

- can be proven at the time of their disclosure to have already been in the authorised possession of the receiving party;
- can be proven to have already been made public at the time of their disclosure;

- are released or otherwise made public through no fault of the receiving party;
- that have already been legitimately disclosed to the receiving contractual party by a third party;

The burden of proof for the applicability of an exception lies with the party that has made the reference.

3 Right to Information

This agreement does not authorise broader rights to either of the parties. In particular, each of the parties is free to decide which information it makes available to the other and it does not authorise the contractual parties to act for other. This agreement shall apply only if no other agreements that stipulate otherwise have already been made.

On request, written or otherwise recorded information (if necessary, reproduced copies), samples, etc. must be immediately issued to the disclosing contractual party. This party reserves all the rights to such information (including copyrights and the right to register patents and utility patents).

No contractual party shall register or have registered new industrial property rights (especially patents and/or utility patents) that could be based on information of the other contractual party or could contain such information without prior written permission from the other respective contractual party. The contractual parties shall impose on their employees, suppliers, subcontractors, and others who acquire knowledge of the confidential information or know-how and experience as a result of said confidential knowledge the same obligation to maintain confidentiality also for the same time period after leaving the company that was established when they entered into the agreement.

The obligation of non-disclosure shall end three years after the General Agreement expired.

B GENERAL PURCHASE AGREEMENT

1 Contract Object

The legal relationships between SumiRiko AVS and the supplier with regard to the procurement of the contract objects shall conform to the provisions of this general agreement and SumiRiko AVS terms and conditions of purchase (Appendix G, item 5). The supplier's general terms and conditions of trade shall also not apply even if they were not opposed specifically in individual cases.

The supplier must meet all legal, environmental, safety-related regulations as well as requirements for restricted, poisonous and hazardous materials (EU directive) in effect in the EU. The supplier must have on hand the necessary permits and licenses for the materials used, its processes and plants and systems.

The supplier is obliged to immediately review whether the specifications established in the drawings, specifications, etc. from SumiRiko AVS or from the supplier violate or contradict such provisions and, if this is the case, to inform SumiRiko AVS immediately in writing.

The supplier's products must comply with modern scientific and state-of-the-art technology and the specifications, drawings, etc. stipulated for the individual items.

For the purpose of mutual obligation in achieving the zero-error strategy, SumiRiko AVS expects its suppliers to meet the standard quality requirements established in the automotive industry. Details on this are stipulated in the Quality Assurance Agreement (see section C).

2 The Use of Work Results

All documents and output that are generated in connection to a fee-based order issued by SumiRiko AVS are the property of SumiRiko AVS. This provision shall apply both to the supplier as well as to its subcontractors / representatives. SumiRiko AVS reserves the right to forward all documents to third parties within the scope of the non-disclosure agreement.

It cannot be excluded that within the scope of the cooperative partnership at the supplier's facilities

some results (patents, utility patents or design models) that can be covered by proprietary rights may emerge (new proprietary rights) or existing proprietary rights may be brought to the table by the supplier, in this case, the contractual parties are obliged to come to a separate agreement with regard to the registration and use of the work results. If the supplier acquires new proprietary rights, SumiRiko AVS shall at least obtain a comprehensive joint right of use that is unlimited in terms of time and location and is free of charge.

If the work results are protected by the intellectual proprietary rights of the supplier, the supplier shall herewith grant SumiRiko AVS the non-exclusive, irrevocably transferable right unlimited in terms of time, location and content to use these work results in any way, shape or form and free of charge. In particular, this includes the right to duplicate, to circulate, to display, change and revise them.

3 Request for quote

The supplier shall receive from SumiRiko AVS a request for the development of a product or for the manufacture of a product developed by SumiRiko AVS. The request shall include, for example, a data set, drawing, technical specifications, a functional specification sheet and commercial specifications. Contract acceptance is a fundamental and integral element of the request, the scope of the proposal and the order.

When submitting the proposal, the supplier generally has to assess the manufacturability, to the extent necessary and define the possible risks / restraints in the proposal. Otherwise, the manufacturability is considered confirmed. At SumiRiko AVS request, the SumiRiko AVS form (Appendix G, item 4) should be used to assess the manufacturability.

The SumiRiko AVS customers fundamentally reserve the right to perform an additional cost control at SumiRiko AVS facility and with its subcontractors. This right shall also apply equally to SumiRiko AVS at its supplier's location and that of its subcontractors. At SumiRiko AVS request, the supplier must submit the cost details. To do so, SumiRiko AVS or depending on the case, the customer-specific forms have to be used.

4 Contract Award / Goods Requisitions

4.1 Contract acceptance

Details on the estimated set of requirements, delivery capacities, prices, etc. shall be agreed separately in writing for each contract object/item. This shall also apply to modifications to the contract object.

Purchase orders and goods requisitions with due dates and quantities shall be considered accepted and binding if the supplier does not respond otherwise in writing within three business days of receipt. The specified due dates are the arrival dates at the place of unloading. Goods shall be delivered to SumiRiko AVS according to the FIFO principle.

4.2 Delivery forecast / delivery distribution plan / forecasting

As a rule, the supplier shall receive the purchase orders and goods requisitions with a long-term forecast. In the first 20 work days starting from the order date, the supplier is entitled to manufacture the volumes forecast in the delivery distribution plan/order. The supplier may stock up on the necessary materials for the quantities projected for the subsequent 20 business days.

Unless the supplier receives a delivery distribution plan / order that states otherwise, the manufacturing and/or materials release moves forward one calendar day respectively. For this, SumiRiko AVS shall guarantee acceptance as long as it can be proven that the parts / materials had already been manufactured or available at the time the order was cancelled.

Further delivery distribution plans / orders are not binding. Their only purpose is to serve as a forecast. SumiRiko AVS is entitled to modify the delivery distribution plans / orders and the quantity and due date. The updates shall be considered as accepted if the supplier does not respond otherwise in writing within three business days of receiving them. Partial deliveries and excess deliveries are only permitted if they have been agreed on in writing.

4.3 Release for delivery

Without sending samples or submitting releases, SumiRiko AVS receives from its customers delivery distribution plans as early as the product development process. SumiRiko AVS is then obliged to plan the series implementation phase in such a way that it can meet the delivery due date or, in exceptional cases, to arrange different due dates with the customer if it is at all feasible.

SumiRiko AVS is responsible for sending samples in a timely manner and acquiring the necessary releases from the customer.

SumiRiko AVS shall proceed in the same way with its suppliers, i.e. delivery distribution plans from the customer will be implemented without regard for the present releases to the supplier.

The supplier is then obliged to schedule its processes in such a way that it can meet the delivery due date or, in exceptional cases, to arrange different due dates with SumiRiko AVS if at all possible.

The supplier is responsible for sending samples in a timely manner and acquiring the necessary releases from SumiRiko AVS.

With regard to releases, the following distinctions must be made:

- The initial sample release serves only to allow invoicing of tooling costs; it does not authorise manufacture and delivery. SumiRiko AVS thus enables its supplier to submit tooling invoices sheet early on. The supplier must attach SumiRiko AVS initial sample release to the invoice.
- A separate written delivery release must be obtained from SumiRiko AVS for manufacture and delivery as long as this is recorded on the EMPB. As a rule, this release is not issued until the functional tests on the assembly part have been completed at SumiRiko AVS facility or at the customer's location.

Both mentioned releases are issued by SumiRiko AVS Quality department.

4.4 Inventory buffer

As long as not otherwise stipulated in a separate agreement, the supplier shall organise a buffer stock for an average two week supply of materials by no later than 2 months after the initial sample release and after the first requisition has been made as per the delivery schedule. The buffer stock will be included in the aforementioned materials release. The average weekly supplies are determined based on the order quantities from the first 4 weeks of the order schedule and must be adjusted accordingly in case of supply changes and updates.

