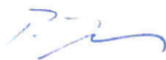



Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	1 of 12



Supplier Quality Agreement

Approvals

Purchasing Director Europe	Petr Zykan	
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Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	2 of 12

1. Introduction

This agreement defines requirements for cooperation between the company Henniges Automotive and its suppliers. This agreement is a binding document that is part of contractual documentation of the company Henniges Automotive and is valid in the pre-contractual stage of demand. All requirements of this agreement shall be considered as specific requirements (CSR) of the client of Henniges Automotive.

2. Purchase policy

The company Henniges Automotive has committed to reach the excellence within its supplier chain. Quickly changing and increasing requirements from the customers to their suppliers require also higher flexibility and readiness to creatively and promptly contribute to issues solution from our suppliers. Deliveries and services of the supplier shall conform to all agreed and legal requirement in full scope. In order to follow the strategy Zero error (0-PPM) the consistent observance of quality plan and effective control of serial production are inseparable. Whereas the main focus shall consist in the prevention.

The suppliers engage to supply only defect-less products. The suppliers engage to follow specific requirements of our common customers (for example for the concern Volkswagen Formel Q, VDA,)

3. Basic requirements for the supplier

The supplier shall always strive to reach 0 PPM. The company Henniges Automotive may define different targets in a written specific Supplier Quality Agreement, if deemed necessary. If the supplier could not reach 0 PPM, the target is to reduce the PPM by 50% on year-to-year basis. Following basic requirements are valid for individual below stated areas.

3.1 Requirements for the supplier's management system

The suppliers engage to establish a quality management system and to document it with a certificate that shall conform to requirements of ISO 9001 at least. The supplier shall aim to establish and certify such quality management system pursuant to IATF 16949 or VDA6.1. In case the suppliers have no certified system pursuant to IATF 16949 they engage to proceed according to IATF 16949 or VDA6.1.

3.2 Nomination of Product safety representative (PSB)

The supplier is obliged to assign its Product safety representative (PSB). In case the supplier supplies a material or a component of which the concern Volkswagen, BMW or Daimler is the end user, he shall nominate the Product safety representative whose authorisation are defined in the document "Obligations of Product safety representatives". The suppliers are obliged to notify the name of such person, including its phone contact and email, to the Purchase department of Henniges Automotive, and in case of change of such person to immediately notify such change without request to do so. The supplier shall deploy this requirement also throughout their supply chain.

Provided the supplier supplies a part with safety characteristic (D/TLD, or equivalent used with other OEMs), such supplier shall also assign the deputy representative for PSB according to requirements of Volkswagen and to inform Henniges Automotive in the same way as in case of PSB representative.

3.3 Assessment of the supplier and qualification programs with suppliers

The suppliers who directly influence the final product are assessed. To keep the competitiveness of the company the suppliers supplying the material for a single order and suppliers with annual purchase turnover less or equal to 4500 USD as well as the suppliers who are nominated by the customer and directed by the customer are not assessed.

For the purpose of supplier's assessment, the indicators of logistics, purchase, development and quality management are examined. The evaluation of relevant areas is made and then put together in one total grade and such evaluation is regularly sent do suppliers. An unsatisfactory result is one of reasons for asking of improved program at the supplier, audit performance of the supplier or for possible termination of cooperation with such supplier.

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	3 of 12

3.4 Parts with special characteristics

Growing awareness of safety led internationally to tightening of legal regulations of which the breach could cause serious penalties and forced actions (recall campaigns, exchanges, prohibition of sale).

In order to avoid such cases special characteristics were defined and marked in relevant method in drawings/control plans.

The following table shows marking used in Henniges Automotive documentation for designation of special characteristics.

Safety relevant/not relevant	Loss of function	Special characteristics	Preferred device	Capability for PPAP
Relevant	Loss of function	D	Poka-yoke, automatic detection systems for locking of nok parts, automatic separation, camera systems with marking of nok parts	Process capability PCI (P_p, P_{pk}) $\geq 2,00$ / PCI (C_p, C_{pk}) $\geq 1,67$ or other approval by customer
Not relevant		S	SPC, automatic controls with records, electronic monitoring and monitoring with visualization	Process capability PCI (P_p, P_{pk}) $\geq 1,67$ / PCI (C_p, C_{pk}) $\geq 1,33$ or other approval by customer. 100% control of characteristic

In individual case, based on customer's wish, such special characteristics are marked as requested by the customer. Such special characteristics shall be regarded by the supplier. Supplier is responsible for implementation of special characteristics throughout all processes and activities. This includes (but is not limited to) – physical marking of all relevant workplaces, all documentation (drawings, control plans, FMEA, working instructions, tally and records sheets) and records.

