Quality Management Agreement

between

SUPPLIER Name, Address and company number

hereafter referred as SUPPLIER

and

Société industrielle de Sonceboz S.A. , 2605 Sonceboz-Sombeval no CHE-102.122.554, in regards Products supplied to this entity
Sonceboz Automotive S.A. , 2605 Sonceboz-Sombeval no CHE-112.275.024, in regards Products supplied to this entity
Sonceboz Microtechnique Boncourt SA , 2926 Boncourt no CHE-354.359.001, in regards Products supplied to this entity
Sonceboz Mechatronics Boncourt SA, 2926 Boncourt no CHE-148.450.098, in regards Products supplied to this entity

hereafter referred to as SONCEBOZ

TABLE OF CONTENTS

1 Preamble

This Quality Management Agreement (hereafter referred to as the "QMA") is the contractual specification of the general technical and organizational conditions and processes agreed to between SONCEBOZ and the SUPPLIER. It describes the minimum requirements of the quality management system of the contracting parties, and settles the rights and duties of both parties with regard to the quality of the Product to be supplied.

The word "shall" indicates mandatory requirements. The word "should" indicates a mandatory requirement, with some flexibility allowed in compliance methodology.

All standards are valid in their latest version.

All of the documents mentioned in this QMA document are available on the SONCEBOZ website (Supplier Information on SBZ website)

2 Definitions

2.1 All terms used in this Agreement shall be defined according to IATF 16949, Chapter 3, unless otherwise defined below.

2.2 Quality Management System: the policies and objectives set to control and fulfill customer requirements in terms of quality.

2.3 Process: the set of interrelated or interacting activities, which are planned and carried out under controlled conditions to add value.

2.4 Product (or Part): the material, hardware or service to be delivered to SONCEBOZ.

For supplier developing SW, a specific QMA must be used (F-42212-Quality Management Agreement-SW)

2.5 Application: the intended use of the Product.

3 Scope of Validity

3.1 The regulations of this QMA, together with the SONCEBOZ General Purchasing Conditions (always in its current version), define the cooperation with SUPPLIER, for all existing and future purchase agreements between SONCEBOZ and SUPPLIER and for all Product supplied by SUPPLIER to SONCEBOZ. Specific amendments or supplements for particular requirements, i.e. for specific Products, can be attached to this QMA.

3.2 SUPPLIER shall consistently maintain a Quality Management System (QMS) according to the requirements defined in the ISO 9001 standard (see IATF 16949: 2016, § 4.4, § 7.5.1.1 and § 9.2). A development in IATF 16949, ISO 45001 (OHSAS 18001) and in ISO 14001 is recommended.

Any potential SUPPLIER should be evaluated by SONCEBOZ quality assurance according to a VDA 6.3 audit:

- green status : automatic approval
- yellow status: SONCEBOZ must issue an approval decision in each case

The following tools : AIAG MSA, APQP, PPAP, SPC, PFMEA, must be used as standard, and applied in an efficient way.

3.3 In the case of a new Product supplied by SUPPLIER to SONCEBOZ, SONCEBOZ may ask for amendments or supplements to this QMA. Therefore, additional quality requirements shall be taken into account.

3.4 SUPPLIER shall guarantee that its own subcontractors and suppliers are also bound by the same requirements as those defined in this QMA. SONCEBOZ shall be entitled to request from SUPPLIER those documents proving the efficiency of the quality assurance system of its subcontractors and suppliers. Furthermore, SONCEBOZ shall be entitled to request from SUPPLIER the presentation of any written records and other test certificates of its subcontractors and suppliers (see IATF 16949: 2016, §8.4.2.3, § 8.4.2.4 and § 8.4.2.5).

3.5 SUPPLIER agrees to respect the supplier code of conduct from SONCEBOZ, implementing the guidelines from ISO 26000 and UN Global Compact, by signing the document F-42310 (SUPPLIER code of conduct).

4 Selection and Application of the Quality Management System (QMS)

The selection, the introduction, and the maintenance of the QMS shall be the task of SUPPLIER (*see IATF 16949: 2016, § 7.5.1.1 and § 9.2).* Proof of the adequacy and conformity of its QMS shall be provided to SONCEBOZ by means of :

- a valid certificate issued by an accredited certification body, and
- a successfully concluded customer audit, and
- a quality audit carried out successfully by SONCEBOZ (audit referencial is VDA 6.3)

Where SUPPLIER chooses to outsource any process that affects product conformity with requirements, SUPPLIER shall guarantee control over such processes (*see IATF 16949: 2016, §8.4.2.3 and § 8.4.3.1)*. Control of such outsourced processes shall be identified within the QMS.

ISO 9'001 certified suppliers will need to take steps to upgrade their QMS system to IATF 16'949 certification. An intermediate step towards the IATF 16'949 certification may consist in complying with the requirements described in the Minimum Automotive Quality Management System Requirement (MAQMSR) or in an equivalent reference system.

5 Audit

5.1 SONCEBOZ, or a third party appointed by SONCEBOZ, e.g. a customer of SONCEBOZ, shall be entitled to verify and evaluate the quality management measures taken by SUPPLIER, and to demand from SUPPLIER an appropriate collaboration, hereafter referred to as "Audit", in particular, with regard to the system, process and product.

5.2 SUPPLIER shall also guarantee to SONCEBOZ, to a third party appointed by SONCEBOZ, and/or to a customer of SONCEBOZ, the option of carrying out an Audit of its subcontractors and suppliers.

5.3 SONCEBOZ shall be the supervising entity in terms of initiative and organization of all Audits performed by a third party appointed by SONCEBOZ, or a customer of SONCEBOZ. All information and correspondence to this regard between SUPPLIER and Auditor shall go through SONCEBOZ.

5.4 SUPPLIER must include within his QMS a process to evaluate regularly the efficiency of each specific production process, as defined in the norm CQI-X (according to the last version in force). The evaluation must include at least a yearly self audit, with the follow-up and records of all actions identified.

