

General Agreement

for the suppliers of the SumiRiko AVS Group

between

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

and

the supplier

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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.

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 copy-rights 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 and pay-

ments (Appendix 1). 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.

In the event of repeated violations or subsequent irregularities despite a written request by SumiRiko to (re) establish the buffer stock within a reasonable period of time this shall constitute a compelling reason for SumiRiko to terminate the contract for good cause without giving prior notice. In this case SumiRiko shall be entitled to withdraw from continuous obligations and to cancel pending orders without compensation.

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 the latest version of SumiRiko AVS procedure concerning supplier evaluation available in the download area on the SumiRiko AVS Homepage. 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 obligation to perform a self-evaluation remains unaffected hereby.

Additionally to the monthly and consolidated half-yearly quality- and logistics performance evaluation, SumiRiko AVS is using other criteria to classify and select its suppliers (technology & facility, project management, cost level/competitiveness, innovation, support, know how/technical expertise,...) and reserves the right to request current financial statements from the supplier as well as product liability- and recall insurance related information (copies of valid policies) on a regular basis.

The supplier evaluation and classification shall be used as deciding factors for future business.

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 or SumiRiko AVS customers property and provided with a SumiRiko AVS identification number, the supplier shall, at his own expense, in accordance to the specifications individually defined by SumiRiko AVS attach an ID label including the SumiRiko AVS identification number onto each contract object to identify it as SumiRiko AVS or SumiRiko AVS customers 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.

The supplier shall assume responsibility for any ordered article with a failure (defect, non-conformity, deviation, etc.) attributable to a sub-tier supplier and take measures to prevent the recurrence of the failure.

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 Management System Requirements

Our suppliers are required to be certified to the latest revision of IATF 16949 Automotive Quality Management System Standard by an accredited 3rd party registration body. SumiRiko AVS may accept a quality management system certified by a third party under ISO 9001 but only with a clear commitment of the supplier to seek certification in IATF 16949 including an appropriate time schedule. Supplier's Quality System shall be formally documented, implemented and maintained to ensure that supplier's products conform to the identified purchase specifications, engineering- or material specifications and/or contractual requirements. The system shall be defined and documented in the supplier's own Quality Manual including the interested parties (especially sub-suppliers). This manual shall be made available to SumiRiko AVS for review upon request. Copies of the currently valid ISO- and IATF certificates shall be submitted to SumiRiko AVS without request. This shall also apply in the event of requalification of these certifications.

5 Quality Goal

The supplier is obligated to pursue the zero-defect goal. If the zero-defect goal cannot be achieved right at the start, the supplier must implement an 100%-inspection prior to delivery of the respective parts to ensure that only ok-parts will be delivered to SumiRiko AVS according to customer-related and SumiRiko AVS-internal specifications. In case of any deviations, the supplier shall draw up an action plan approved by SumiRiko AVS and prove that it has been implemented and that agreed measures are indeed effective.

In order to achieve the zero-defect goal, intermediate PPM-/scrap rate-targets shall be defined between SumiRiko AVS and the supplier. These intermediate targets will be checked during Run@Rate Audit at the supplier's production site. 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.

6 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

6.1 Special Processes

If required during APQP process, the supplier shall comply with the requested AIAG CQI standards related to special processes, for example:

- CQI-9 Heat Treat System Assessment
- CQI-11 Plating System Assessment
- CQI-12 Coating System Assessment
- CQI-23 Molding System Assessment
- CQI-27 Casting System Assessment
-

In case of inspections and tests of parts (products) by the supplier (including sub-tier-suppliers), for which it is impossible to thoroughly make a pass-/failure judgement with regard to the required quality characteristics of ordered articles; the supplier shall control the process fluctuation factors (parameters) of processes where a pass-/fail judgment of the required quality characteristics can be made only by destructive- or disassembly- analysis inspections, etc.

(bonding, vulcanization, heat treatment, welding, brazing, forging, casting, plating and other surface treatment, retightening, tightening, etc.) as special process control according to the following procedures:

- Control of operation conditions
Determine operation procedures, machining conditions, inspection and test procedures, and ascertain and control the trend values of factor fluctuations (viscosity of adhesive, current welding-value, etc.) using a control chart, etc.
- Qualification and designation of operators and inspectors
- Control of equipment
Determine maintenance procedures (frequency, replacement criteria, etc.) for the equipment used in special processes.
- Store records (manufacture, inspection, maintenance, training) of special processes for the period as defined in Section 16 of the QAA.

6.2 Contingency Plans

The supplier shall formulate and carry out a plan for actions towards possible emergencies, including sub-suppliers, to ensure continuous supply.

The term “emergencies” describes events which are regarded associated with considerably negative impacts such as:

- Break downs of major production equipment
- Any interruption and/or stop of supply including the one from sub suppliers
- Natural disasters, fires, disturbance of infrastructure such as electricity, gas and water supply
- Labor shortage, strike

7 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.