5 General Release

5.1 Delivery capacity

In order to deliver by the due date and meet quality and quantity requirements, the supplier is obligated to keep the scheduled production equipment capacity available (e.g. tools, equipment, machines, etc.) as the supply capacity to the extent required by the delivery schedule

5.2 Supply shortfall

In case of acute shortage situations, the supplier agrees to provide even on weekends and public holidays SumiRiko AVS full production capacity. This additional production can be specified until the acute situation is turned off. This shutdown of the bottleneck is always confirmed by SumiRiko AVS in writing. SumiRiko AVS reserves the right to charge the costs to the supplier if he is responsible for the bottleneck situation. Otherwise, SumiRiko AVS bears the costs against detailed evidence by the supplier. The financial report has to be send prior to the implementation of the additional production to SumiRiko AVS. SumiRiko AVS central purchasing department has to instuct in writing the financial statement.

5.3 Subcontractors / materials / supplies

If SumiRiko AVS recommends or specifies materials or subcontractors, the supplier is solely responsible for a qualitative, trouble-free, on-time delivery regardless of this. The supplier is obligated to sign corresponding agreements with its subcontractors.

Goods possibly supplied by SumiRiko AVS free of charge are the property of SumiRiko AVS and shall be treated as purchase parts.

5.4 Exceeding the due date

If the supplier is at fault for a delay in delivery that exceeds the agreed due date, the supplier automatically becomes behind schedule without reminder. SumiRiko AVS must be reimbursed for damages caused by the delay. As soon as the supplier realises that the goods will not arrive at SumiRiko AVS facility on the scheduled date, the supplier must inform SumiRiko AVS of this immediately in writing, stating the reasons and the estimated duration of the delay.

If there is a delay and the production conditions require a rapid delivery to avoid a negative impact on SumiRiko AVS production or scheduling, the supplier must deliver the necessary product quantity to the SumiRiko AVS factory that needs the product/processes using the fastest transport method possible, at its own cost and regardless of where the relevant factory is located.

6 Supplier Evaluation

The supplier shall be evaluated based on its performance. The evaluation process must be constantly monitored and is based on latest version of SumiRiko AVS procedure concerning supplier evaluation under internet website – download area. If deficiencies can be determined during the evaluation, the supplier is obligated to draw up and implement action plans with concrete goals, e.g. agreed ppm values. The supplier evaluation shall be used as a deciding factor for future orders. The obligation to perform a self-evaluation remains hereby untouched.

Additionally to the quality and logistics performance evaluation, SumiRiko AVS reserves the

right to request the supplier for current financial statements on regular basis.

7 Supply of Replacement Parts

In accordance with the requirements of the automotive industry, the supplier is obliged to assure SumiRiko AVS that the supply of products will be guaranteed for a period of 15 years after run out of series production. In this respect, the supplier is obligated to establish contractual regulations with its subcontractors that will ensure a corresponding supply of replacement parts.

8 Tools / Production Equipment / Machinery

8.1 Object

The object of this section of the contract are the terms and conditions for the gratuitous loan of machines, tools, equipment, models, samples, bottom swages, measuring and instrumentation equipment, taps and dies and similar items—referred to in the following as production equipment—by SumiRiko AVS to the supplier for the manufacture or processing and supply of parts to SumiRiko AVS.

8.2 Ownership of the production equipment

8.2.1 Equipment loaning

Any production equipment loaned to the supplier by SumiRiko AVS shall remain the property of SumiRiko AVS. The equipment loan shall be documented. The further loan of production equipment to subcontractors or third parties requires prior written permission from SumiRiko AVS.

8.2.2 Third parties

If production equipment is manufactured or acquired on behalf of SumiRiko AVS by the supplier itself or by a third party that it has commissioned, its ownership shall be transferred to SumiRiko AVS at the time of completion and payment and/or the receipt of the production equipment at the supplier's facility. The handover of production equipment to SumiRiko AVS shall be replaced by a transfer by way of loan. This shall also apply to replaced production equipment.

The supplier shall ensure that it was the exclusive owner of the production equipment and that no third parties are entitled to rights thereof. If this is not the case, the supplier shall ensure that it is authorised to have unlimited access to the production equipment.

8.2.3 Labeling

If the production equipment is not yet labeled as SumiRiko AVS property and provided with a SumiRiko AVS identification number, the supplier shall attach an ID label including the SumiRiko AVS identification number onto each contract object to identify it as SumiRiko AVS property.

To protect SumiRiko AVS right of ownership from any third party interfering with the rights of the owner, such as seizure, confiscation or the like, the supplier is obligated to report such activities immediately. If costs are incurred for maintaining such measures, the supplier must bear the costs or, if applicable, reimburse SumiRiko AVS.

8.3 Transport, packaging and insurance

The supplier shall bear the costs and cover the risk for transport, packaging and insurance in connection with the delivery of the production equipment and the necessary interim transportation as long as it was not initiated by SumiRiko AVS.

8.4 Storage and usage

8.4.1 Obligation to exercise proper care

The supplier must handle the production equipment on loan carefully and store it free of charge with the proper care of a professional business person. The supplier shall use the production equipment only for the manufacture and processing of parts ordered by SumiRiko AVS.

8.4.2 Storage obligation

For a period of 15 years after the series has stopped being produced, the supplier is obligated to keep and store the tools. Scrapping requires prior written approval from SumiRiko AVS.

8.5 Service and maintenance

The supplier must keep all production equipment on loan in good operating condition. The supplier shall pay for service, maintenance and repairs as well as for necessary successor tools (e.g. due to wear and tear) as long as no other written agreement states otherwise in terms of specific products. Repairs must be made, damages repaired and successor tools produced in a timely manner so that delivery due dates are met. SumiRiko AVS must be informed immediately of damages to contract objects.

The supplier may not modify production equipment without prior written approval from SumiRiko AVS. In such a case, the modification must be made for SumiRiko AVS so that SumiRiko AVS remains the direct owner of the new/modified product.

The supplier shall inform SumiRiko AVS in a timely matter, i.e. taking into consideration the customary delivery dates, at what time the contract objects must be replaced as a result of normal wear and tear.

The testing and measuring equipment included must be monitored. SumiRiko AVS is authorised, together with the customer, to inspect the contract objects, to monitor their use and to perform an inventory check.

8.6 Liability and insurance

If the contract objects become unusable due to circumstances or are lost, the supplier shall pay the costs for procuring replacements. The supplier has to set it up for SumiRiko AVS in such a way as if no damage at all occurred.

The supplier shall insure the contract objects against all industry-related risks, particularly fire, theft and water damage, at their replacement value at its own cost for the duration of the agreement. Proof of insurance's must be submitted to SumiRiko AVS upon request.

The supplier shall assign to SumiRiko AVS its claims against insurance companies or other parties that it is entitled to in the event of loss so long as they are not used to recover the contract object. SumiRiko AVS shall accept this assign-

ment. After consulting with SumiRiko AVS, the supplier shall proceed with the recovery.

The supplier is responsible for complying with legal and accident prevention regulations. In this regard, SumiRiko AVS shall be exempt from damage compensation claims filed by third parties.

Claims for compensation filed by the supplier against SumiRiko AVS due to failing to supply the production equipment or failing to supply it in a timely matter are excluded, particularly compensation for consequential damages such as production downtime or loss of use as well as lost profits. This shall not apply except in cases of wilful acts or gross negligence or requiring liability by law.

