2023 Quality Agreement

For Fasteners in the Automotive Industry

1 / Purpose

This document defines the terms of the "quality" commitments that the Supplier makes with respect to the products it sells, and forms the basis for the business practices used to address quality-related matters.

It has been drawn up as a supplement to the "General Professional Business Conditions For Fixing Products filed on 13 February 2023" and refers to the industry's best practices that are described in the publication "*Guide de référence des pratiques et règles de l'art pour la fourniture de produits de fixation, 3ème édition, mars 2011*", which is available from ARTEMA.

2 / Definitions

- Contractual Requirements: data issued by the Client which describes the Client's need,
- Prototypes: products intended for evaluation purposes only,
- Initial Samples (IS): reference products taken from a Production Process that is representative of the production run,
- Reference Quality Documentation: technical commitments by the Supplier regarding the products delivered as standard to the Client,
- Production Process or Manufacturing Process: a series of successive operations whereby the product is manufactured,
- Product Indexes: traceability of modifications to the product and/or the Production Process,
- Non-Conformance: a confirmed deviation from the Reference Quality Documentation,
- Exemption: written acceptance by the Client of an instance of Non-Conformance,
- Parts Per Million (ppm): the quantity of non-conforming products detected per million parts delivered over a given period. This ppm figure may be global or defined for one or more characteristics.

3 / Compliance with standards and regulations

The products shall be designed and manufactured in accordance solely with the standards and regulations that are expressly stated in the Contractual Requirements.
Absent such standards and regulations, the products shall comply with the regulations that are applicable in the country of manufacture.

4 / Reference Quality Documentation

The technical commitments by the Supplier regarding the products delivered as standard to the Client shall be restricted to the Reference Quality Documentation.

Unless the parties agree otherwise, this Documentation shall be exclusively comprised of the following:
- the Initial Sample (IS) parts,
- the control reports on the IS (reports on sizing, materials and tests),
- the list of the deviations from the definition proposed by the Client.

The Supplier's format shall be used to produce these items.

All deliveries of a new or modified product shall be contingent on the written acceptance of the Reference Quality Documentation by the Client. Absent such acceptance, all orders placed or calls for deliveries of standard parts shall be deemed to be acceptance by the Client of the Reference Quality Documentation.

5 / Monitoring of the characteristics

The monitoring of the product and process characteristics shall be defined by the Supplier in agreement with the Client. This level of monitoring shall depend on the Production Process implemented by the Supplier and cannot be imposed unilaterally by the Client (other than where required by the regulations).

In the event of changes to the Client's process that may have impacts on the monitoring of the characteristics of the product and the process, the Client must first notify the Supplier and negotiate the updating of the Reference Quality Documentation with the Supplier, in accordance with the provisions set forth in the document entitled "*Pratiques professionnelles des industriels fabricants et fournisseurs de fixations au regard des garanties extra-légales du secteur automobile*".

6 / Delivery, carriage, acceptance and verification of the products

The Client is required to carry out acceptance of the products, from a legal standpoint, whereby it acknowledges that the products conform to the contract.
Acceptance shall be deemed an acknowledgement of the lack of any instances of apparent Non-Conformance, unless detailed reservations were written at the time of acceptance on the initialled consignment note or the delivery note (DL) and sent by mail with acknowledgement of receipt to the Supplier and to the carrier within a time-limit of three days.

In the event of an "ex-works" sale, the risks associated with carriage shall be the responsibility of the Client, at the Client's expense.

The Client must, at its expense and under its responsibility, check or arrange for the checking of the conformance of the products with the terms of the order, even if the Client has ensured the Supplier's Product Quality Assurance (PQA) for a given product.

The Client must comply with the general recommendations concerning storage and handling:
- original traceability records must be kept in the event that pallets are repacked or the packaging changed, until the part is assembled *(e.g. use of a vapour corrosion inhibitor (VCI) bag to avoid corrosion of the parts and problems with coating)*,
- if parts are exported, in particular by sea, the client must inform the supplier of this, in which case the supplier shall, if necessary, issue additional recommendations in this regard,
- the integrity of the product must be preserved in accordance with ISO 16426,
- products that have fallen to the ground must not be used,
- product modification indexes must be managed.