The supplier shall at any time be able to confirm and prove that the processes, products and services provided, comply with the latest applicable legal-, regulatory-, and other statutory requirements of the country of manufacture and the countries of destination as specified by SumiRiko AVS and/or its customers.

8 Ramp up-Phase

The Control Plan shall include all operations from reception to dispatch as well as the periodic requalification. Especially at the Project-start up, the Control Plan shall include reinforced controls that ensure the quality of the product supplied during this project phase. The increased test frequencies (intensive control) shall be agreed in advance with SumiRiko AVS (for example in the RAT Meeting).

9 Quality Management in Serial Production

9.1 Management of Deviations in Production

- Supplier shall define a procedure for taking actions against quality deviations identified in the manufacturing- or inspection process, and establish a supplier-internal alert system (e.g. stop – call – wait).
- Each time an action is taken against a quality deviation, the action shall be subject to record keeping. Such records shall be stored at least for the period specified in Section 16 of the QAA.
- The supplier shall put a clearly visible identification mark on defective products and designate a storage area for defective products to prevent further processing.
- Whenever a defective product is corrected, a reinspection shall take place.
- The supplier shall clarify the procedure for deviation request with SumiRiko AVS and the procedure for preventing the recurrence of defects.

9.2 Quality Basics

SumiRiko AVS is using the following 7 quality basics in production and expects the supplier to apply the same or at least similar methods:

1. OK 1st part
This method shall apply in cases where operating equipment after a setup change (mold change, early stage operation, material change, product type change, long-period stop (including equipment breakdowns, etc.). The “supplier” shall check the “First product” with the pass-/fail judgment criteria and compare to the last product of the previous production to confirm that the product meets the quality requirements of SumiRiko AVS and record the result.
2. Poka Yoke
A method that uses sensor or other devices for catching errors that may pass by operators or assemblers.
3. Red Bins
Red bins are intended to receive all non-conforming, semi-finished or finished products pulled off the production line. Red bins shall be made available at each work-

station/production line, close to where defects and/or non-conformities can occur or could be detected.

4. Self-Inspection
Self-inspection is when a person who has just performed a production operation checks the quality of the part his-/herself.
5. Final Inspection
This product inspection is the ultimate line action before packaging and shipping to the internal or external customer.
6. Quality Wall
A quality wall is an additional inspection operation which is implemented for a certain period of time for inspection of 100% of parts in a separate area after final inspection to prevent shipping of non-conforming parts to the customer.
7. QRQC (Quick Response Quality Control)
Going to the real place, compare real parts, talk about real data, react fast, use logical thinking to find root causes, training/coaching on the job.

10 Checks and Inspections

10.1 Minimum inspection requirements






Special characteristics according to IATF 16949 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 16 of the QAA). 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 characteris-

tics“ 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
▽ 1		Critical characteristics Cp & Cpk > 1,67
▽ 2		Cp & Cpk > 1,33
▽ 3		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 or markings 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).

10.5 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.

11 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.

Independent from the current supplier evaluation rating, SumiRiko AVS reserves the right to conduct regularly system-, product- and process-audits and/or visits at the supplier production site. If the supplier obtains a bad result after such audit (e.g. C rating according to VDA 6.3 standard regarding process audits, rejected run at rate project audit, red rating after potential audit) the supplier will be excluded from new projects until a higher rank is reached. If no improvement has been achieved, SumiRiko AVS will gradually stop further orders and the supplier will be desourced without any obligation of SumiRiko AVS to compensate the supplier.

All suppliers receiving negative ranking according to the supplier evaluation system of SumiRiko AVS might be integrated into the supplier development program of SumiRiko AVS.

SumiRiko AVS reserves the right to charge the costs incurred for the reaudits conducted after a first negative audit result to the supplier.

12 Complaints / Claim Procedures

12.1 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 indicating 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.

12.2 Notice of defects by SumiRiko AVS

If SumiRiko AVS finds defects or errors during the goods received inspection, if any is conducted, 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.

12.3 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, 5M1E -man, method, machine, material, management, environment, 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 (for example 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 the subsequent costs resulting from the defect.

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.

12.4 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)).

The supplier shall establish and maintain resources to support SumiRiko AVS in case of warranty and/or field complaints. Furthermore, the supplier shall provide on request written documentation of its internal warranty procedure and flow chart documenting the system for control, analysis and corrective action integration into the production process.

12.5 Warranty Parts Return

SumiRiko AVS receives only a small sampling of the parts replaced by dealers. Nevertheless, SumiRiko AVS shall at supplier's cost make available to the supplier the warranty parts received, if any, with copies of all available documentation (as provided by the OEM customer) within two weeks after receiving warranty parts from an OEM for traceability, investigation and corrective action purposes.