8.7 Delivery and return

In the following cases, the supplier is obligated to deliver the contract objects to SumiRiko AVS upon initial request:

- if the order, which requires the objects in order for the supplier to complete it, is fulfilled or cancelled prematurely or the general agreement terminated;
- if the supplier does not meet its obligation in supplying the desired quality or quantity on schedule and under competitive conditions, despite reminders;
- if SumiRiko AVS customer demands delivery;
- if the supplier experiences financial collapse, particularly if it files for bankruptcy using its assets and is rejected because it lacks sufficient assets;
- if changes occur in the supplier's corporate and legal relations in contrast to their status at the time the agreement was signed and these changes have significant implications for this contractual relationship. In this case, the supplier must inform SumiRiko AVS of these changes immediately.

The supplier shall return the production equipment in good working order as well as other documents within a week of SumiRiko AVS requesting them to a location in the EU that SumiRiko AVS determines. However, the supplier is

only obligated to assume the costs up to the amount it would have cost to return it to the original transfer or shipment location. If the production equipment is not paid for or not paid for in full, the contractual parties will reach a reasonable agreement.

C QUALITY ASSURANCE AGREEMENT

1 Introduction

In this Quality Assurance Agreement (QAA), the contractual parties shall establish the technical and organisational provisions to guarantee and monitor the quality of the deliverables. This QAA describes the essential quality management measures between SumiRiko AVS and the supplier in order to achieve a high standard of quality. The contractual parties shall further use the QAA to pursue the goal of keeping costs under control by properly coordinating the allocation of activities, especially reducing duplication checks and shortening run-times, thus ensuring competitiveness for the long term.

2 Obligation of Subcontractors

The supplier is responsible for ensuring that its subcontractors comply with the provisions of this QAA. The supplier shall sign a corresponding quality assurance agreement with its subcontractors if one has not yet already been signed.

3 Area of Application

The provisions of this quality assurance agreement (QAA) shall apply to all products to be delivered by suppliers to SumiRiko AVS. The parts must correspond to the agreement (e.g. specification, drawing, etc.) and/or the released sample. With regard to the intended purpose, the supplier shall immediately review whether the description submitted by SumiRiko AVS is unclear, incomplete, or contains errors and, if this is the case, inform SumiRiko AVS immediately of the details in writing. The supplier shall point out to SumiRiko AVS possible savings potentials with regard to testing and manufacturing processes.

4 Quality and environmental management system requirements

For quality assurance of its products to be supplied to SumiRiko AVS the supplier company commits itself to install, apply and keep-up on own initiative a qualified and fully retraceable quality management system at least in accordance with valid version of DIN EN ISO 9001.

The supplier will develop a quality management system (QM-System) as per valid version ISO/TS 16949 according to the requirements of the automotive industry. The time schedule for the implementation of such a system shall be individually coordinated with SumiRiko AVS purchasing department.

The supplier shall prove the efficiency of the QM-System by certification in accordance with DIN EN ISO 9001 (minimum requirement) or ISO/TS 16949 (target) all issued by an officially accredited institute for such certification or shall be proven as part of an audit processed by a SumiRiko AVS customer.

Our suppliers should implement an Environmental System Certification according to ISO 14001.

5 Audits

SumiRiko AVS and SumiRiko AVS customers are individually or commonly entitled to audit in the supplier's production facilities and those of its subcontractors where the products are manufactured for SumiRiko AVS and review and assess the corresponding action plan. The supplier is obliged to supply to the audit team all necessary assistance for the good execution of their mission. The supplier shall come to an agreement with its subcontractors that meets the conditions of the above sentences.

The audit's time as well as its type and procedure shall be jointly determined by both contractual parties. SumiRiko AVS shall inform the supplier of the audit's result. If required, the supplier must immediately implement the necessary remedial action or improvement measures. In general, the supplier is responsible for auditing its subcontractors. Product and process audits shall be performed at supplier based on OEM standard or internal SumiRiko AVS standard.

As an example: whenever the rating of the process audit according to SumiRiko AVS standard is other than "A", SumiRiko AVS reserves the right to conduct a follow-up audit jointly with the affected responsible personnel.

If the supplier obtains the "C" classification, it will be excluded from new projects, until a higher rank is reached. If no improvement has been observed, SumiRiko AVS will gradually stop further orders and the supplier will be desourced.

All suppliers evaluated C after half-yearly evaluation of SumiRiko AVS should be integrated into the supplier audit planning of SumiRiko AVS.

SumiRiko AVS reserves the right to charge the costs linked to the audits due to a C evaluation to the supplier.

6 Product audits and requalification

Product audits have to be conducted by suppliers in line with VDA 6.5 and/or SumiRiko AVS development department requirements: control plan, drawing, RAT (download under SumiRiko AVS website – download area), other specifications from SumiRiko AVS or end customers.

At least, the SumiRiko AVS suppliers should be able to deliver the product audit results upon request.

SumiRiko AVS is obligated to provide its clients with an annual requalification review free of charge. Likewise, SumiRiko AVS suppliers must also fulfil this obligation, unless agreed otherwise with SumiRiko AVS and present the documentation to SumiRiko AVS upon request. If required, the supplier can arrange with SumiRiko AVS a reduced quantity of samples.

A requalification or layout inspection and a functional verification shall be performed for each product as specified in the control plans and RATs. Results shall be available for SumiRiko AVS review.

A product audit can be substituted by requalification.

7 Advance Quality Planning

The objective of advance quality planning is to recognize possible sources of errors early on and to introduce the corresponding preventive

measures. The supplier shall implement advance quality planning measures in accordance to the required quality management system.

On request, the supplier shall submit to SumiRiko AVS all documents related to advance quality planning. The test obligations that arise as a result of SumiRiko AVS requirements must be coordinated by the supplier with SumiRiko AVS on an item-by-item basis and defined in a technical analysis review (RAT). The RAT is an integral element of the initial sampling. The same shall equally apply to packaging, which, taking into consideration SumiRiko AVS packaging provisions, must be approved by SumiRiko AVS prior to initial sampling and then defined in a packaging data sheet to be released by SumiRiko AVS. The RAT approved by SumiRiko AVS simply represents the minimum inspection requirement and does not release the supplier from doing its own risk assessment and subsequent test and inspection planning.

8 Approval Samples

Prior to start of series deliveries according to the planning agreed with SumiRiko AVS, the supplier has to submit conform initial samples at first sending. Initial sample release by SumiRiko AVS or, if necessary, a temporary delivery release are also required before start of series deliveries. The scope of the initial sampling must meet the requirements according to VDA (Volume 2)/ QS-9000 (PPAP), and, if applicable, the additional supplemental customer requirements to be determined separately.

If the initial sample is rejected for reasons that the supplier is responsible for, the supplier shall be charged for the resulting subsequent expense.

The supplier must submit the initial samples to SumiRiko AVS for release:

- in the case of new parts prior to the start of general release,
- after modifying drawing or specification changes,
- if the manufacturing location is at all changed,
- if production has stopped for a long period of time (longer than one year),

- when using new / modified machines, tools, or materials,
- in case of new / modified production procedures by the supplier,
- if a deviation on previously submitted products has been eliminated,
- when changing subcontractors or in case of similar changes initiated by the subcontractors.

9 Quality Goal

The supplier is obligated to achieve the zero-defect goal. If the zero-defect goal cannot be achieved right at the start, the supplier must ensure that the appropriate measures will be implemented so that only functional parts are delivered to SumiRiko AVS. In case of deviations, the supplier shall draw up an action plan approved by SumiRiko AVS and prove that it has been implemented and that the agreed measures are indeed effective.

In order to achieve the zero-defect goal, intermediate PPM targets should be defined between SumiRiko AVS and the supplier. The quality output in the series and in the replacement part business shall be assessed in accordance of VDA Volume 2 / QS 9000. The Supplier shall immediately inform SumiRiko AVS as soon any violations of zero-defect obligation become foreseeable.

10 Checks and Inspections

10.1 Minimum inspection requirements










Special characteristics according to ISO/TS 16949, 3.1.2 are marked in the drawings, performance specifications, order specifications, RAT or other documents.