6 Zero-Defect Strategy

6.1 According to its QMS, SUPPLIER shall follow a Zero-Defect Strategy for the agreed-upon requirements and defined specifications. For each reference, the yearly supplier ppm commitments (12 rolling months) are :

	Automotive products (including Trucks)	Non-automotive products
0 km / SONCEBOZ	10	20
Field / warranty return	5 the first year 3 from the second year	10

The Ppm level is the number of defective parts per million.
The zero defect strategy shall be utilized from the onset of the deliveries. SUPPLIER shall inform SONCEBOZ immediately if it has knowledge that it cannot fulfill or maintain such agreed-upon PPM performance requirements within the set time limit.

6.2 The zero-defect strategy shall not be limited to the agreed-upon requirements and defined specifications, but shall also be applicable in the case of hidden defects revealed after incorporating the Product into the Application.

6.3 The agreement, application, and fulfillment of the zero-defect strategy shall not limit SUPPLIER's liability for warranty and damage claims by SONCEBOZ, including when claims are due to a delivered Product that does not fulfill a requirement or its Product Specification (hereafter referred to as a "non-conforming Product"). SUPPLIER shall be liable for all failures of non-conforming Products, even if the failure rate is within the agreed-upon target range.

6.4 SUPPLIER is expected to follow the APQP methodology for any new project: kick off meeting, project team appointed at SUPPLIER, and planning is set and communicated with regular APQP status (*see IATF 16949: 2016, § 8.3.2 and §9.1.1.2)*.

7 Quality Inspection

7.1 SUPPLIER shall perform and document all necessary inspections during the production process until the Products leave the factory (according to the control plan submitted at PPAP) (*see IATF 16949: 2016, § 8.5.1.1)*.

Since the relevant inspections are only performed at SUPPLIER, SONCEBOZ may perform an incoming inspection only with respect to the delivery documents, Product identification, quantities, and possible damage during transportation. However, SONCEBOZ shall have no obligation to inspect Products.

7.2 If SONCEBOZ gives an order to SUPPLIER to ship the goods directly to a third party, SONCEBOZ reserves the right to request that this third party verify the shipment as described in para. 7.1. In the case of non-conformity, complaints, or returns of material, notice shall be made directly by the third party to SUPPLIER prior to SONCEBOZ's acceptance. All return documentation shall be copied to SONCEBOZ.

7.3 In general, functions and specifications of the Product can be inspected and/or tested by SONCEBOZ in the SONCEBOZ production process. Therefore, SUPPLIER shall not refuse subsequent complaints and/or return of Product.

7.4 After prior agreement with SUPPLIER, SONCEBOZ shall be entitled to participate in all inspections and audits carried out by SUPPLIER and/or its subcontractors and suppliers. SONCEBOZ shall also be entitled to have all inspections attended by a third party authorized by SONCEBOZ.

8 Non-Conforming Material

8.1 SONCEBOZ shall immediately be informed by SUPPLIER of any deviations, whether intentional or not, in the materials, ancillary materials, manufacturing processes, tests, dimensions, and so forth, that may have an impact on the form, fit, function, reliability, or durability of the Product. The document SUPPLIER deviation request F-42702 must be completed and submitted to your SONCEBOZ quality contact immediately. SONCEBOZ shall determine after discussion with SUPPLIER, which measures must be taken (*see IATF 16949: 2016, § 8.7)*.

8.2 If the Product does not fulfill the defined specifications, SONCEBOZ and SUPPLIER shall promptly agree whether the entire shipment shall be returned for immediate replacement, or be fully tested and inspected at SUPPLIER's expense, by either SUPPLIER or SONCEBOZ. Failure to reach such an agreement shall entitle SONCEBOZ to reject the entire shipment, or to test and inspect it independently in its entirety, at SUPPLIER's expense. To the greatest extent feasible, SUPPLIER should use appropriate Product sorting and containment procedures to avoid errors or defects in the supply of Products. Any non-conforming Product should be analyzed by SUPPLIER in agreement with SONCEBOZ to identify the root cause (*see IATF 16949: 2016, § 8.7.1.7)*.

In case of emergency, sorting should be performed at SONCEBOZ and will be charged to SUPPLIER:

- SUPPLIER shall provide ressources for sorting, or mandate SONCEBOZ or another sorting company approved by SONCEBOZ within the first 5 hours to ensure that SONCEBOZ is protected and production stop will be avoided. For any sorting activity, SUPPLIER shall guarantee that the sorting organization will provide an immediate communication of any relevant information (especially the sorting results).
- If SUPPLIER's containment actions are proven to be not adequate according to SONCEBOZ, SONCEBOZ may request a sorting by a third party until 8D approval has been achieved.

8.3 SUPPLIER shall take all suitable measures to eliminate defects, and to prevent reoccurrence of defects (see *IATF 16949: 2016, § 8.7.1.7)*.

8.4 SUPPLIER shall use disciplined problem solving methods when an internal or external non-conformance to specifications or requirements occurs. The 8D Problem Solving Method shall be used to communicate with SONCEBOZ, with SONCEBOZ 8D report standard F-42705. SUPPLIER will focus on technical and management root causes, and provide evidence of corrective actions to prevent recurrence of non-compliance (*see IATF 16949: 2016, § 10.2.3 and §10.2.6)*.

8.5 Complaints and/or material returns are always issued by SONCEBOZ with a documented failure description, which shall then be sent to SUPPLIER.

8.6 For any complaint: within twenty-four (24) hours, SUPPLIER shall provide to SONCEBOZ an initial response with adequate containment actions (3D). Within five (5) working days SUPPLIER shall provide to SONCEBOZ a report including the root cause analysis, and appropriate corrective actions (5D). Within twenty (20) working days SUPPLIER shall provide to SONCEBOZ a final report (8D) (*see IATF 16949: 2016, §10.2.6)*.