Warranty part analysis results and actions shall be documented using the SumiRiko AVS 8D format. The required response time frame is as follows:

- For non critical parts: 20 working days
- For critical parts (leading to car breakdown, so called "Liegenbleiber"): Initial response to a critical problem (Steps 1 to 3) is required within 24 hours of receiving notice from SumiRiko AVS.
- A 5 Why analysis for root causes and verifications is in any case required to be completed as part of the 8D process. The full root cause analysis of 8D report (Steps 4 – 6) is required within 10 working days of receiving notice from SumiRiko AVS.

If the supplier fails to respond within the set timeframes for response the supplier shall be

deemed to have accepted responsibility for the warranty claim. All warranty costs charged by the OEM and all other costs and expenses of SumiRiko AVS will be charged to the Supplier.

13 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 SumiRiko AVS of all product evolution proposals with the SumiRiko AVS form "Supplier Request for Engineering Approval" (see download area on SumiRiko AVS homepage). A feasibility study has to be 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.

14 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 IATF 16949 (IATF 16949 Automotive Quality Management System Standard certified by an accredited 3rd party registration body). SumiRiko AVS may accept a quality management system certified by a third party under ISO 9001 but only with a clear commitment of the respective sub-supplier to seek certification in IATF 16949 including an appropriate time schedule. The respective sub-supplier's Quality System shall be formally documented, implemented and maintained to ensure that sub-supplier's products conform to the identified purchase specifications, engineering or material specifications and/or contractual requirements. 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-/PPA process in place, unless prior approval has been given by SumiRiko AVS.

15 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, including recall- and service campaigns, 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 SumiRiko AVS with comprehensive insurance coverage confirmation upon request.

16 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 in accordance with customer regulations, IATF 16949- and VDA rules, whereas customer regulations shall have priority. As a principle, archiving of records in the automotive industry shall be made for a period of at least 15 years from the end of production for all safety relevant requirements.

For all other documents/records linked with products or processes in the automotive industry it is recommended to archive the records for at least 20 years.

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.

17 Additional specifications / requirements

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.

As part of the supply chain, SumiRiko AVS and its suppliers shall comply with the guidelines stipulated by the OEM to ensure that they meet the OEM expectations.

Suppliers of SumiRiko AVS shall ensure compliance with the respectively applicable customer requirements.

D SUPPLIER LOGISTICS MANUAL

1 Introduction

Compliance with the requirements stated in this Manual is essential and mandatory and it is therefore requested that the Supplier informs all responsible members of his staff of the content of this Manual. It is also very important to notify all changes in matters relating to supplier relations (agreements, logistic process etc.) by both parties.

1.1 Communication and availability

SumiRiko AVS Group's business official language is English. Logistic documents may display the native language of our plants respective locations. In other cases, English is the only valid version. Suppliers are responsible for compliance with and implementation of the agreed logistics concepts from its production location to transfer of risk. A 100% availability of the material at the transfer point must be guaranteed. Failure to meet these requirements may result in the loss of existing and/or future SumiRiko AVS Group's business.

Suppliers must designate a key contact person responsible for handling logistics support (name of the contact, nominated deputy and supervisor, with E-mail address, phone and fax numbers).

The contact person must have the necessary expertise: Communication language: Language of the country of the corresponding customer SumiRiko AVS Plant or English (As standard for international communication).

2 Information exchange

Communication is a key factor for any supply chain to succeed. In order to ensure just in time deliveries, the exchange of information between suppliers and customers must be clear, reliable, punctual, accurate, and well defined. If communication is limited, so is the ability of the procurement to influence the end to end procurement process.

The methods of information exchange are as follows: EDI, E-mail and Fax.

2.1 Electronic data interchange (EDI)

Electronic data interchange (EDI) as a method of data interchange is fundamental to all suppliers. Supplier shall use EDI to receive and transmit information (such as delivery call-offs, scheduled releases) from and to SumiRiko AVS Group. Suppliers who do not have an existing EDI link to SumiRiko AVS Group must establish an EDI system based on a jointly agreed schedule and procedure with the receiving SumiRiko AVS plant.

While sending the data the supplier must comply with the message formats specified by SumiRiko AVS, they are based on VDA standards.

When using EDI, the consistency of the system (ensuring correct and complete data transfer) must be guaranteed for the entire planning, production, and shipping process by the supplier. Incorrect data in the EDI messages can corrupt the messages and interfere with the whole process.

Protocols

SumiRiko AVS Group standard connection protocol is OFTP2. Existing ISDN based OFTP connections will be replaced by OFTP2 and discontinued in the future. Applications for new ISDN based connections will be rejected.

Formats

SumiRiko AVS Group standard message format is VDA. We also accept EDIFACT message format.

Messages

Overview of the messages supported by SumiRiko AVS Group:

Message / Format	VDA	EDIFACT
Delivery forecast	VDA 4905	DELFOR
Delivery just in time	VDA 4915	DELJIT

Despatch advice	VDA 4913	DESADV
Invoice	VDA 4906	INVOIC
Credit advice	VDA 4908	-

2.2 Information flow

2.2.1 Supplier Call off / Delivery forecast

The supplier shall receive in advance call off messages from SumiRiko AVS Group in accordance with VDA standard 4905, hence ensuring that the availability and delivery of the required goods can be ensured at the time of delivery.