The Client must also comply with any recommendations that are specific to the product, such as:

- the conditions of storage and the maximum storage duration before use,
- the handling, carriage and use conditions on the Client's premises and in the network,
- the Client shall ensure and maintain proper cleanliness of the vibratory bowl feeders and part feeding equipment, to ensure proper rotation of stock and prevent parts from prior lots remaining in these devices.
- these various documents can be found in an appendix to the Quality Guide under "ARTEMA General Recommendations".

7 / Identification and traceability

The Supplier shall implement an identification system on the labelling that makes it possible to ensure the traceability of the items that are used to manufacture its products.

The Client must use systems which ensure that the traceability chain is maintained throughout the value chain (lot number identified on the labelling), in particular by taking care to ensure that this traceability is not impeded by overlapping or mixing lots in automatic feeders (e.g. vibratory bowl feeders).

The packaging materials shall be identified using the **GALIA / ODETTE standards or a client-specific standard that is agreed between the parties (for the automotive industry).** Unless an agreement has been specifically negotiated, the Supplier shall not provide specific traceability for the Client.

Once the product's original packaging has been removed by the Client, the Client shall be under an obligation to track the product, to maintain the traceability of the lot, for all purposes of proving the date and the initial delivery destination, while retaining, to the extent possible, the same size of lot as that delivered. The Client shall ensure that its own clients fulfil this obligation.

8 / Recording and archiving of technical and traceability data

The Supplier is equipped with an in-house technical and traceability data recording and archiving system, which operates for a duration defined by the Supplier or that was agreed with the Client.

9 / Product or process modification

All requests from the Client that result in a modification of the technical Contractual requirements and/or of the Reference Quality Documentation, as well as all modifications by the Client of the conditions under which it uses the product (e.g. automation, modification of the parts to be assembled or transfer of production to new sites) must be notified to the Supplier ahead of time in writing. **If the Supplier is not notified, these changes cannot under any circumstances be accompanied by claims and requests for payment of the associated costs by the Client.**

The aforementioned requests may trigger a new technical and commercial proposal from the Supplier.

10 / Quality Targets

The metrics, such as, in particular, minor flaws, PPM, the number of incidents and composite indexes shall make it possible to measure changes in the quality of the products delivered by the Supplier in the medium and long term. They cannot, under circumstances, constitute a contractual obligation that may result in financial or other penalties. In all cases, this data is regarded as trade secrets and must remain confidential.

11 / Handling of instances of Non-Conformance

The Client has an obligation to describe the Non-Conformance.
All requests associated with an alleged instance of Non-Conformance must be accompanied by evidence that proves the Non-Conformance and that makes it possible to search for its causes (e.g. traceability data, photographs, parts that are deemed to be non-conforming or assembly conditions). The Client is under an obligation to cooperate.

In the event of Non-Conformance and if proper traceability has been ensured, the Supplier, at its sole discretion, shall choose the remediation measures it deems to be suitable (sorting, adjustments, isolation of the non-conforming lot, changing of the lot number, etc.).

The Supplier shall analyse the alleged instance of Non-Conformance.

If it confirms the reality of and responsibility for the instance of Non-Conformance, the Supplier shall pay for:

- systematically, the replacement of non-conforming products, at the Supplier's decision: the return or the recovery of the non-conforming products, and the sorting of non-conforming lots. The sorting and recovery conditions must be agreed between the parties.

Upon request, the Supplier shall notify the Client of the corrective and preventive actions it is taking with respect to its Production Process.