Special characteristics shall be once per year documented with certificate of testing and sent to Henniges Automotive without being requested to do so.

In case of safety relevant characteristics, all documents belonging in these requirements shall be dully marked and archived pursuant to legal regulations, whereas the duration of archiving shall be ensured for 15 years from the end of a production. It is necessary to ensure the perfect assignment of record documentation to supplied batches or individual products.

Parts with safety relevant characteristics for the concern Volkswagen being the end user are marked by the concern Volkswagen as D/TLD parts. In such case the concern Volkswagen enlarged its requirements above the scope of the standard and regulations and requires the suppliers to perform self-audit of documentation keeping of D/TLD parts pursuant to the methodology Formel Q - capability. The suppliers who are subject to such requirement shall perform such self-audit on a yearly (365 days) basis, archive its results for 15 years from the production end and provide its results to Henniges Supplier Quality without request to do so. In case any of questions is answered no the supplier shall inform Henniges Automotive on such audit results without being asked to do so, including subsequent measures and in such case the supplier is automatically classified as the supplier C. The criterion of such audit performance is part of suppliers' assessment in Henniges Automotive. The audit shall not be older than 1 year.

In case of the company winding-up or insolvency the company Henniges Automotive is entitled to get all documentation of products supplied to the company Henniges Automotive provided their duration of archiving has not expired yet. The suppliers shall allow to the company Henniges Automotive to verify keeping of perfect documentation and to view all relevant documents and copies.

3.5 Auditing of suppliers

The supplier is obliged to perform the audit of production process (as per the requirements of VDA6.3) once per year at least and the product audit for every product supplied to Henniges Automotive (supplied products can be meaningfully classified and merged in groups/families) provided Henniges Automotive does not renounce such requirement. Auditors' competencies see IATF 16949 7.2.3 and 7.2.4).

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	4 of 12

The supplier can be called by Henniges Automotive to present process self-audit pursuant to the methodology Formel Q capability. In case the concern Volkswagen is the end user, the supplier is obliged to perform the process audit pursuant to Formel Q capability 1x per 12 months. Provided the process audit shows the assessment result C or repeated (2x) B, the supplier is obliged to inform Henniges Automotive without request and can expect an escalation procedure from Henniges Automotive.

The company Henniges Automotive reserves the right to perform the audit at suppliers within the scope of requirements of ISO 9001 and IATF 16949 or VDA 6.3. Also Henniges Automotive reserves the right to conduct the Supplier Technical Review (TRL) according to the VW specific requirements in Formel Q Capability. The suppliers shall support the company Henniges Automotive at much as possible.

The audit can be namely performed at the occasion of:

The suppliers engage to remove in time any variations contained in the audit certificate and shall inform Henniges Automotive regarding the way, date and implementation of variation removal, for example through an improvement program.

In case the audit's result is the level C, Henniges Automotive will perform a repeated audit at the supplier

Audit result $\geq 90\%$	assessment A - qualitative capable
Audit result $\geq 80\%$ to 89%	assessment B - conditionally qualitatively capable
Audit result $< 80\%$	assessment C - qualitatively not capable

In order to keep the competitiveness of the company the suppliers supplying the material for a single order are not subject to process audit pursuant to Formel Q. As well as in case of suppliers with annual purchase turnover less or equal to CZK 100 000 and suppliers who are nominated by the customer and directed by the customer.

3.6 Assignment of suppliers

In case of new suppliers or suppliers who currently supply the company Henniges Automotive the "assignment" is made in form of assignment letters.

Such decision is made through the department of purchase, quality management, logistics and development.

General contracts or other documents concluded by the Purchase department of Henniges Automotive are the basis for business relationship.

3.7 Continuous improvement

The continuous improvement shall be part of quality strategy of every supplier.

The company Henniges Automotive expects an active cooperation of suppliers in continuous improvement of procedures, processes and products in order to continuously improve the whole system. Results of continuous improvement shall be proven as for example savings of costs or quality improvement.