2.2.2 Supplier Call off / Delivery just in time

The supplier shall receive in advance call off messages from SumiRiko AVS Group in accordance with VDA standard 4915, hence ensuring that the availability and delivery of the required goods can be ensured at the requested time of delivery.

2.2.3 Dispatch advice / Advanced Shipping Notice (ASN)

The supplier shall invariably send in advance to SumiRiko AVS Group a remote data transmission delivery note in accordance with VDA standard 4913, hence ensuring that the availability of the required goods can be checked upon receipt.

2.2.4 Invoicing

The invoice must either be sent as a conventional hardcopy or via E-mail, Fax or EDI in accordance with VDA 4906 to SumiRiko AVS (Plant). The decision on the form of payment handling is agreed on a plant-by-plant basis.

2.2.5 Credit advice

The supplier shall receive credit advice either by a conventional hardcopy or via E-mail, Fax or EDI in accordance with VDA 4908 from SumiRiko AVS (Plant). The decision on the form of payment handling is agreed on a plant-by-plant basis.

3 Packaging

3.1 Types of Packaging

3.1.1 Returnable Packaging

Returnable packaging (e.g. Euro Pallets, Euro Box Pallets, Gitter boxes, VDA KLT (small load carriers) that is capable of pooling (used through multiple processes and patterns) is to be preferred. Returnable packaging shall correspond to standard sizes and must be designed to be cleaned, emptied and drained easily.

3.1.2 Disposable Packaging

Preferred Packing Materials:

Plastics: Only recyclable materials like: ABS, PS, PE,PP, EPP, etc. according to the Plastic Identification code (PIC)

Cardboard: corrugated (refer to FEFCO)

3.2 General Requirements for packaging

SumiRiko AVS Group requires its suppliers to be aware of any special needs of his products and expects that the best type of packaging will be selected and also ensures all the following criteria are met:

- delivery of damage-free parts (quality assurance)
- 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 / IPPC treated.
- The undamaged condition of pallets and box pallets and other containers must be ensured in accordance with exchange criteria of the European Pallet Association (EPAL)

For all shipments from/to outside the EU the supplier will follow the packaging dimensions on VDA regulation 4525 (Disposable packaging applicable for Sea freight) to ensure optimized container usage.

3.3 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:

The European waste hierarchy refers to the 5 steps included in the Waste Framework Directive:

- Prevention: preventing and reducing waste.
- Reuse and preparation for reuse: giving the products a second life before they become waste.
- Recycle: any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes composting and it does not include incineration.
- Recovery: some waste incineration based on a political non-scientific formula that upgrades the less inefficient incinerators.
- Disposal: processes to dispose of waste be it landfilling, incineration, pyrolysis, gasification and other finalist solutions.

In order to meet the requirements based on packaging legislation and to avoid burdening the environment unnecessarily, only environmentally-friendly materials may be used. EU legislation must be taken into consideration.

All packaging material must be clearly and visibly labeled and completely recyclable.

3.4 Packaging costs

The supplier will propose during RFQ phase and quote the packaging type and provide the costs, after approval, the deliveries will be performed using only the agreed and approved packaging type. In case of deviations the SumiRiko AVS plant will send a claim to the supplier who shall then submit a 8D report.

3.5 Packaging planning process

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. This document is available on our website and becomes valid after signing and returning to the supplier. As of then it is mandatory for the supplier to use the proposed packaging.

Each SumiRiko AVS plant will validate if this packaging proposal is suitable in regards to handling within the production line. In case changes are required, the plant will report directly to the supplier contact person referred to in the SumiRiko packaging standard document to find the best solution for both sides in regards to costs and handling.

3.6 Container Management

The purpose of container management is to ensure a proper system is in place in all SumiRiko AVS plants where returnable containers are being used. All returnable packaging shall have a part number and description defined in order to make easier physical counts and entering in an electronic system.

3.6.1 Container account

There shall be a system for inventory control and all transactions shall be recorded. The system shall be able to determine the quantity of con-

tainers available as well as their location either in or outside the SumiRiko AVS plant. The method of having container account must be agreed specifically with respective SumiRiko AVS plant.

- a. **Container ownership:** Unless and otherwise agreed, SumiRiko AVS plant will be the owner of all containers.
- b. **Damage Control:** In case the supplier has received a damaged container, SumiRiko AVS Plant shall be notified. In case the supplier fails to notify within 24 hours, then the supplier is considered responsible for the damage, and the cost will be invoiced.

Inventory control: In order to control the quantity of container available, SumiRiko AVS plants shall take an annual physical inventory or as frequent as needed, to ensure the container account is in balance and the operation does not suffer lack of containers which will jeopardize the operation and workflow. Balancing the empties accounts must be done according to the instructions issued by the packaging logistics department in order to avoid lengthy reconciliation measures.