8.7 For any new non-conformity, whenever SUPPLIER's responsibility is proven, SONCEBOZ will apply to SUPPLIER (without prejudice to further remedies):

- administrative costs of CHF200
- the additional costs applied to SONCEBOZ by its customer
- any other non-conformity costs such as rush transport costs, sorting costs, and analysis costs.

Such costs would be computed and invoiced according to the rates below:

- engineer: CHF100/hr
- technician: CHF75/hr
- operator: CHF65/hr
- production line stop: see purchasing agreement. (CGA)

8.8 Cancelled incident: If the D4 analysis proves that SUPPLIER is not responsible, then SONCEBOZ will cancel supplier's responsibility.

8.9 As regards Products which are intended for the automotive sector, the warranty period for each Product delivered by SUPPLIER shall last until the vehicle in which the Product has been incorporated will have reached 100 000 kilometres (500 000 kilometres, for trucks) but shall not excess five years. As regards other Products, the warranty period shall amount to 2 years. Warranty periods which are computed in years shall start from the date when the Product is utilized in assembly by SONCEBOZ, and as shown by SONCEBOZ's records. Upon request, SUPPLIER shall be entitled to perform checks to ensure that SONCEBOZ's records are properly managed and maintained in accordance with the standards of the automotive industry. These warranty periods will apply for Products the Specifications of which have been agreed upon after signature of this QMA.

8.10 In the event that SUPPLIER has delivered defective or non-conforming Products, and without prejudice to further remedies, SUPPLIER shall hold SONCEBOZ and its affiliated companies harmless against any liability, costs, damages, losses, claims and expenses (including legal expenses) occasioned by or arising from the supply of defective or non-conforming Products, including, without limitation, those occasioned by or arising from any action (whether decided by SONCEBOZ (or by its (end-)customer)) to recall any defective or non-conforming Products, or any product into which defective or non-conforming Products have been incorporated. Upon receipt of any such claim, SONCEBOZ shall inform SUPPLIER without delay, and will give SUPPLIER an adequate opportunity, whenever feasible, to submit arguments or counterevidence and/or to control the defense of such a claim, however, SUPPLIER shall not settle or compromise such a claim without fully releasing SONCEBOZ from any liability, and without SONCEBOZ's prior written consent.

If SONCEBOZ and its customer have agreed upon reasonable amounts to be paid by SONCEBOZ (such as, e.g., fixed sums or fees based on hourly rates) for the costs (relating to administration, inspection, testing, retrieval, repair, replacement, recall or transportation) or damage incurred by the customer and occasioned by or arising from defects or non-conformities, and if SUPPLIER is responsible for such defects or non-conformities, SONCEBOZ shall be entitled, without prejudice to further remedies, to recover such amounts from SUPPLIER upon presentation of the corresponding customer's invoices (or of any other document reasonably evidencing the amounts owed by SONCEBOZ to its customer).

8.11 SUPPLIER must provide to SONCEBOZ a copy of the insurance certificate. The supplier insurance must cover the costs of recall, all direct and indirects costs generated by a non-conformity and also the costs of damages and interests. Insurance certificate must be provided each year to SONCEBOZ.

9 Panel survey and escalation process

A comprehensive and effective continuous improvement philosophy shall be deployed throughout SUPPLIER's organization. SUPPLIER shall develop specific action plans for continuous improvements in processes, material, personnel, equipment, and all other aspects of its organization (*see IATF 16949: 2016, §10.3.1)*.

SONCEBOZ rates key suppliers' performances on a quarterly basis.

The assessment criteria are the following :

- Technical (up to 5% of the rating): development capacity
- Procurement (up to 20% of the rating): deadline reliability*, quantity discrepancy, flexibility
- Logistic (up to 5% of the rating): Conformity to traceability requirement, Conformity of the delivery (FIFO, Delivery note available and conform, labelling,…)
- Commercial (up to 5% of the rating): behavior regarding prices, commercial follow-up, financial strength, and payment terms
- Quality (up to 65% of the rating): contractual commitments fulfilment (QMA, APQP, PPAP, GCP, etc.), customer PPM linked with the service provided by a supplier*, supplier non-conformity recurrence*, supplier non-conformity seriousness*, problem solving ability*, supplier's ability to react* (3D, 5D, 8D), relational quality and quality noted at the supplier's plant* (audit, visit). Since 2018, SUPPLIER is also evaluated on project phase through the 3 following criterias, feasibility study completed and sent with the quote, follow-up of the project and PPAP / IS submission submitted on time and is conform.

*Downgrading criterion : If a downgrading criterion is considered to be unsatisfactory, the supplier will be automatically rated in C category.

Good (A)	Average (B)	Critical (C)	Bad (D)
The result of the evaluation is good	The result of the evaluation is average	The result of the evaluation is critical and/or a downgrading criterion is unsatisfactory	The result of the evaluation is bad and/or SUPPLIER has been rated "C" during 3 successive quarters without improvement
Congratulations. Persevere.	Weakness is described throughout our comments in the evaluation	Notification, by letter, to attend a management meeting.	Notification, by letter, to attend a management meeting with consequences described : SUPPLIER is informed that he may be asked to leave the SONCEBOZ list of suppliers in case of "D" rating the next quarter.
		Request to present an action plan in SONCEBOZ, then hold regular meetings for the follow-up.	Business on hold : - Reduction of the purchase orders when possible - No new business - Ask for the support of the final customer
		After 3 successive "C" ratings without improvement, the supplier will be automatically rated in "D" category.	After 2 successive "D" ratings, SUPPLIER may be asked to leave the SONCEBOZ list of approved suppliers.

10 Mandatory supplier within the supply chain

SONCEBOZ-approved sources *(see IATF 16949: 2016, § 8.4.1.3)*

Where specified by the contract (e.g. SONCEBOZ engineering drawing, specification), SUPPLIER shall purchase products, materials or services from SONCEBOZ-approved sources.