Special characteristics and capabilities

Special characteristics are product characteristics or process parameters that could have an effect on security or compliance with governmental regulations, the fitting, function, performance, or further product processing issues.

Compliance with these characteristics must be monitored and documented accordingly as part of the initial sampling phase and during the overall series production period. The results must be archived (see Section 14).

The supplier is obligated to take into account the "special characteristics" defined by SumiRiko AVS and to define for itself if necessary the internal "special characteristics" on the basis of its process knowledge and a Failure Mode and Effect analysis (FMEA). The "special characteristics" must be marked in the verification documents, such as the FMEA and the control plan. Unless there are further stipulations that state otherwise, the following applies to determining special characteristics and process capabilities:

SumiRiko AVS Classification	Details / Cpk	
		Critical characteristics Cp & Cpk > 1,67
		Cp & Cpk > 1,33
		Cp & Cpk > 1
		Dispersion (measurement of 30 parts without consideration of Cpk)
		S/R characteristics Cp & Cpk > 1,67 + 100% control

If capability targets are not reached:

- Protective measures have to be taken and adapted to each case
- An action plan is set up to reach capability objectives
- Adapted measures have to be implemented to ensure the good quality of parts (for example 100% control, SPC, review of control plan). However the 100% inspection will be considered as emergency measure and cannot be accepted as permanent part of the process, without previous agreement from the Quality Assurance Department of SumiRiko AVS.

The drawing or other specifications required by SumiRiko AVS shall represent the minimum inspection requirements and do not absolve the supplier from its own risk assessment and the resulting inspection planning.

10.2 Consideration of safety and regulation (S/R) characteristics

Definitions

A safety product is a material, a part, an assembly or a unit, the defect of which could cause injury, death to persons or damage to other property.

A product is submitted to regulation when it is affected by instructions prescribed and imposed by an administration, the non observation of which can lead to penalties.

Suppliers' awareness of S/R characteristics

Suppliers are obliged to respect procedures of conformity of the production, especially:

- Measures relative to conformity of products
- Measures relative to permanent checking

The identification of S/R characteristics and operations must be done on:

- Drawings
- Design FMEA
- Process FMEA
- Control plans and instructions
- Review and analysis of technics (RAT)
- Work stations
- Other control documents

The results have to be filled and archived at least during 15 years in accordance with regulation or more in accordance with SumiRiko AVS's customers requirements.

The supplier has to train (awareness) the operators and give the proof of this training (operator's signature) upon request.

10.3 Traceability

The inspection documentation, production drawings, documents accompanying goods, and, if possible, labels for parts must be designed in such a way that in case of error – even after the

end-customer has begun to use the completed products – it is possible to trace defective components and to find a batch of defective products in time.

The supplier must establish and update the documented procedures to identify and check the product adequately at reception, during manufacturing phases, expedition and delivery and relate them with its production batch.

The loss of any identifications entitles SumiRiko AVS to reject.

10.4 Incoming inspection

Taking into account the inspections performed at the supplier's site, the inspection at SumiRiko AVS shall be limited to comparing the delivery note information with the goods labels, inspecting the number of load units as well as recognisable transport damage on the exterior and result-oriented testing.

Further inspection obligations on the part of SumiRiko AVS do not exist.

If SumiRiko AVS does not use the contractual products itself, rather the supplier delivers them directly to SumiRiko AVS customer or the supplier delivers them in SumiRiko AVS packaging to SumiRiko AVS and SumiRiko AVS sells the contractual objects to the customer without performing its own goods received check, the supplier is liable for complying exactly with the delivery specification (especially terms of delivery, delivery dates).

11 Complaints / Claim Procedures

11.1 Notice of defects by the supplier

All defects concerning specifications have to be reported to SumiRiko AVS before the dispatch of batch.

If the supplier considers that despite the non-conformity the product can be used, he will send a deviation request to SumiRiko AVS that will decide about acceptance or refusal. This application has to be for a specific quantity or period of time, and accompanied by a plan of corrective actions, identifying the root cause and directed to the quality assurance department of SumiRiko AVS. If the application or deviation request is accepted, the material has to be adequately identified, maintaining the traceability and indi-

cating the deviation number and the discrepancy on the outside of each package.

The costs coming from tests linked to a deviation request or a non conformity for which the supplier is responsible for, will be charged to the supplier by the Purchasing department.

11.2 Notice of defects by SumiRiko AVS

If SumiRiko AVS finds defects or errors during the goods received inspection or while processing, the supplier shall receive a corresponding notice of defect (claim or alert).

Control reports may be asked by SumiRiko AVS and should be delivered within 3 days.

11.3 Elimination of defects

Every non-conformity detected at SumiRiko AVS must be subject of a problem solving process on behalf of the supplier with an 8D report, even if the objectives in PPM are kept.

Furthermore, to guarantee the conformity of the deliveries and the stock at SumiRiko AVS, the following actions must be taken :

- Identification and isolation of doubtful parts in supplier stock / inform SumiRiko AVS of traceability of doubtful parts including SumiRiko AVS stock
- Identification of first deliveries with « good » parts with appropriated identification on every container
- Counted from the claim on, the supplier must report in written form the first corrective actions within 24 hours, and within 10 days the final action plan to avoid the repetition of the defect (use of 8D report or equivalent) and 30 days for effectiveness check
- An analysis of the cause always needs to be carried out using suitable problem-solving methods. If required by SumiRiko AVS, more extensive, detailed analyses (such as Ishikawa, 5 why creation, 5 why non detection) are to be provided.

The informed supplier will take in charge all actions to resupply with conform products, to start sorting out or to execute the necessary reworks. The total time spent by the SumiRiko AVS employees (sorting out/ rework/report writing) in

SumiRiko AVS' plants or in those of SumiRiko AVS' customers, by their own Departments or exterior Departments, will be charged to the supplier on the basis of a fixed price mentioned in the report sent to the supplier. For each official complaint, SumiRiko AVS reserves the right to charge 150 Euros as administrative costs.

If all efforts in removing the defect fail or if there is immediate urgency such that the corrective actions planned by the supplier are insufficient, SumiRiko AVS reserves the right to intervene directly or to entrust the corresponding corrective actions and/or deliveries to a third party (for instance an external sorting company or external auditor fixed by SumiRiko AVS ...). SumiRiko AVS reserves the right to oblige the supplier to hire himself a third party selected by SumiRiko AVS and to organize the job directly with the third party. All the costs conducted by SumiRiko AVS or by a third party will be charged to the supplier. In any case, the supplier must ensure that neither SumiRiko AVS nor its customers experience an interruption in production.

In case of continuing quality problems, SumiRiko AVS reserves the right to reduce or cancel altogether the goods delivery without regard to existing inventories of material, semi-finished or finished goods.

Suppliers not showing improvement will be subjected to an escalation approach from SumiRiko AVS, which can result in different decisions concerning future business according to attached procedure regarding escalation process.

11.4 Field complaints

In the event of complaints from the field, the supplier has to carry out methodic analyses, in particular for components for which no faults were found in the appraisal process (refer to VDA Volume "Field failure analysis (Joint quality management in the supply chain – marketing and service)).

12 Product / process change - New production site

The supplier is not allowed to make any process or product modification without the authorization of SumiRiko AVS. The supplier will inform

Originator: R.Einmal
Status: September 2017

SumiRiko AVS of all product evolution proposals with a change request form. A feasibility commitment is sent to SumiRiko AVS for each modification; the supplier commits himself to not modify the nature or the composition of the used materials, without the previous authorization of SumiRiko AVS, even if this change does not modify the essential characteristics.

When modification is accepted, the supplier makes a new PPAP presentation, with initial samples, possibly reduced to the verification of the modified elements (unless the SumiRiko AVS part approval activity has specifically waived this requirement for the subject part). The first 3 deliveries must be clearly identified and the FIFO principle has to be respected.