4 Transportation

4.1 Shipping procedure

The documents related to shipping always need to be attached. Pick up times and assigned time windows at Supplier's location and other specific requirements are to be agreed between supplier and carrier or are defined in the milk run concept. The in-full, in-time and safe delivery to SumiRiko AVS Group has top priority.

4.1.1 Carriers

The freight forwarders and parcel services are generally to be used based on the cost and the duration of the shipment. SumiRiko AVS Group designates its carriers and forwarders based on reliability, capabilities and cost.

4.1.2 Terms of delivery

Deliveries must be made in accordance to the agreed terms and conditions of delivery according to Incoterms in their currently valid version. 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.

4.1.3 Special freights/ delivery processing

Special deliveries shall generally be approved by the receiving SumiRiko AVS facility in prior. 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 documents shall be sent to the recipient in advance. When initiating a special delivery through the SumiRiko AVS Group, the forwarding agency must be approved by the SumiRiko AVS Group. Furthermore, the supplier must obtain written approval for assumed freight costs from the responsible contact person at the SumiRiko AVS Group. Without written approval, the freight costs will be passed on and invoiced to the supplier.

Note: Irrespective of the delivery condition, if the reason for the special freight is the result of problems/ faults which the supplier is responsible for, then the supplier shall bear the costs.

4.1.4 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 the SumiRiko AVS Group upon request.

4.1.5 Combining of shipping units

Where possible, multiple smaller units should be combined to form one larger unit, taking account of the generally recognized dimensional weight limits and should be shipped in one shipment. Maximum weight of packing units: Regional/ local regulations concerning maximum weight for single packing units have to be considered.

4.2 Order Processing

Supplier receives yearly volume as non-binding forecast. Based on this, Supplier has to make sure

- That production capacity corresponds to this volume and
- The sub-suppliers are able to deliver material accordingly

4.2.1 Execution

The delivery dates quoted in the call-offs/ scheduled releases are the required dates of receipt by the respective SumiRiko AVS plant. Any non-conformance to that standard must be agreed separately. Supplier shall check if the received delivery call-off/ release is complete, correct and plausible (e.g. that supplier name, part number, quantity and delivery dates are correct). If any discrepancies are noted, supplier must inform the responsible SumiRiko AVS plant contact immediately.

Delivery call offs/ scheduled releases are binding for supplier unless supplier notifies the respective SumiRiko AVS plant within 3 working days after receipt of the release that the requirement cannot be fulfilled.

Any non-conformance to specified delivery dates and/or quantities need to be agreed separately and require a written confirmation by the respective ordering SumiRiko AVS plant. Such confirmation shall not be deemed a release from liability on the part of the supplier.

In case of process deviation the supplier must prove a functional escalation management.

4.2.2 Order Tracking

Supplier shall continuously track ongoing orders internally. Supplier must be able to provide information of the progress of production at all times. Comprehensive, transparent tracking of orders placed with subcontractors must be ensured.

Supplier shall install an early warning system to detect supply problems. An effective crisis management system and emergency plans are required.

If disturbances occur which may affect the compliance with SumiRiko AVS plant requirements supplier must initiate the necessary counter measures. If it becomes clear that, despite the necessary measures initiated, the agreed deliveries cannot be met, supplier must notify the respective SumiRiko AVS plant contact immediately via E-mail/ Fax and advise a new delivery date and /or quantity as appropriate.

In this case, supplier must also provide information on the following points:

- The cause of supply problem
- Production output capabilities for the parts in backlog and production planning
- Alternative production options investigated
- Availability of alternative parts

4.2.3 Production and delivery schedules

Delivery schedules are legally binding purchase orders of finished goods. However, regarding delivery dates the last updated delivery call-off/scheduled release is decisive.

5 Product marking and labelling

Supplier has to ensure that labels are positioned horizontally and sufficiently robust to ensure that they remain in the specified position and are legible for the shelf life of the product. In applicable cases (e.g. boxes, pallets, etc.) two (2) labels have to be applied, one (1) on the short side and one (1) on the long side of the packaging. Supplier has to ensure that fasteners used for a label do not impair its legibility and any old labels have been removed prior to shipment. Additional labels may be necessary and requested by SumiRiko AVS for specific products like rubber. If specific labels are agreed between SumiRiko and supplier, they have to remain as agreed.

5.1 Packaging unit

Supplier shall ensure that each packaging unit of the product is marked (high contrast, clearly readable).

5.1.1 Labeling Goods and Transport Documents

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 designat-

ed label holder. If there isn't one, it can be attached using glue. 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 the SumiRiko AVS Group. 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 the SumiRiko AVS Group the tag shall meet the requirements according to the VDA 4994 standard on Global Transport Labels in its most up-to-date version.