The Supplier's liability is excluded, in particular:

- for defects that originate from materials supplied by the Client,
- for defects that originate from a design produced by the Client,
- for defects that result, in whole or in part, from the normal wear and tear of the part, or from damage or accidents that are attributable to the Client or to a third party,
- in the event of abnormal or atypical use or use that does not conform to the purpose of the product, best practices or the guidelines or recommendations of the Supplier,
- in the event of the loss of the traceability of the product by the Client or its service providers, including in the event of "zero kilometre" complaints regarding the production line,
- for defects that are not caused by a breach of the Quality Commitment, within the meaning of the Production Part Approval Process (PPAP),
- In the event of negligence, a lack of monitoring, lack of maintenance or incorrect assembly.

In the event of a "zero kilometre" complaint regarding the production line, the Client must ensure compliance with traceability throughout the value chain without impeding this traceability by overlapping or mixing lots; the Supplier cannot be held liable for a mix of products that was caused by the Client or its logistics platform. In return, the Supplier has a duty to have robust traceability in its own plant.

12 / Costs and consequences of instances of Non-Conformance

The Client shall refrain from all unlawful practices of automatic debit or credit operations, and from invoicing the Supplier for any amounts that the Supplier has not expressly acknowledged in respect of its liability.

Until the Supplier's liability has been clearly established and proven, the Supplier is not required to defray:

- **the administrative expenses and handling costs,**
- **the consequences of the Non-Conformance for products that are already assembled,**
- **consequential loss or non-physical harm, such as: operating loss, loss of profit, loss of opportunity, commercial harm or loss of earnings.**

The Client must provide detailed supporting documents for the amounts claimed.

Moreover, said indemnities shall be deemed to be all-inclusive compensation that entails discharge of liability and precludes the payment of any other penalties or compensation.

In the event of a recall campaign, the Supplier's liability, irrespective of the cause(s), with the exception of bodily injuries and gross negligence, shall be limited to a maximum aggregate amount, as defined in the contracts.

The specific case of costs incurred by external sorting services is covered in the ARTEMA document entitled "*Règles professionnelles relatives au Choix et coût du prestataire de tri, Produits de fixation*".

13 / Tooling

When the tooling that belongs to the Client approaches the end of its useful life (the useful life duration shall be determined according to the number of parts to be produced), the Supplier shall have the right to refuse any reports of Non-Conformance issued by the Client. In this regard, the quality of the parts is intrinsically linked to the condition of the tooling.

14 / Confidentiality

All the information exchanged between the Client and the Supplier is confidential and may, as applicable, constitute a disclosure of know-how that must not be passed on to a third party.

In this respect, the Supplier reserves the right to restrict the access of the Client or its substitutes to the Supplier's facilities and to those of its own suppliers, even in the event of an audit.

15 / Specific and/or additional services

Certain additional services that are requested by the Client may be the subject of a separate price offer, in particular but not limited to the following:

- the dissemination of control reports and IS files using documents other than those of the Supplier,
- the translation of technical documents into another language,
- requests for technical analysis and dissemination of reports,
- the preparation and dissemination of control reports (excluding IS),
- the provision of conformance certificates, a copy of the plant quality control report and a statement of compliance with RoHS rules,
- the updating of the IMDS database,
- the implementation of a specific organisation,
- product audits or annual reclassifications,
- other services as specified subsequently.

Similarly, the processing of confirmed instances of Non-Conformance (visits to the client's premises, analyses, sorting, etc.) may also be invoiced.

16 / Client-Supplier relations

- In the event of an IATF audit of the Supplier, and of the presence of an internal auditor from the "Manufacturer" Client, the latter must restrict their role to that of observer and must not take a proactive approach that would influence the audit.
- The Supplier undertakes to acknowledge receipt of the Client's claims and to process them during its opening times on business days, excluding public holidays. Claims received outside of these times shall be processed as soon as the company re-opens and the response time shall only be calculated as from said re-opening.

Document filed with the* Bureau des expertises et des usages professionnels *(Office of Professional Expertise and Practices) at the Paris Commercial Court under No. D2023057953, 5 June 2023