The use of customer-designated sources, including tool/gauge suppliers, does not relieve SUPPLIER of the responsibility for ensuring the quality of purchased products.

A responsibility matrix for the three (3) parties, according to the template F-42163 must be initiated and validated by all the parties.

11 Supplier Change Request (SCR)

11.1 SUPPLIER agrees to obtain from SONCEBOZ written consent prior to any intended modifications in design or materials, as well as any deviation in ancillary materials, manufacturing processes, testing, or production facilities that may affect the form, fit, function, reliability, or durability of the Products, whenever the product or manufacturing process is different from that which is currently approved (according to VDA volume 2 trigger matrix or according to ZVEI – Guideline for Customer Notifications of Product, and /or Process Changes (PCN) of Electronic Components) (see IATF 16949: 2016, § 8.3.6.1 and §8.5.6.1).

The request for modification must be issued through the SONCEBOZ Supplier Change Request template (*F-42230 Supplier Change Request*) to the mail address supplier.quality@sonceboz.com. It must be sent at least 9 months prior to the implementation of the proposed changes.

This leadtime requirement will be reviewed for temporary modification if any emergency occurs.

Evidence of conformity to the acceptance criteria shall be maintained. Records shall indicate the person(s) authorizing release of product.
SUPPLIER shall maintain a record of the expiration date of the modification or quantity of modified Products authorized. SUPPLIER shall also guarantee compliance with the original or superseding specifications and requirements when the authorization for temporary modification expires.

11.2 SONCEBOZ shall immediately be informed by SUPPLIER of any known deviation in material, ancillary material, manufacturing processes, place of production, tests, and so forth affecting the Products. In the case of such deviation, SONCEBOZ shall decide, after discussion with SUPPLIER, which measures must be taken, if any.

11.3 SUPPLIER shall inform SONCEBOZ of all major changes in the structure of the management, or of the organizational structure of its company.

11.4 SUPPLIER shall inform SONCEBOZ without delay of any intended changes in subcontractors and/or suppliers providing services or material used in Products. No such changes shall be implemented before SUPPLIER has obtained SONCEBOZ's prior written approval; such approval shall not be unreasonably withheld.

After validation of the SCR by SONCEBOZ, the SUPPLIER must imperatively submit a PPAP to SONCEBOZ to authorize deliveries after modification. The requirements of the PPAP will be mentioned on the SCR and must contain at least one PSW.

11.5 SUPPLIER shall maintain records of the effective dates of process changes.

11.6. The first deliveries (three, unless otherwise defined by SONCEBOZ) impacted by this change must be identified by a label (this identification has to be visible on the pallet).

12 Transportation and Deliveries

12.1 Within the scope of this QMS, SUPPLIER shall guarantee that the transportation of the Products to the respective SONCEBOZ plant, and the introduction of the Products into the running production does not affect the quality of the supplied Products.

12.2 SUPPLIER shall guarantee that the Product is packaged and conditioned so that no damage occurs during transport of the Product (see IATF 16949: 2016, § 8.5.4.1).

12.3 SONCEBOZ requires 100% on-time delivery performance from SUPPLIER, who will guarantee this by utilizing suitable methods and controls. The reference for an on-time delivery performance is the mutually agreed upon delivery date (see IATF 16949: 2016, § 9.1.2.1).

12.4. After notification of any non-conformity, the first deliveries (three, unless otherwise defined by SONCEBOZ) being through the containment (with a sorting) will be identified by a label (this identification has to be visible on the pallet).

13 Traceability

Each reference is appointed to one level and communicated through the PPAP check list. Project specifications (including logistical guidelines, available on request) are the reference. If a level designation is not given, level 2 will be applicable *(see IATF 16949: 2016, § 8.5.2.1)*.

In below tab, 3 alternatives are mentioned: low, average and high volumes. Here are their definitions:

- Low volumes: standard motor range or low customer request (single production order)
- Average volumes: > 50~100 KP/year
- High volumes: Car / Truck / OffRoad (daily production, weekly deliveries)

Traceability Level	SUPPLIER requirements
1 – Basic	**Basic SONCEBOZ quality agreement**. SUPPLIER must : - Be able to prove that its production batch sizes are not higher than the maximum quantity as defined in the RFQ (Request For Quotation) : ▪ Low volumes: max 25% YTD ▪ Average and high volumes: max 10% YTD - Be able to prove its traceability is linked to the delivery note. Only the delivery note number will be registered into the SONCEBOZ traceability database - Provide the DLC (Expiration Date) if needed that will be recorded at the SONCEBOZ incoming reception
2 – Standard	**Standard SONCEBOZ quality agreement.** SUPPLIER must : - Fulfill level 1 requirements - Be able to prove that its production batch sizes are not higher than the maximum quantity as defined into the RFQ (Request For Quotation): ▪ Low volumes: max 10% YTD ▪ Average and high volumes: max 5% YTD If this is not possible, get a exemption from SONCEBOZ - Provide his traceability numbers (SUPPLIER lot numbers and respective quantities on the delivery note) - Identify each box with a label. The label must mention the same SUPPLIER lot number as is mentionned on the delivery note. Only one lot number per box. Two, or more than two lot numbers per box are not allowed - Pack the parts separately by cavity, if needed - Provide the DLC (Expiration Date) by lot, if different lots are delivered with different DLC. The DLC must be clearly shown by lot on the delivery note - Provide a delivery note. Only the following formulation is accepted on the delivery note to describe the lot : “LOT NUMBER” / “LOT” / “BATCH NUMBER” and “NUMERO DE LOT”. - Identify each box with a label, according to the norm GALIA-ODETTE We recommend to use the standard ETI1 Bar codes must be accordirng to the standard EAN 39
3 – Reinforced	**Reinforced SONCEBOZ quality agreement.** SUPPLIER must : a. For all components expected electronic components - Fulfill level 2 requirements - Be able to prove that its production batch sizes are not higher than the maximum quantity as defined into the RFQ (Request For Quotation): ▪ Low volumes: max 5% YTD ▪ Average and high volumes: max 3% YTD If this is not possible, get a derogation from SONCEBOZ. - Pack the parts separately by cavity b. Only for electronic components - Be able to prove the production batch sizes are not higher than the maximum quantity as defined into the RFQ (Request For Quotation): ▪ Low volumes: max 25% YTD ▪ Average and high volumes: max 10% YTD If this is not possible, get a derogation from SONCEBOZ. - Include following Information on the delivery note ▪ Production lot number