5.1.2 Health and safety labels

Supplier has to ensure that hazardous symbols (pictograms) as well as other legally required hazardous warning information are clearly visibly and permanently attached to all the individual packaging units as well as on the outer packaging of the shipping units. They have to comply with the specific legal requirements (Hazardous goods regulation). In the EU, the classification and labelling of hazardous chemicals is governed by Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (the 'CLP Regulation').

6 Shipping documents

The supplier has to ensure that the shipment complies with all required documents for export and import at customs clearance. The documents shall be made available at the 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. The supplier has to ensure that the documents are issued correctly and in advance so that the transport will not be delayed due to documentary issues.

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- or parcel service provider, 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.

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.

6.1 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 EU Directive 1207/01 must be submitted to SumiRiko AVS Logistics 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.

6.2 Lot designation and traceability in production

The supplier shall clearly indicate the production lot in every shipment. Supplier has further to ensure that different types of products are delivered in individual packaging units in order to prevent mixing and confusion. Each packaging unit must contain only one single type of product out of a production lot. Supplier must be able to provide traceability information to SumiRiko AVS group upon demand within 24 hours.

6.3 Material shelf life

Shelf life is the length of time that a product may be stored without becoming unfit for use. It is the recommended maximum time for which products can be stored, during which the defined quality of a specified proportion of the goods remains acceptable under specified conditions of distribution and storage. The total shelf life and/or expiration date must be indicated by the supplier according to product specification.

7 Logistics Quality

SumiRiko AVS Group expects highest quality of logistics, as such suppliers must meet the following minimum standards:

- Quality Management System certified acc. ISO 9001 with compliance to ISO 16949
- In order to have the basic control of the corporate logistics and understand the characteristic requirement to improve logistics performance, supplier shall follow the –VDI 2525 guideline
- Commitment to the zero-defects principle
- Clear environmental standards (e.g. ISO 14001)
- Traceability throughout the entire supply chain

Supplier delivery performance is measured by MPM indicator. The supplier must deliver the ex-

act quantity of goods at the time requested by respective SumiRiko AVS plant. Just as the supplier quality performance is measured in PPM, the indicator which measures supplier delivery performance is : Misdeliveries per Million (MPM)

Misdeliveries per Million (MPM) is defined as:

$$\frac{\text{Total number of missed deliveries}^* \times 1.000.000}{\text{Total number of part references ordered}}$$

* = delivered in the wrong quantity or at the wrong time

7.1 Logistics Complaints

A logistics complaint can be triggered by a failure in processes at SumiRiko AVS Group that was caused by the supplier. Logistics complaints are recorded and evaluated internally by SumiRiko AVS in terms of the costs caused in this context. For each Logistics complaint, SumiRiko AVS reserves the right to charge 150 Euros as administrative costs. The supplier shall be liable for costs arising from logistics errors and/or damages in line with the causation principle.

In the event of failure to comply with the specifications set out in this logistics manual or any additional requirements defined for a specific location SumiRiko AVS Group reserves the right to refuse to accept the shipment. SumiRiko AVS shall be entitled to claim financial compensation for damages caused by such non-compliance with any obligation of the supplier laid down in this Logistics Manual or any additional requirements defined for a specific location.

The supplier is notified of a logistics complaint and is required to analyze the failure pattern or the logistics failures and implement appropriate counter measures. The logistics complaint from SumiRiko AVS Group is to be processed and documented by the supplier in line with the 8D system and evidence of such must be submitted upon request.

For all suppliers, a logistics self-assessment including planned measures (for example based on Global Materials Management Operations Guidelines / Logistic Evaluations (abbr.:

MMOG/LE) can be demanded. SumiRiko AVS Group also reserves the right to assess the supply chain maturity at the supplier site or to conduct process audits on the supplier with the active participation of the supplier.

7.2 Categories of logistics complaints

- Quantity Differences: Higher or Lower than ASN/ delivery note
- Delivery notes: No ASN at delivery, incorrect/ missing data, deviation between ASN and delivery note
- Packaging: Barcode, incorrect labelling of packaging unit, wrong or missing material tag, damage of product, damage or pollution of container/ packaging, incorrect packaging
- Incorrect delivery: Delivery to incorrect customer unloading point, delivery to incorrect customer, mixed delivery, incorrect product delivered
- Rescheduling the production: Stop of production line at SumiRiko AVS Group, Stop of production line at SumiRiko AVS Group customer
- Delivery reliability / performance: Assessment of compliance with min/max inventory limits when using VMI or compliance with delivery dates and quantities for call-offs.
- Communication, cooperation, flexibility assessment:

7.3 Controlling of logistics performance by supplier

The supplier will monitor the performance indicators set out below to determine their logistics performance, and will provide SumiRiko AVS Group with the results and relevant documentation on request.

- Delivery reliability / performance
The supplier has a system for monitoring and measuring his delivery performance (date, quantity) based on the order data from the respective SumiRiko AVS plant supplied. Measurement and recording must be carried out at least monthly.
- Special transports
The supplier shall maintain monthly records of all special transports made to SumiRiko

AVS Plant (number, date, affected part numbers, cause and cost).