3.8 Ownership of the customer

Provided Henniges Automotive lends production and control means to the suppliers regarding the deliveries, the supplier shall permanently mark such means as the property of Henniges Automotive, or of the customer, and shall include them in its quality system as its own production and testing means unless it is agreed otherwise. The supplier is obliged to inform Henniges Automotive in case of any major breakdown or damage of such tooling, given the potential impact to production output and repair/fix is beyond standard maintenance procedures.

3.9 Quality management systems at sub suppliers

The supplier shall seek to engage its own sub-suppliers to follow duties accepted through this agreement. In case the supplier cannot enforce the take-over of duties at sub-suppliers, he shall inform Henniges Automotive and contracting partners shall try to find an acceptable solution. Henniges Automotive can require the supplier to provide documented proofs that the supplier has verified the effectiveness of quality management system at its sub-suppliers, or that ensured in other suitable measures the quality of purchased products - services.

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	5 of 12

3.10 Documentation and information

The duty to keep specification and controlled documents in archives takes 3 years at least (in disputed cases follow VDA1) from the production termination, and 15 years from the production termination for documents and records related to obligatory documented parts (D/TLD parts). At request the supplier shall make possible for Henniges Automotive or for customer of the company Henniges Automotive to review such documents.

3.11 Notification of changes

Before the change of production process, materials or supplied parts for products - services, before the relocation of workplace, before the change of procedures or devices of control or before changes of other quality ensuring measures the supplier shall inform Henniges Automotive well in advance so that the company can analyse risks and ensure the approval. Failure to do so, or shipping changed products without previous written approval, may result in full recall of all such parts at the cost of the supplier and also initiation of an ISO9001/IATF16949 decertification process.

With sufficient advance the supplier shall immediately inform Henniges Automotive regarding:

- transfer of production of supplier in other location
- change of production conditions at the supplier (change of technology, production process, tools etc.)
- interruption of deliveries or production at the supplier for more than 12 months
- change of sub-supplier of material (product)

The supplier shall not supply anyhow changed products without previous written approval by Henniges Automotive.

3.12 Supplier performance evaluation

The supplier's performance is evaluated once per year by Henniges Automotive. The criteria include, but is not limited to Commercial terms, Completeness and timeliness of deliveries, Quality of supplies, Problem solving and Communication and are in detail described in Henniges internal procedures.

The supplier performance, along with a rating (A, B, C) is communicated to the suppliers via letter by Henniges Purchasing.

Suppliers are according the final evaluation (Overall rating (%)) included in any of the following groups, according to which is appropriate reaction expected:

Overall rating (%)	100-80	79.99 - 60	59.99 - 0
Supplier Group	A - qualified	B - conditionally qualified	C – not qualified
Reaction	Informing about the potential for improvement	Informing about the potential for improvement and request measures to improve	Informing supplier about the results, finding alternative suppliers / request measures to improve

The supplier's qualified as "B" or "C" are obliged to submit a corrective action plan to Henniges Supplier Quality no later than 30 days after receiving the evaluation letter and keep informing Henniges of the progress of the improvement plan until all items are successfully closed.

4. AGREEMENTS ON PRODUCT LIFE CYCLE

4.1 In general

The development of part or process shall be duly scheduled and implemented in cooperation with project team of the company Henniges Automotive pursuant to relevant requirements of final customers.

4.2 Development and planning

Provided the order for supplier includes development tasks, the contracting partner shall define the specification of requirements in written, for ex. in form of list of requirements (for example LAH/Statement of Requirement).

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	6 of 12

Provided Henniges Automotive requires the structure release, this shall precede the release of production process and products of Henniges Automotive before the launch of serial production.

The supplier engages to use project management pursuant to APQP unless it is stated in the assignment letter otherwise. In case the purchased part in the assignment letter is designated as critical (D/TLD parts, or it is a technologically complex product, new technology) the supplier shall pursue the methodology of VDA (QPN_RGA/2TP for Volkswagen Group) with direct supervision by Henniges Automotive. This requirement automatically applies to purchased parts designated with special characteristics and high risk suppliers (given the results of risk assessment) even if not explicitly mentioned in the assignment letter.