	▪ Date Code YYWW (Year Week) : Example CW10/2016 ➔ 1610 ▪ Quantity for each Date Code or cavity ▪ SONCEBOZ order number ▪ SONCEBOZ article number ▪ Producer article number as defined in the SONCEBOZ contract - Ensure that the following Information (Lot Number, Date Code, SONCEBOZ article number, Producer article number) is available on the barcode, from the labels fixed on the boxes.
4 - Single	**Single SONCEBOZ quality agreement.** SUPPLIER must : - Fulfill level 3 requirements - Identify each component with its traceability number, with a barcode or data matrix - Evaluate the robustness of its traceability system according to SONCEBOZ standard Audit O-0705-A3

14 Environment and Materials

14.1 SUPPLIER must implement a process that respects all local governmental regulations linked to the environment and safety, including fulfillment of applicable regulations, handling, storage, usage, and recycling or destruction of all used materials (see IATF 16949: 2016, § 8.2.2.1). This process shall be confirmed by monitoring, enforcement, and transfer of documents related to the process, such as the tracking of shipments of materials, mandatory certificates of material compliance, and safety instructions.

14.2 SUPPLIER must ensure that products, components, and packaging materials supplied to SONCEBOZ do not have a level of banned substances higher than what is allowed in the applicable regulations, including directives EU 2011/65 RoHS and EU 2000/53 (End of life vehicles) in their last versions.

14.3 SUPPLIER must make sure that it fulfills, and that its suppliers also fulfill, all requirements related to EU regulation N°1907/2006 for chemical products and their safe usage, and must monitor the registration, the assessment, and the authorization and restrictions of chemical substances (REACH). SUPPLIER must not only inform SONCEBOZ whenever a substance is intended to be released by the delivered product, but also when it is likely to release or to emit or to degas a substance when used under predictable conditions.

SUPPLIER must not deliver products containing substances that appear on the SVHC (Substances of Very High Concern) list without a formal derogation approval from SONCEBOZ. This rule also applies to any other substances that are not authorized by the ECHA or Swiss federal law concerning chemical products.

14.4 SUPPLIER must register all material used in the product through the IMDS (International Material Data System), in compliance with the rules and recommendations linked to this system of information. All information is available on the IMDS website.

14.5 Whenever SUPPLIER uses biocide substances, according to the regulation EU 528-2012, for the products delivered to SONCEBOZ, the supplier must inform SONCEBOZ in advance.

14.6 Management of SUPPLIER delivering products containing tin, tantalum, tungsten, or gold must implement a supply chain management process in line with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. SUPPLIER must attempt to reduce the risk of using minerals from conflict-affected and high-risk areas in Africa's Great Lakes region.
The Confict Minerals report (if applicable) must be completed and included in the PPAP submitted to SONCEBOZ. This report must be updated yearly, and submitted to your quality contact at SONCEBOZ.

14.7 After nomination on a new project, SUPPLIER must evaluate the impact of the product and his packaging on the environnement and for all product life cycle. SUPPLIER must be forced of proposal to SONCEBOZ to reduce as much as possible his impact on the environnement.

14.8 On SONCEBOZ request, SUPPLIER must perform a self-assessment based on SONCEBOZ template to evaluate his environnemental level. According to the results, SONCEBOZ can asked an improvement plan.

15 Communication

SUPPLIER shall determine and implement effective arrangements for communicating with customers in French or in English in relation to:

a) product information

b) inquiries, contracts, or order handling, including amendments

c) customer feedback, including customer complaints

SUPPLIER should appoint someone from the quality department who is able to communicate with SONCEBOZ in English or in French.

SUPPLIER shall have the ability to communicate necessary information, including data, in a customer specified language and format (e.g. computer-aided design data, electronic data exchange).

16 SONCEBOZ property

SUPPLIER shall exercise care with SONCEBOZ property while it is under SUPPLIER's control, or is being used by SUPPLIER. SUPPLIER shall identify, verify, protect, and safeguard property of SONCEBOZ or of its customer that is provided for use or for incorporation into the product. If any property of SONCEBOZ or of its customer is lost, damaged, or otherwise found to be unsuitable for use, SUPPLIER shall report this to the customer immediately, and maintain records of the incident. *(see IATF 16949: 2016, § 8.5.3).*

17 External laboratory

External/commercial/independent laboratory facilities used for inspection, testing, or calibration services by SUPPLIER shall have a defined laboratory scope that includes the capability to perform the required inspection, testing, or calibration, and either:

- there shall be evidence that the external laboratory is acceptable to SONCEBOZ or its customer, or
- the laboratory shall be accredited to ISO/IEC 17025 or the national equivalent. *(see IATF 16949: 2016)*

18 Design and development validation (APQP component)

Design and development validation shall be performed in accordance with SONCEBOZ requirements, including program timing.

18.1 A feasibility analysis must be communicated by SUPPLIER for each new product or product update (see template F-42920 available on SONCEBOZ website). The drawing review must be part of the feasability study. The follow-up of all significant and critical characteristics must be defined in the feasability study. The feasibility study must be systematically submitted by the SUPPLIER with each quotation. SUPPLIER nomination is conditioned by the submission of the feasibility study (see IATF 16949: 2016, § 8.2.3.1.3 et 8.3.3.1).