- Logistics quality
The supplier shall internally monitor their logistics quality. Monitoring must include complaints from receiving locations in the supply chain (e.g. SumiRiko AVS plant supplied, forwarder, warehouse, SumiRiko AVS customer). In addition, the supplier must maintain a complaint management system for delivering locations and monitor these complaints.

For all named key figures, an effective deviation management must exist (e.g. plan-do-check-act (abbr.: PDCA)) with the aim of improving the involved logistics processes and their key figures.

8 Emergency Concept
8.1 Emergency plan

The supplier is required to draw up an emergency concept for the eventuality of disturbances affecting its logistics and/or production both for flow of material and information. This needs to be approved by SumiRiko AVS logistics department. Disturbances may include:

- Relocation of tools and machinery
- Damage or delays in shipment
- Non-conformities
- Tool/ equipment/ machinery breakage
- Disturbances in supplies from subcontractors
- Computer/ network problems
- Other events (e.g. of force majeure such as strikes, accidents, flooding, hurricanes, fire, earthquakes etc.)

Supplier is required to develop, define and implement emergency procedures to ensure smooth supplies to SumiRiko AVS even in the event of such disturbances listed above, Supplier must promptly notify SumiRiko AVS in order to ensure timely, effective liaison and adequate supplies to SumiRiko AVS. Supplier is requested to designate contact persons who shall be available at all times to deal with such emergencies. Supplier must notify SumiRiko AVS of the names of these contacts. (name of the contact, nomi-

nated deputy and superior, with E-mail address, phone and fax numbers).

If possible the FMEA method for the detection of fault possibilities and influence analysis is to be applied.

9 Plants Specific Requirements

Plant specific requirements must be agreed with the receiving SumiRiko AVS plant before the start of production. The logistics agreement in use should include:

- General Information with mandatory annexes
- Parties with process involvement (SumiRiko AVS Plant/ Supplier/ Service Provider/ Carrier)
- Data transfer procedure
- Transport/ Empties Management
- Packaging instructions
- Warehouse opening time

10 Abbreviations Description

EDI	Electronic Data Interchange
ERP	Enterprise Resource Planning
VDA	Verband der Automobilindustrie
ASN	Advance Shipping Notice
VMI	Vendor Managed Inventory
	Global Materials Management
MMOG/LE	Operations Guidelines- Logistic Evaluations
PDCA	Plan Do Check Act
FMEA	Failure Mode Effects Analysis
FIFO	First in First out
FEFO	First Expired First out
BOL	Bill of Lading
LIFO	Last in first out
JIT	Just in time
RFID	Radio frequency Identification

E Health, Safety & Environmental Protection

SumiRiko AVS Germany aim to create long-term relationships with suppliers who demonstrate healthy and environment protecting management practices, and to build together bonds of trust and cooperation. Therefore, we ask our suppliers to share information concerning their policies and current management situation.

Suppliers shall comply with, or exceed all applicable health, safety and environmental regulations and regularly monitor all activities with impact in these areas.

Suppliers must ensure compliance, at a minimum, to the following international standards and regulations:

- Customer Requirements - 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 or EMAS
Highly recommended and expected (but not mandatory).
- International Standards - ISO 45001 or equivalent standard
Recommended (but not mandatory).
- International Standard – ISO 50001 or equivalent measures for increasing energy efficiency
Recommended (but not mandatory).
- And - if applicable - Energy Efficiency Directive, EED (2012/27/EU) - DIN EN 16247-1
- Dodd-Frank Wall Street Reform and customer protection Act (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.

- End of Life Vehicles Directive, ELV (2000/53/EC)
End-of-life vehicles (ELV) generate million tonnes of waste in the European Union every year. Directive 2000/53/EC (the “ELV Directive”) on end-of life vehicles aims at making dismantling and recycling of ELVs more environmentally friendly. It sets clear quantified targets for reuse, recycling and recovery of the ELVs and their components. It also pushes producers to manufacture new vehicles without hazardous substances.
- Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
Suppliers shall comply with all applicable REACH requirements that affect the products that they supply to SumiRiko AVS.
- GADSL – Global Automotive Declarable Substances
The GADSL covers declaration of certain information about substances relevant to parts and materials supplied by the supply chain to automobile manufacturers. The information is applicable to the use of these parts or materials in the production of a vehicle up to its usage and relevant to the vehicle’s reuse or waste disposal.

The Supplier shall provide SumiRiko AVS with detailed information about any substances contained in each product, part and material supplied to SumiRiko AVS under this and any other relevant contract at the earliest possible date. The same shall apply to any changes thereto.

During the entire period of contractual supply of each good the supplier shall constantly monitor the respective legal conditions and ensure proper compliance. The supplier shall particularly observe those legal provisions which apply to manufacture, supply and use of the contractual goods as per the purpose of the agreements concluded by SumiRiko AVS. If the supplier becomes aware of any changes in legislation or jurisdiction which might affect merchantability of the contractual goods he shall inform SumiRiko AVS of this without undue delay. If the supplier

fails to do so he shall indemnify and hold harmless SumiRiko AVS from and against all and any liabilities, damages and claims deriving therefrom.