The supplier shall inform SumiRiko AVS especially for these particular cases:

- engineering change to design records, specifications, or materials,
- production following any change in process, or method of manufacture, or in the inspection plan, having an impact on quality of delivered product (ref. to Supplier Control Plan and to Process Flow Chart or Process Route),
- change of material or its source,
- change of source for sub-contracted parts, or services (e.g.: surface treatment, etc.),
- production from new or modified tools, including additional tool, replacement, or refurbishment, etc.
- production from tooling and equipment transferred to a different plant location.

SumiRiko AVS shall be also notified in case of mergers, acquisitions or affiliations.

13 Responsibility towards subcontractors and sub-suppliers

Suppliers shall ensure that their sub-suppliers and subcontractors have valid third party Quality Management System certification according to the latest version of ISO 9001 if the supplied material, service or sub-contracted operation has an impact on product quality.

If this requirement is not met, suppliers are not allowed to use the sources or subcontractors unless prior approval has been given by SumiRiko AVS.

SumiRiko AVS suppliers shall ensure that sub-suppliers and subcontractors have an internal PPAP process in place, unless prior approval has been given by SumiRiko AVS.

14 Insurances

The supplier shall ensure that the agreements concerning outgoing lot control are co-insured as part of its operating and product liability insurance, the insurer shall disclaim its option of excluding its liability pursuant to § 4 Clause 1 S. 1 AHG (General Terms and Conditions of Liability Insurance).

For damages that are caused by the delivery of defective parts, SumiRiko AVS shall expect the supplier to conclude an insurance policy that covers these damages. The amount insured is based on the risk analysis for the product. Furthermore, it is imperative that the supplier has at its disposal sufficient insurance coverage as part of operating insurance and extended product liability insurance policies. The supplier shall provide the SumiRiko AVS with comprehensive insurance coverage confirmation upon request.

15 Documentation / Archiving records

The supplier is obligated to store the records in order to be able to present all data as well as the quality assurance actions necessary in order to verify compliance with the agreed quality in case of liability cases. The supplier shall store and archive the documents according to SumiRiko AVS guidelines for archiving records at suppliers location (see table below).

Type of documents / records	Retention period
General rule (when no other requirements are imposed by the Customer or regulations)	3 years
Documents associated to product/process (when no other requirements are imposed by the Customer or regulations):	
• S/R* requirement: Elements about product definition (1) Traceability	15 years from end of production 15 years from date of issue
• No S/R requirement: Elements about product definition (1) Traceability	3 years from end of production 3 years from date of issue
Commercial documents	15 years from end of production

For the purposes of the law, the supplier shall obligate its subcontractors to the same scope of documentation management responsibilities.

The supplier shall submit the documents to SumiRiko AVS upon request.

16 Additional Specifications

As a necessary supplement to the above, the SumiRiko AVS specifications refer to the latest versions of the VDA Series "Quality Management in the Automobile Industry" and/or of the ISO 9001 standard.

Furthermore, SumiRiko AVS reserves the right to introduce new procedures or guidelines as additional specifications to this agreement.

Suppliers should take the initiative to regularly communicate with SumiRiko AVS in order to assess and confirm current performance and to review future improvement objectives.

D SUPPLIER LOGISTICS MANUAL

1 Goals and Responsibility

This supplier manual includes guidelines and specifications that define and regulate the logistical processes between SumiRiko AVS and its suppliers. The manual should ensure a smooth flow of information and efficient processing.

2 Area of Application

Until canceled, this specification shall apply to all deliveries to SumiRiko AVS factories and/or designated suppliers. It shall be suspended in certain points by special logistics concepts and/or performance specifications that have to be released on the part of the Logistics department.

3 Logistics Concepts

3.1 Responsibility of the supplier

The supplier is responsible for compliance with and implementation of the agreed logistics concepts, from its production location to transfer of risk. A 100% availability of the materials at the transfer point must be guaranteed.

3.2 Computer interfaces

The supplier must be able to retrieve and further process all computer-related information from SumiRiko AVS via EDI. When sending computer-related data, the sender must comply with the

message formats specified by SumiRiko AVS, they are based on the VDA standard.

The requirements for computer processing must be approved by SumiRiko AVS IT department.

3.3 Emergency concept

An emergency concept both for the flow of information and materials must be approved by SumiRiko AVS Logistics department. The supplier shall draw up the emergency concept.

4 Transport Procedures

4.1 Terms of delivery

Deliveries must be made in accordance to the agreed terms and conditions of delivery according to Incoterm (the most up-to-date version) and the forms of delivery listed in 4.2 and 4.3. Freight billing shall be handled by the transport company and the party paying for the freight costs. The transport costs (for finished goods and returnable containers) must be indicated separately in the proposal. In accordance to this information, SumiRiko AVS reserves the right to change the logistics concept using the delivery as a basis.

4.2 Special delivery processing

Special deliveries shall generally be approved by the receiving SumiRiko AVS facility. In case of special deliveries, the supplier shall ensure that the following information is always included in the delivery notes as well as the shipping orders:

- SumiRiko AVS parts number,
- Receipt location,
- Recipient with telephone number and department name,
- Gross weight, number, type of packaging
- Delivery due date at SumiRiko AVS, arrival time, if applicable.

The delivery papers shall be sent to the recipient by fax or email in advance.

When initiating a special delivery through SumiRiko AVS, the forwarding agency must be approved by SumiRiko AVS.

Furthermore, the supplier must obtain written approval for assuming freight costs from the re-

sponsible contact person at SumiRiko AVS and submit it as required.

Without written approval, the freight costs will be passed on and invoiced to the supplier. SumiRiko AVS shall sign as a waiver client.

4.3 Quality record concerning incidental special deliveries

The supplier must keep a record on the incidental special deliveries. It must include special deliveries that were made due to shortcomings in the logistical sequences. In addition, partial deliveries that deviate from the order volumes specified must be recorded. Furthermore, special deliveries that SumiRiko AVS requests must also be recorded. In addition, they have to include information and deadlines for remedial measures.

The records must be made available to SumiRiko AVS upon request.

5. Labeling Goods and Transport Documents

5.1 Tags: VDA 4902 most up-to-date version (suitable for barcodes)

The supplier shall ensure that all packages and load carriers are labeled with a current, carefully filled-out, bar-coded tag according to VDA 4902. The supplier must make especially sure that the information on the tag corresponds to the contents found in the package or the load carrier.

If it is not possible to generate a VDA tag from the supplier's computer system, the supplier must use a separate VDA label generator.

Manual changes or entries on labels are not permitted.

When using standard and/or special containers, the tag must be inserted in the designated label holder. If there isn't one, it can be attached using glue only on a few places. However, wide-area, flat gluing is not permitted.

Out-of-date transport labels or tags on packages and load carriers must be removed prior to delivery to SumiRiko AVS.

In case of missing, glued, illegible or incompletely filled-out tags, the supplier shall be billed the charges incurred in each individual case.

For deliveries to SumiRiko AVS, the tag that meets the VDA –recommended 4902, Version 4 most up-to-date version shall be used. Two formats are described in this recommendation:

Standard format 210x148mm for large load carriers

(crates, pallets, etc.)

Format 210x74mm for small load carriers (KLT)

5.2 Delivery note DIN 4991 / VDA 4912

A delivery note that complies with DIN 4991 / VDA 4912 in its most current version must be used for all deliveries.

Manually written delivery notes are not permitted, the same applies to loading lists.

Furthermore, remote data transmission (RDT) for delivery note information according to VDA-recommendation 4913 must be observed

The following variant for RDT and delivery notes is possible:

Variants	Remote data transmission	Delivery document
1	Delivery note (RDT) acc. to VDA 4913	Delivery note acc. to DIN 4994

When shipping the goods through a forwarding agency, the delivery note must be enclosed with the shipping order. When sending packages, the delivery note must be enclosed in a clear envelope attached to the package.