Only for supplier to develop Software, the order will be sent through the template F-42164 describing the the expectations, the timing and also documents requested.

18.2 SUPPLIER must review and update its P-FMEA for each new product or product update.

18.3 During the ramp-up phase, a reinforced control plan (safe launch process) adapted to the process will be defined between SONCEBOZ and SUPPLIER according to the criticicality of the component. A Safe Launch Process must be proposed by the SUPPLIER in the Team Feasability Study (F-42920). It is applicable only for components with SONCEBOZ drawings. The safe launch process must be put in place for the first production of parts, and for a minimum duration of three (3) months after PSW signature and for the three (3) first production lots. Before stopping the safe launch process, SUPPLIER must systematically inform SONCEBOZ through the document F-42230 (Supplier Change Request), and provide the safe launch results (number of NOK parts found), and a new control plan proposal. The Supplier Change Request must be submitted at least 10 working days prior to the change in safe launch activity.

The conditions required to stop the safe launch process are:

- no quality & logistic claims under supplier responsibility
- No non conformity detected by the safe launch checks
- Long term capability on significant & critical characteristics conform to request (>1.33 by default)
- End of agreed duration between SONCEBOZ and SUPPLIER
- New agreed Serial control plan if relevant

If those conditions are not fulfilled, the Safe-launch period must be extended until all conditions are fulfilled.

18.4 In addition, a detailed plan as per appendix 2 shall be provided (see IATF 16949: 2016, § 8.3.2.1). The APQP planning must include the following activities, and must be part of the general planning of the component. This

planning must be managed and updated by the SUPPLIER, and communicated on a regular basis to SONCEBOZ. Without any specific agreement from SONCEBOZ, the following activities must be part of the planning

- Kick-off meeting
- Design Freeze
- Simulation (if applicable. For example, for the plastic injection process)
- Design review (if applicable. For example, for the plastic injection process)
- Process FMEA review
- Agreement on the measurement method
- Agreement to follow the significant and critical characteristics
- Agreement on the Safe Launch Process
- 1st production run
- 1st production run with serial tools & process
- Feasability study closed
- Packaging defined and validated
- PPAP run
- PPAP and IS submission
- PPAP validation
- Internal Run at Rate (without SONCEBOZ presence)
- Run at Rate (with SONCEBOZ presence)
- SOP : Mass Production Start
- Safe Launch Process and capability review 3 months after mass production start (SOP)

18.5 After the nomination of the supplier by SONCEBOZ's purchasing department, a kick-off meeting is scheduled by SONCEBOZ in order to enable the supplier to provide its feasibility study, the signed PPAP checklist, the APQP, a range of packaging proposals, and if it is required, the other missing documents, which are mentioned in the LOI or the LON.

19 Process Capability and Control

19.1 The equipment and process capability are examined and evaluated on the basis of suitable measurement system analysis and statistical process control *(see IATF 16949: 2016, § 9.1.1)*.

19.2 SUPPLIER shall perform MSA of all measuring and inspection equipment linked to special characteristics, according to VDA 5 methodology, and shall approve all of them according VDA 5 requirements, and document it *(see IATF 16949: 2016, § 7.1.5.1.1)*.

19.3 SUPPLIER requirements for significant or critical characteristics specified on SONCEBOZ drawings:

- Normality distribution test
- Perform and document SPC for all significant or critical characteristics specified by SONCEBOZ
  - Preliminary capability to be submitted at PPAP submission
    - 50 samples taken randomly during the run at rate, representative of the production
    - Process capability by taking into account the centering into the calculation
    - Capability target : 1.67
    - The statistical report must include all of the measurement values
  - Long term capability to be submitted 3 months after PPAP approval
    - At least measurement to be done on 50 samples taken from all production runs after the run at rate
    - Process capability by taking into account the centering into the calculation
    - Capability target : 1.33
    - The statistical report must include all of the measurement values

SONCEBOZ could request at any time the capability results that should contains at least 50 samples measurement on different production batches.

Each year, at the birthdate of the PPAP validation, SUPPLIER must send to SONCEBOZ the long term products capabilities for all significant and critical characteristics. SUPPLIER must provide the product capabilities to SONCEBOZ within 15 working days. The product capabilities must be of a minimum of 1.33 if there is no specific agreement with SONCEBOZ. SUPPLIER must inform SONCEBOZ if 100% check is implemented as defined in the PPAP, or implemented by the SUPPLIER after PPAP approval.

- If those capabilities are under the required level, or if the process is not normally distributed, the process must include 100% control or poka yoke (with effectiveness verified at least once per shift).

- Significant or critical characteristics have to be identified in the PFMEA and control plan, with an adequate reaction plan.

(see IATF 16949: 2016, § 8.2.3.1.2 et 8.3.3.3)

19.4 SUPPLIER shall be responsible for the relevant definition and adequate specification of the process parameters, the appropriate optimization of the production means, and for the suitable test methods. The critical parameter definitions and capability performance shall be agreed upon by SUPPLIER and SONCEBOZ.

20 Quality Records and Documentation

20.1 SUPPLIER and its Subcontractors shall keep and maintain the Product related quality records and material certificate for a period of fifteen (15) years. On request from SONCEBOZ, material certificates must be provided to SONCEBOZ withint 48 hours *(see IATF 16949: 2016, § 7.1.5.2.1 and 7.5.3.2.1)*.

Material certificate must be submitted to incoming.supplier@sonceboz.com only for the 5 first deliveries to SONCEBOZ after PPAP approval.

For magnet components, this certificate must contain the measurement of induction (Br in T) and the coercivity (HcJ in kA/m) measured on a minimum of 5 samples.