Upon request the supplier shall assure to SumiRiko AVS by way of written confirmation that contractual goods and/or substances contained therein are not subject to legal restrictions with regard to known end-customer requirements as well as local or market specific regulations.

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

SumiRiko AVS expects that suppliers will have a dialogue with their own supply chain and with SumiRiko AVS regarding all applicable aspects mentioned above.

F Code of Conduct for Suppliers of SumiRiko AVS

1 Social Responsibility (Human– and Labor Rights)

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 compliance with applicable national statutes on working time are complied with;
- (6) the payment of a remuneration which at least is in line with applicable national statutes on the payment of minimum wage;
- (7) the effective abolition of child labor;
- (8) the elimination of discrimination in employment and occupation.

Business should:

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

Business should:

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

2 Conduct in Business Environment

2.1 Prohibition of Corruption and Bribery

SumiRiko AVS expects its suppliers to establish and maintain a zero-tolerance policy concerning corruption and to ensure compliance with the United Nations (UN) and Organisation for Economic Co-operation and Development (OECD) conventions against corruption, as well as with all other applicable governing anti-corruption laws. In doing so, SumiRiko AVS' suppliers are expected to ensure that their employees, sub-contractors and agents do not offer, promise or grant any advantages to employees of SumiRiko AVS or affiliated legal entities with the objective of receiving orders or any other kind of preferential treatment in their business operations.

2.2 Policy on Invitations and Gifts

SumiRiko AVS expects its suppliers to refrain from offering any invitations or gifts to employees of SumiRiko AVS with the purpose to gain influence on their business decisions. Therefore, any invitations or gifts offered to SumiRiko AVS employees or affiliated legal entities, if any, must be reasonable and suitable in terms of financial value and reflect ordinary local business customs at any rate. Furthermore, SumiRiko AVS also expects its suppliers to refrain from asking SumiRiko AVS employees or affiliated legal entities for any advantages that might be held inappropriate from the perspective of an objective third party.

2.3 Preventing Conflicts of Interest / Anti-fraud

SumiRiko AVS expects its suppliers to take business decisions based on objective criteria

only. Any factors that might influence business decisions of SumiRiko AVS' suppliers due to any conflicts of interest must be prevented at any time.

2.4 Ensuring unrestricted Competition / Ban on Cartels

SumiRiko AVS expects its suppliers to compete in a fair and transparent manner and to comply with applicable antitrust and competition laws and regulations. Suppliers of SumiRiko AVS are expected not to enter into any agreements with their competitors that might constitute a breach of antitrust law, nor to take advantage of any dominant market position they might hold.

2.5 Prevention of Money Laundering

SumiRiko AVS expects its suppliers to comply with all applicable statutes governing the prevention of money laundering, and not to participate in any money laundering activities at any time.

3 Applicability on Subcontractors and Sub-suppliers

SumiRiko AVS expects its suppliers to communicate the principles laid out herein to their subcontractors and subsuppliers and to take these principles into account when selecting subcontractors and subsuppliers. Suppliers of SumiRiko AVS are expected to encourage their subcontractors and subsuppliers to comply with the minimum standards of this Code of Conduct when fulfilling their contractual obligations. Further SumiRiko AVS expects its suppliers to only source material from legal sources and to provide evidence on the legal source if requested.

4 Compliance with the Code of Conduct for Suppliers

Any violation of the principles and requirements set out in this Code of Conduct for Suppliers will be regarded as a serious breach of the supplier's contractual obligations towards SumiRiko AVS. In the event that the supplier is suspected of violating any of the principles or requirements laid out in the present Code of Conduct (e.g. based on reports made by the media or investigations by the authorities), SumiRiko AVS reserves the right to request the disclosure of all relevant information. In the event that a supplier evidently

fails to fulfill any of the principles or requirements set out in the present Code of Conduct or refuses to pursue and implement measures for improving his sustainability after having been given a reasonable period of time SumiRiko AVS reserves the right to immediately terminate any or all contracts with the supplier for good cause without notice and any compensation.

G DURATION OF THE AGREEMENT AND TERMINATION

This framework agreement including the supplementing Terms and Conditions for Purchase and Payments (Appendix 1) shall become effective once it has been accepted by online confirmation on the SumiRiko Supplier Portal and will remain effective for an indeterminate period of time. It may be terminated annually by either party with a period of notice of 12 months to the end of the month. The notice of termination must be given in written or at least in text form. 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 pre-maturely 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.

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

If not otherwise agreed between SumiRiko AVS and the supplier, a cash discount amounting to 3% of the totally invoiced amount is considered granted if payment is made within 60 days since receipt of a proper invoice. Otherwise payment shall be made net within 90 days from invoice receipt. 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.