5.3 Shipping order VDA 4922

In addition to the delivery note, a bill of lading / shipping order in accordance to **VDA 4922** must always be handed over along with the shipment. The delivery note number must be recorded on the bill of lading.

5.4 Shipping documents

The supplier has to ensure in case of border crossing transports to bring along all required

documents for export and import customs clearance. The documents shall be made available latest upon pick-up to the party responsible for clearance according to the agreed Incoterm. The minimum documentary requirements can be requested at the responsible Governmental Authorities in each country. SumiRiko AVS will help the supplier to obtain this information upon request. The supplier has to ensure the documents will be issued correctly and in advance so the transport will not be delayed due to documentary issues.

6 Origin of Goods and Preferences

When delivering goods to SumiRiko AVS, a long-term supplier declaration for goods with preference of origin in accordance to EEU Directive 1207/01 must be submitted to SumiRiko AVS Customs department prior to making the first delivery. A reference to the goods shall be made by including the SumiRiko AVS item number in the supplier declaration. The long-term supplier declaration must be sent to SumiRiko AVS annually without being requested.

The supplier is responsible for the accuracy and completeness of the long-term supplier declaration. The supplier shall assume complete liability in case of incorrectly generated supplier declarations and resulting claims from our customers. According to a random-basis selection, the SumiRiko AVS Group shall review the accuracy of a supplier declaration using the INF 4 information sheet.

7 Packaging

7.1 Packaging requirements

In general SumiRiko AVS estimates the supplier to be aware of any special needs of his products and estimates that he will choose the best type of packaging to ensure all the following criterias are met:

- delivery of parts damage-free (quality assurance)
- formation of rational loading units (no overhang on pallets, plain/flattop level on pallet)
- optimal container load capacity
- transport safety
- stacking capability

- compliance with the specified standard dimensions
- suitable handling set-up
- reasonable partial removal
- recyclable materials
- minimal use of disposable packaging materials as a waste prevention measure
- all wooden material used for transports outside EU must be compliant with ISPM 15 rules / IOOC treated

The supplier is liable for decreases in quality as a result of insufficient, wet, or dirty packaging. SumiRiko AVS shall perform spot checks and, in case of improper packaging, shall bill the supplier the charges incurred in each individual case.

For all shipments from/to outside the EU the supplier shall orientate the packaging dimensions on VDA regulation 4525 (seafreight packaging) to ensure optimized container usage. This includes optimized base dimensions for pallets as 114x98cm or 114x79cm and a height of 76cm or 115cm including one or two times stackability of each pallet.

Wherever possible pallets shall be built stackable. In some cases required reinforcements with wooden frames / plates or similar shall be used.

7.2 General requirements to prevent packaging waste

Packaging shall generally be planned taking economic and ecological factors into consideration. In accordance with ecological priorities, the waste management goals established by environmental legislation include the following:

- prevention: i.e. limited to the direct and necessary degree;
- reduction: Recycling through the use of reusable packaging. Reusable load carriers shall be given preference in consideration of the above-mentioned principle. The proportion of disposable packaging must be reduced;
- Recycling: it must be possible to recycle disposable and reusable packaging in an environmentally-friendly manner.

In order to meet the requirements based on packaging legislation and to avoid burdening the Originator: R. Einmal
Status: September 2017

environment unnecessarily, only environmentally-friendly materials may be used. EU legislation must be taken into consideration (see also European Organisation for Packaging and Environment, www.europen.be as well as national legislation derived from it).

All packaging material must be clearly and visibly labeled and completely recyclable. The packaging label may not exclude material-related or energetic recycling.

7.3 Packaging costs

The packaging costs shall be absorbed by the supplier and indicated separately in the proposal. This shall also apply to disposable as well as reusable packaging.

The supplier is obligated to itemise the packaging portions in accordance to the materials classifications stipulated by the EU by referring to one delivered part/item.

7.4 Packaging planning sequence

The supplier will be requested to fill in the latest version of SumiRiko AVS packaging standard document to give first ideas about the packaging and its dimensions.

Once an article is passed to serial production the receiving SumiRiko AVS plant has to agree with the packaging standard. Each plant will double check if this packaging suggestion is suitable in regards to handle within the production line. In case changes are required, the plant will go back directly to the contact person mentioned in the SumiRiko AVS packaging standard to find best solution for both sides in regards to costs and handling.

The packaging standard (download - SumiRiko AVS Homepage – download area) becomes valid after signing and returning to the supplier. As of then it is mandatory for the supplier to use the proposed packaging.

If the packaging specifications are not complied with, SumiRiko AVS reserves the right to bill the respective supplier the charges incurred in each individual case.

7.5 Empties

7.5.1 Container account

Container accounts shall be set up for the supplier. For each type of container used, each supplier will obtain its own account in which its supplier number and the account address of the supplier's works will be permanently assigned to the corresponding container number.

7.5.2 Container account coordination

The receiving SumiRiko AVS factory will coordinate container accounts for the supplier. To do this, the end of the month inventory sheet with the cumulative monthly arrivals and departures of goods shall be generated. The container account sheets shall be sent via mail, data transmission or e-mail. The container account sheets must be reviewed by the supplier within 14 days after receiving it and report any possible discrepancies to the responsible packaging logistics department using the corresponding report sheets enclosed. Even if the inventories recorded by SumiRiko AVS are correct, the supplier must still send a response to the packaging logistics department.

At the request of SumiRiko AVS, a physical container inventory shall be performed on an appointed date annually. Balancing the empties accounts must be done according to the instructions issued by the packaging logistics department in order to stop lengthy reconciliation problems.

8 Miscellaneous

All additional costs resulting from non-compliance with our shipping instructions and regulations shall be charged to the supplier. Deviations shall be documented and the supplier informed.

E Health, Safety & Environmental Protection

SumiRiko AVS HS&E criteria are described as follows:

- Customer Requirements - ELV/IMDS Compliance

Suppliers with chronic non-performance may be nominated for placement on bid suspension and/or new business hold.

- International Standards - ISO 14001 Certification

Highly recommended and expected but not mandatory.

- Standard OHSAS 18001 or equivalent standard

Recommended but not mandatory

- **REACH**

Suppliers shall comply with all applicable REACH requirements that affect the products that they supply to SumiRiko AVS (Reach = European Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals). SumiRiko AVS expects that suppliers will have a dialogue with their own supply chain and with SumiRiko AVS regarding all applicable aspects of REACH.

- **Conflict Minerals**

Suppliers in all regions shall provide documentation and other information concerning the origin of any tantalum, tin, tungsten, gold or other minerals that may be designated in the future by any governmental agency (collectively referred to as "conflict minerals") that are contained within any products sold to SumiRiko AVS, in order for SumiRiko AVS to fulfill its obligations under the rules and regulations of set governmental agencies.

Suppliers shall, upon request, provide evidence of adherence to HS&E legal requirements and the HS&E standards specified in this document.

F Social Responsibility

SumiRiko AVS' and the supplier's aim shall be to comply with the directives and principles of the UN initiative Global Compact (UNGC), referring to Human Rights, Labor Standards, Environment, Anti-Corruption. According to these principles

Businesses should:

- (1) support and respect the protection of internationally proclaimed human rights;

- (2) make sure that they are not complicit in human rights abuses.

Business should uphold:

- (3) the freedom of association and the effective recognition of the right to collective bargaining;
- (4) the elimination of all forms of forced and compulsory labor;
- (5) the effective abolition of child labor;
- (6) the elimination of discrimination in employment and occupation.

Business should:

- (7) support a precautionary approach to environmental challenges;
- (8) undertake initiatives to promote environmental responsibility;
- (9) encourage the development and diffusion of environmentally friendly technologies.