20.2 Failure Mode and Effect Analysis (FMEA) : In order to facilitate the identification of potential sources of defects, systematic analysis of failure modes and their effect on the Product and on the process must be performed and documented by SUPPLIER. SONCEBOZ shall have access to such documents upon request. SUPPLIER shall at least provide to SONCEBOZ a synthesis containing the main risks identified (at PPAP submission or on request) (see IATF 16949: 2016, § 6.1.2.1 and 6.1.2.2).

21 Production Part Approval Process (PPAP)

21.1 SUPPLIER shall obtain written approval from SONCEBOZ for:

- a new Part or Product,
- correction of a discrepancy on a previously submitted Part or Product,
- product modified by an engineering change to design records, specifications, or material,
- any changes of the bill of material,
- process change notification (see para. 11).

(see IATF 16949: 2016, § 8.3.4.4 and § 8.3.6.1).

21.2 For all production Part or Product approvals, SUPPLIER shall provide, along with samples, a set of documents prepared to demonstrate the conformity of Product to meet SONCEBOZ's requirements in terms of form, fit, function, reliability, durability, and specifications.

21.3 For electronic components, the Product shall fulfill all requirements set within the AEC-Q001/100/200 Standard (AEC-Q101 standard for discrete), and shall be "AEC-Qxxx qualified" with the definition used in chapter 1.3.1 of this Standard. SUPPLIER shall use the SONCEBOZ directives to prepare the PPAP.

21.4 For the suppliers of electronic components only : In the case of Passive Components, the Product shall fulfill all requirements set in the AEC-Q200 Standard. SUPPLIER shall use the SONCEBOZ directives to prepare the PPAP.

21.5 All questions about PPAP shall be addressed to the SONCEBOZ Supplier Quality Department.

21.6 Unless specified by SONCEBOZ, a Run at Rate should be performed prior to PPAP approval (SONCEBOZ document O-0500 available on SONCEBOZ website): proving that all committed volumes for SONCEBOZ and other customers can be met on shared equipment at all process steps. The result must be validated by SONCEBOZ. Whenever a process operation is outsourced by SUPPLIER, the Run at Rate requirements are also valid for the sub-suppliers.

21.7 Unless specified by SONCEBOZ, for any new part, SUPPLIER should be audited by SONCEBOZ's Supplier Quality Assurance with a score higher than 80%, according to VDA 6.3 audit or perform a Run at Rate. The Run at Rate efficiency must be higher than 85%. If the audit result or Run at Rate results are not approved, SUPPLIER must schedule a new audit or Run at Rate at SUPPLIER expense. The Run at Rate must have a minimum duration of three (3) hours or 300 pieces. The Run at Rate must be performed at SUPPLIER in Mass Production conditions (serial tools, machine, equipment, process parameters, measurement device,…).

21.8 PPAP requirements will be communicated by SONCEBOZ to SUPPLIER through the PPAP checklist (SONCEBOZ document F-42202). The control plan must be part of the PPAP documentation (see IATF 16949: 2016, § 8.5.1.1).

21.9 The approval of new components as part of the APQP can be done if all conditions below are fulfilled:

- PPAP submission level 3 including measurement report and capability study for each significant and critical characteristic. Capability requirements are detailed in chapter 19.3
- Run at Rate to be performed
- While services may be outsourced, SUPPLIER shall be responsible for the outsourced services, including technical leadership. SUPPLIER must have a PPAP of all outsourced services.
- Submission of control plan including yearly qualification of the component. The characteristics to be check for the yearly qualification must be defined with a SONCEBOZ supplier quality engineer.
- Successful process audit VDA 6.3 (>80%) if audit performed
- Submission of five (5) initial samples by cavity identified and measured on all characteristics specified in SONCEBOZ drawing
- Submission of a PSW signed by the SUPPLIER

21.10. Upon SONCEBOZ request, SUPPLIER must present its measurement method through the standard document F-18804, or through equivalent document available at SUPPLIER. SUPPLIER must fulfill the general rules of metrology from SONCEBOZ described the document I-18660, and which are available on SONCEBOZ website. SONCEBOZ will give some recommendations and/or remarks, but SUPPLIER is responsible for measurement method, measurement device, and tools used.

21.11. SUPPLIER must necessarily suggest and set up a periodic re-validation plan for each component delivered to SONCEBOZ, in order to assure the component's functionality and conformity. All characteristics mentioned on the drawing must be control. This periodic re-validation must be included in the component's control plan. This periodic re-validation must be made on the anniversary date of the PPAP's validation. The results must be available and provided if SONCEBOZ asks the SUPPLIER for them. In the event of non-conformity, the SUPPLIER must immediately inform SONCEBOZ and suggest an appropriate action plan *(see IATF 16949: 2016, § 8.5.1.1)*.

21.12. SUPPLIER must perform internal audit of all production processes. These audits must be perform at least each 2 years. The deviations, root-causes and the actions plan must be communicated to SONCEBOZ.

21.13. SUPPLIER must define a control plan for the B samples (component in design freeze produced on a prototype tool). The control plan and the measurement results must be recorded and put at disposal for any SONCEBOZ request.

22 Contingency plan

SUPPLIER shall prepare contingency plans to satisfy customer requirements in the event of an emergency, such as utility interruptions, labour shortages, key equipment failure, major forces, delivery interruptions of public services (water, gas, electricity), infrastructure perturbation, cyber attack… and field returns. (see IATF 16949: 2016, § 6.1.2.3). SONCEBOZ will be allowed by SUPPLIER to audit the contingency plan.

23 Duration of Agreement

23.1 This QMA shall remain in force during the validity period of the associated Framework Agreement. In the absence of, or while waiting for the execution of the associated Framework Agreement, this QMA shall come into force with its signing, and shall remain valid for as long as Products are supplied by SUPPLIER to SONCEBOZ.

23.2 Notwithstanding termination or expiration of this QMA or of the associated Framework Agreement, provisions of this QMA which are intended to survive termination or expiration of this Agreement, including without limitation those which relate to warranty and claims in case of non-conformity, shall remain in force.