Business should:

- (10) work against corruption in all its forms, including extortion and bribery.

G DURATION OF THE AGREEMENT AND TERMINATION

This framework agreement shall become effective once it has been signed by both contractual parties and will remain effective for an indeterminate period of time. It may be terminated annually by either party with a period of notice of 6 months to the end of the year. The right to terminate without notice for an important reason shall remain untouched.

An important reason to terminate exists particularly:

- if the other contractual party stops making payments or initiates insolvency proceedings or files for bankruptcy and this is not lifted again within a month and/or such a proceeding is filed using its assets,
- if the other contractual party, despite written reminders, fails to refrain from serious contractual violations or does not rectify the consequences that occurred as a result of such violations,
- if contractual products, despite a written agreement, indicate defects that exceed the usual scope allowed or incorrect deliveries and other service disruptions occur,

thus leading the SumiRiko AVS to assume that it will lose orders due to the contractual violations,

- if changes occur in the supplier's corporate and legal relations in contrast to its status at the time the agreement was signed and these changes have significant implications for this contractual relationship.

At the time a contract is prematurely or properly terminated, there are still manufacturing orders to be filled, the supplier shall fill them after the contract has been terminated if SumiRiko AVS so desires. Goods that are needed to fill the manufacturing orders must be immediately transferred to SumiRiko AVS once the order has been completed. Once the contract has been terminated, the supplier shall return all documents, operating equipment, etc. (including copies) that it received without being asked.

H GENERAL PROVISIONS

Amendments or supplements to this contract must be made in writing. The written form requirement also applies to foregoing the written requirement and for notification of termination. Should one or more provisions of this agreement or further agreements made in writing be or become ineffective, this shall not impact the validity of the overall agreement. The contractual partners are obliged to substitute the ineffective provision with a provision that comes as close as possible to it in terms of both its legal and economic meaning.

Unless details in this framework agreement and the agreement(s) are not expressly regulated, SumiRiko AVS terms and conditions of payment and purchase in their agreed version shall apply to all orders on the part of SumiRiko AVS. When the supplier's registered domicile is located within the Federal Republic of Germany, then German law will apply. Application of the uniform UN – purchasing regulation/law is hereby expressly excluded. The respective court in charge is located in Frankfurt on Main. When the ordering party's and the supplier's registered domiciles are located outside the territory of the Federal Republic of Germany then the legislation of that country will apply where the ordering party is domiciled. The ordering party is entitled to file its case with another court in charge.

Signature of SumiRiko AVS general agreement

By signing this document, the supplier agrees with the herein listed requirements for all purchase contracts between SumiRiko AVS and the supplier.

At the present original document, changes made by the supplier, require the written approval and agreement with SumiRiko AVS.

This general agreement supersedes any previous general agreements.

Steinau an der Straße,

SumiRiko AVS Germany GmbH

Stamp and signature

Supplier

Stamp and signature

(mark with a cross if correct)

This agreement is also binding for the supplier's Affiliates. These mean any legal entity, controlling, being controlled or under common control of the supplier. Control means to hold at least 50% of the voting stock or any equivalent position of the company or legal entity controlled.

I APPENDIX

1. SumiRiko AVS terms and conditions for purchase and payment
2. Escalation approach: temporary C – critical series suppliers

Appendix 1: SumiRiko AVS General Terms and Conditions for Purchase and Payments

1. Standard Conditions

The legal relationships between us and the supplier are based on these conditions and any other potential agreements. Any changes or supplements must be made in writing. Also, other general terms and conditions of business shall not apply even if they were not expressly opposed in each case.

2. Ordering

Supply contracts (order and acceptance) and delivery requests as well as changes and additions to them must be made in writing. Delivery requests can also be made via remote data transmission. If the supplier does not accept the order within three business days after receiving it, we are entitled to cancel the order. Delivery requests then become binding if the supplier does not contradict the order no later than within three business days of receiving it. Within the scope of feasibility for the supplier, SumiRiko AVS is entitled to request design and layout changes to the delivery item. If such a request is made, the results have to be regulated reasonably, particularly with regard to extra or reduced costs as well as deadlines.

3. Payment

The separately agreed terms and conditions apply to payments. In case deliveries are made before the delivery due date, the payment date is still based on the agreed delivery due date. Payments must be made by bank transfer or check. In case of an incorrect or defective delivery, we are entitled to withhold a percentage of the payment until the order has been properly filled.

Without prior written approval from us, which may not be denied unfairly, the supplier is not entitled to assign his claims against us or to collect accounts through third parties. In case of extended retention of title approval is considered as issued.

4. Letter of Complaint

As soon as deficiencies are determined in accordance to the conditions of a proper business sequence, we will send delivery complaints in writing to the supplier immediately. In this regard, the supplier shall waive the objection of late notices of defects.

5. Non-Disclosure

The contractual parties are obligated to treat all non-disclosed commercial and technical details that are made known throughout the course of the business relationship as trade secrets. Drawings, models, designs, prototypes and similar items may not be handed over nor otherwise made accessible to unauthorised third parties. Duplication of such items is only permitted within the framework of the operating requirements and the copyright provisions. Sub-contractors are also subject to the same terms and conditions. The contractual parties may only advertise their business connections with prior written approval.

6. Delivery Due Dates and Time Limits

The Supplier is obligated to comply with fixed dates. Agreed terms and time limits are considered binding at all times. If an explicit reference to delivery is made in prior by way of Purchase Order (PO) the delivery is necessarily required to be carried out at the fixed date determined within SumiRiko's PO. If delivery "ex works" is not part of the agreement, the supplier must deliver the goods on time, taking into account the usual time for loading and shipping.

7. Default of the Supplier

There is no need for a warning notice if

1. a period of time according to the calendar has been specified,
2. performance must be preceded by an event and a reasonable period of time for performance has been specified in such a way that it can be calculated, starting from the event, according to the calendar,
3. the Supplier seriously and definitely refuses performance,
4. for special reasons, weighing the interests of both parties, the immediate commencement of default is justified.

The Supplier is not in default for as long as performance is not made as the result of a circumstance for which he is not responsible.

8. Delivery Delay

While he is in default, the Supplier is responsible for all negligence. He is liable for performance in the case of chance as well, unless the damage would have occurred even if performance had been made in good time. The Supplier is obligated to compensate SumiRiko for damages caused by delay. In each case of exceeding the the delivery date SumiRiko is entitled to demand a contractual penalty amounting to 0,4% of the contract value per each day commenced by which delivery of the manufactured work ordered by SumiRiko falls behind schedule. The contractual penalty is limited to a maximum of 5% of the contract value. It is payable immediately upon initial request of SumiRiko. Compensation for further reaching damage caused by delay shall not be excluded thereby. In case of exceeding the delivery date for 30 days SumiRiko is entitled to cancel the order without the Supplier being entitled to claim compensation for damages and/or expenses. In connection with this, compensation shall be claimed based on non fulfilment with the contractual penalty being offset against it.

9. Force Majeure

Force majeure, labor disputes, unrest, governmental measures and other unforeseeable, inevitable and onerous events free the contractual parties from their performance obligations for the duration of the disturbance and for the extent of its impact. This also applies if these events occur at a point during which the contractual party affected is behind schedule. The contractual parties are obligated, to the extent reasonable, to immediately provide the necessary information and to adapt their obligations to the changing conditions in good faith.

10. Quality and Documentation

With regard to the goods delivered, the supplier must adhere to the recognised technological regulations, safety regulations and the agreed technical data. Changes to the delivery items require prior written approval from us.

11. Liability for Defects

1. In case defective goods are delivered and if the respective legal and below-listed requirements are present—if not otherwise agreed—the orderer can request the following:
 - a) Before beginning production (processing or installation), the orderer first has to give the supplier the opportunity to screen for defects and eliminate them or to provide a subsequent (replacement) delivery unless this is unacceptable to the orderer. If the supplier is unable to do this or does not comply immediately, the orderer can withdraw from the contract without giving further notice as well as sending the goods back to the supplier at the supplier's risk. In cases of emergency, in consultation with the supplier, the orderer can repair the defect himself or hire a third party to do the repairs. In this case, the supplier shall pay the costs. If the same goods are repeatedly delivered with defects, the orderer is also entitled, after a written letter of caution, to cancel non-fulfilled deliveries in case of repeated unsatisfactory deliveries.
 - b) If defects are found after production has begun despite compliance with the obligations as per Section 4 (letter of complaint), the orderer can
 - pursuant to § 439 Section 1, 3 and 4 of the Civil Code (BGB)— request subsequent delivery and compensation for transport costs necessary for subsequent delivery (not including towing expenses), assembly and disassembly costs (labor and material costs to the extent agreed) or
 - reduce the purchase price.
 - c) In case of a liable breach of duty that goes above and beyond the delivery of defective goods, for example, in the case of declaration, consultation or inspection obligations, the orderer can request compensation for the consequential damages as well as for the consequential damages reimbursed by the orderer to its own customer as per the law and according to the provision in Section IX. Consequential damage refers to damage that the orderer himself has suffered due to supplying defective goods to other parties rather than the damage to the goods themselves.
 - The orderer can only make claims for additional expenditure and compensation as a result of the delivery of defective goods pursuant to § 437 from the Civil Code or directly from the provisions mentioned therein if this has been included in the agreement.
2. The orderer is obligated to provide the supplier with the parts to be replaced upon request and at the supplier's expense.
3. Claims made due to liability for defects are barred from the statute of limitations at the end of twenty-four months from the time the vehicle was initially registered or the replacement parts installed, however no later than 30 months after delivery to the orderer. For commercial vehicle goods, the legal limitation regulations shall apply unless otherwise agreed.
4. Claims for defects cannot be made if the defect can be traced back to incorrectly following operating, maintenance and installation instructions, unsuitable or improper use, incorrect or negligent handling and natural wear and tear as well as interference's from the orderer or third parties in the delivery item.
5. In case of defective deliveries, claims made by the orderer based on the product liability law, unauthorised handling and business management without mandate remain untouched by this Section 10. Quality and durability guarantees have to be expressly designated as such separately and in writing.

12. Liability

As long as a different liability provision is not provided somewhere else in these terms and conditions, the supplier is only obligated to compensate for damages under the following circumstances: for damage as a direct or indirect result of a defective delivery, due to violations of governmental safety regulations or for any other legal grounds that can be attributed to the fault of the supplier.

1. The obligation to compensate for damages generally only exists if the supplier is considered at fault for the damage he has caused.
2. If a claim is made against the orderer due to liability without fault toward third parties with regard to laws that cannot be altered, the supplier shall support the orderer to the extent as if he were directly liable.
For the claims settlement between the orderer and the supplier, the basic principles of § 254 of the Civil Code (BGB) shall apply accordingly. This also applies in case of direct recourse to the supplier.
3. The liability to pay compensation is excluded to the extent the orderer for his part has effectively limited his liability with regard to his buyers. In doing so, the orderer will take care to arrange liability limitations within a legally permissible scope for the supplier as well.
4. Claims by the orderer are excluded if the damage can be traced back to the orderer failing to follow operating, maintenance and installation instructions, unsuitable or improper use, incorrect or negligent handling, natural wear and tear or repairs incorrectly performed.
5. The supplier is liable for measures implemented by the orderer to prevent damage (e.g. recalls) to the extent he is legally obligated.
6. The orderer will inform and consult with the supplier immediately and in great detail if he wants to file a claim in accordance to the above regulations. The orderer has to give the supplier the opportunity to investigate the damage event. The contractual parties shall agree on the measures to be implemented, particularly with regard to settlement negotiations.

13. Patent Rights

With regard to the use of the delivery items as stipulated in the agreement, the supplier is liable for claims resulting from the infringement of patent rights and patent registrations (copyright laws). The supplier shall release the orderer and its buyers from all claims based on the use of such patent rights. This shall not apply as long as the supplier has produced the delivery items according to the drawings, models or these other matching descriptions or information submitted by us and does not know or does not have to know, in conjunction with the results developed for him, that producing them is a violation of patent rights.

As long as the supplier is not liable according to the above paragraph, we shall release him from claims filed by third parties. The contractual parties are obligated to immediately inform themselves of infringement risks that are becoming known and alleged cases of violation and to give themselves the opportunity to respond jointly to the corresponding claims.

The supplier will inform us upon request on the use of released company and licensed patent rights and patent registrations concerning the delivery item.

14. Using the orderer's production equipment and confidential information

Models, templates, designs, samples, tools and other production equipment that we have made available to the supplier or that were fully paid to the supplier may only be used for delivery to third parties if we have given prior written approval. The same applies to confidential information.

15. Reservation of Proprietary Rights

The supplier reserves the right of ownership to all goods supplied by him until they are fully paid for. In this case, all deliveries are considered a coherent standard products business. In case of payment instalment's, reserved ownership is considered collateral for balance claims.

If we combine the goods with other items to make a uniform product and if the uniform product is to be considered a principal product, then we are obligated to transfer a share of the joint ownership to the supplier as long as the essential product belongs to him. If we duly sell the goods delivered, we herewith transfer claims from the sale with regard to our buyer along with all the subsidiary rights to the supplier until all debts owed to the supplier have been paid off.

For a justified cause, we are obligated, at the supplier's request, to inform third party buyers of the transfer and to give the supplier the information necessary to assert his rights and to hand over documents.

The supplier will release the collateral he has been holding as long as its value exceeds the debts to be secured by more than a total of 20%.

16. General Provisions

If one contractual party stops payments or if bankruptcy proceedings concerning his assets are initiated, the other contractual party is entitled to cancel the part of the contract not yet fulfilled.

Should one or more provisions of this agreement and additional written agreements be or become ineffective, it shall not otherwise affect the validity of this agreement. The contractual parties are obliged to substitute the ineffective provision with a provision that comes as close as possible to it in terms of its economic meaning.

The laws of the Federal Republic of Germany shall apply exclusively, unless otherwise agreed. The application of collision rights and UN purchasing rights (UN agreement on the international sale of goods, dated November 4, 1980) is excluded.

The place of performance is Steinau an der Straße unless otherwise agreed. The court of jurisdiction is, according to our choice, the court or place of performance responsible for us or our suppliers.

Appendix 2: Escalation approach: temporary critical series supplier

With this process, the detection, solution and prevention of repeated nonconformity has become considerably optimized.

In the case of serious quality issues, the problems will be dealt with in a four-leveled model. In each level the supplier will directly be informed and involved in the process of solving the issue (see group form “temporary critical series supplier”)

This escalation process should be considered as cooperation process between SumiRiko AVS and his suppliers. There are only two possibilities at the end of the probation time: increase or decrease of the classification level.

The problem-solving process with the supplier should follow following steps:

1. **Quality meeting** with supplier on the appropriate level
2. **Analysis**, why the issue could not be solved so far
3. Agreement on **corrective actions**
4. Agreement on the **exit criteria**
5. Agreement on the **probation time**
6. Frequent **communication**
7. **Informing of the supplier company management**
8. **Action controlling plan**

General exit criteria to return to daily business:

To exit a escalation level classification, the agreed countermeasures have to be fulfilled. The effectiveness of the countermeasures have to be confirmed by SumiRiko AVS and the issue has to be solved in the defined probation time.

Suppliers that practice the zero nonconformance strategy and have an exemplary quality issue solving method, will not come in contact with this escalation process.

Following scheme sums up the different escalation levels and the actions to be implemented by the supplier and by SumiRiko AVS.