24 Product Safety Representative

A Product Safety Representative (PSB) must be identified by each plant of the SUPPLIER. The PSB must be certified by a competent organization and must be hiercharchically under the responsibility of the management, plant management or quality responsible.
The PSB has the main following tasks

- Contributing to, developing, and setting priorities for eliminating or preventing product safety-relevant defects in the product development phase (error prevention).
- Working independently, initiating and verifying product, process, and engineering-relevant decisions in the course of product development and additional product enhancement (e.g. FMEA or risk assessment procedures) provided that there is an impact relevant to safety.
- Preparing, maintaining, and enhancing “lessons learned” checklists for the qualified review of designs, production, processes, or for the material properties under product-safety relevant aspects.
- Executing or initiating and assessing component or material analyses with the goal of detecting indications of deviations relevant to product safety at an early stage.
- Independently executing or initiating regular inspections of processes, production, material, and products of the current series for the confirmation of product safety for proper and predictable use or misuse and the introduction as well as tracking of (immediate) measures in the case of relevant deviations.
- Assessing the probability and frequency of failure of the affected product in the event of failure.
- In the event of a complaint, the planned remedial measures, their implementation and long-term effectiveness shall be verified. The effectiveness of the measures shall be reviewed, confirmed, and documented in writing by the supplier PSB.
- In the event of a complaint or voluntary declaration, communication shall be directed via the person responsible for component QA with the client (QA purchased parts organization or QA product engineering).

The respective contact persons shall be determined in advance for downstream clients in the supply chain (tier 2 and subsequent).
The PSB shall advise with respect to the quality and confidentiality of the information (clear information regarding the error pattern, limitation, probability of failure, etc.).

Note:

- If sub-aspects of the described tasks are not possible or not necessary due to the type of product (e.g. with raw material suppliers) or due to the manufacturing process, this shall be substantiated and product safety compliance shall be verified by an alternative safeguard.

- For additional Information please visit the Volkswagen website

25 Written Form

This Agreement contains all of the agreements with regard to quality management between the parties. Oral understandings shall find no place therein. Any amendment and/or addition to this Agreement shall be set forth in a written document, duly signed by both Parties, in order to be valid.

26 Other valid documents

26.1 Product Specification and drawings.

26.2 SONCEBOZ General Purchasing Conditions.

26.3 Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

26.4 Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

26.5 Framewok agreement

27 Applicable Law and Jurisdiction

27.1 This Agreement and/or any related agreement shall be governed by, construed and interpreted in accordance with Swiss law, without giving effect to Switzerland's rules on conflict of law, and regardless of the place or places of its physical execution and performance.

27.2 Lausanne, Switzerland, shall be the exclusive forum for the settlement of any disputes out of, or in connection with, this Agreement and/or any related agreement.

28 Sonceboz CSR

Sonceboz CSR are described in the following documents

IATF Requirement	Sonceboz CSR
§ 4.3.2 Customer specific requirements	QMA 2018
§ 6.1.2.1 Risk analysis	Link on CSR §20.2
§ 7.5.3.2.1 Quality records	Link on CSR §20.1
§ 8.2.3.1.3 Feasability study	Link on CSR §18.1
§ 8.3.2.1 Conception and development planning	Link on CSR §18.4
§ 8.3.3.3 Special characteristics	Link on CSR §19.3
§ 8.3.4.4 Product validation processus	Link on CSR §21
§ 8.4.1.3 Supply sources approved by customer	Link on CSR §10
§ 8.5.1.1 Control plan	Link on CSR §18.3
§ 8.5.2.1 Identification and traceability	Link on CSR §13
§8.5.6.1 Modification follow up	Link on CSR §11
§10.2.6 Customer claim and analyse and customer defect test	Link on CSR §8.6
§10.3.1 Continuous improvement	Link on CSR §9

29 Signatures

☐ Accepted with Vendor Addendum

☐ Accepted without Vendor Addendum

CH-2605 SONCEBOZ, date:_____ Location:_____Date:_____

SONCEBOZ SA SUPPLIER

Pierre-Elie BRAUT Director, Operations & Supply chain Sébastien DUBOZ Supplier Quality Manager _____ Supplier Quality Engineer	_____ Director _____ Quality manager

Version	Modification	Date	Approved by
001	QMA version 2010	01.01.2010	JP Erard
002	QMA update : text in blue was added to the previous version	01.05.2014	D.Chardaire
003	Paragraph §23 updated: Contract's ending terms deleted	27.05.2014	D.Chardaire
004	Paragraph §13 : reference to the O-705 document deleted	05.06.2014	D.Chardaire
005	Paragraph §25 updated: Directive 2011/65/EU date updated	29.07.2014	D.Chardaire
006	Modifications' history added and reference to the ISO TS paragraphs added Modification of the reference : F-42212 => F-42212-EN	28.11.2014	D.Chardaire
007	Modification: the laboratory shall be accredited to ISO/IEC 17025 or the national equivalent. *(see ISO TS 16949: 2009 ~~§7.4.1.3~~ => §7.6.3.2)*	10.02.2015	D.Chardaire
008	Modification of the §13 : disctinction between low, average and high volumes for the production batch size's limits.	15.04.2015	D.Chardaire
009	« QA » remplacé par « QF » car changement du nom du service	13.01.2016	D.Chardaire
010	QMA version 2018 - modification mentionned in blue - Update with new requirement from IATF 16949 - &11.1. Change the date for SCR submission to 9 months - & 13. Traceability updated according to new SONCEBOZ standard - & 18.4. Add Safe Launch Process - & 19.3. Follow-up of the long term capability for CC/CS - modification ISO TS to IATF - & 21.11. Add periodical requalification - Add project criterias into supplier evaluation - Add chapter 24 - PSB	12.07.2018	S. Duboz
011	Chapter 11 – Change mail address SBZ-SCR@sonceboz.com by supplier.quality@sonceboz.com	16.01.2019	S. Duboz