In the development stage the contracting parties shall use suitable preventive methods of quality planning, as for example the feasibility analysis, fault tree analysis, calculation reliability, FMEA, measurement systems analysis, planning of product and process management (control plan), planning of process and production means capacities, planning of packing (logistic concept) and to identify risks in deliveries reliability (crisis analysis) etc. It is necessary to define signs with specific requirements for documentation and archiving.

4.3 Planning of tests and controls of prototypes and pre-series

Based on all supplied specifications (drawings, technical specification, requirements for parts (LAH), ...) the supplier is obliged to prepare the deadline schedule of tests and trials in individual stages of projects with regard to feasibility and importance of these tests in individual stages of project. Based on experience individual optimizing loops shall be also regarded. This plan is subject to approval by SQE of the company Henniges Automotive and it shall be presented updated in agreed intervals.

This shall include also certificates of yet done tests and trials that shall contain all prescribed appurtenances, including results of tests and decision of approved - not approved. In case of unclear result this decision shall be completed with comments following the negotiation with the company Henniges Automotive, in case of negative result the further procedure shall be agreed in cooperation with the company Henniges Automotive and the plan up-date shall be made.

Tests and trials that the suppliers cannot perform in their own companies shall be made externally in accredited laboratories and testing rooms or laboratories and testing rooms approved by the company Henniges Automotive.

Supplied parts are subject to further testing made by the company Henniges Automotive, or by the final customer. In case these tests are not conforming due to lack of quality in supplied part, the supplier shall pay all costs related to the repetition of tests.

In case the testing parts are provided beyond the defined deadline, the supplier is obliged to pay all costs of repeated test.

All the purchased parts delivered in prototype or pre-series phase shall be identified accordingly. The identification of parts (or at least the smallest packaging unit in case the parts are too small or otherwise unsuitable for direct marking) shall include at least the part number, drawing index and/or generation status.

4.4 Process approval - "Two-day production", R&R before the launch of serial production

The preliminary quality of product and process shall be proven within the process series. This measure shall result in the proof that you are able to cover our future serial demand regarding the quality and quantity of products, process safety and deadline observation without problems. The assessment is as follows:

Process approved without reserve	green
Process approved with reserves	yellow
Process not approved	red

The approval of this process can be made in 2 ways - by Henniges Automotive after the previous agreement or internally by the suppliers and the supplier is subsequently asked to present records of internal audit. The scope

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	7 of 12

and the methodology shall be specified at the beginning of project with SQE and included in deadline schedule of project.

4.5 Process of product approval

Sampling of prototypes, pre-serial parts and serial parts

SQE of Henniges Automotive is the contact person for the scope and deadline of sampling of prototypes and pre-serial parts. Samples shall be provided for free, duly marked, with agreed documentation of results.

First samples with EMPB (PPAP)

First sampling of suppliers for the company Henniges Automotive is ruled by VDA 2, or based on requirements of SQE pursuant to PPAP according to AIAG. Sampling level shall be detailed with the supplier at the beginning of project. Unless SQE approves otherwise the level of sampling is the level 2, for parts/materials with safety characteristics (for example DTLTD) it is automatically the level 3.

Production of first samples shall be made under conditions of serial production with serial tools. Provided multiple same tools or forms or multiple forms (nests) will be used, it is necessary to measure and sample 5 pcs at least of every form or nest position unless it is agreed otherwise. The documentation of first samples shall include the summary of testing rules, tolerances and dates of testing stated in drawings (for example in form of DVP).

Parts of first sampling and measurement certificates shall be supplied and issued for free, marked as "first samples" and sent to SQE in Henniges Automotive. First sampling shall include the demonstration of process capability.

At the same time, in the stage of first sampling Henniges Automotive requires the supply of 50 pcs of parts for process verification unless it is agreed otherwise at the project beginning. This process relates to components that enter the production process in Henniges Automotive.

Information on material shall be presented before the start of serial production through IMDS.

Reasons for first sampling namely are:

- new parts
- technical changes (changed parts, changed specifications)
- change of supplier's production site (for ex. internal relocation)
- changes in sub-suppliers' chain
- changes in production process (for ex. of parameters, processes, procedures etc.)
- pause in production for longer than 12 months

Sampling is conforming without reservation	Parts can be supplied, no re-sampling is not necessary, only in cases stated in previous paragraph
Sampling is conforming with reservation	Parts can be supplied, re-sampling is necessary following the optimisation, in agreed date
Sampling is not conforming	Parts cannot be supplied, re-sampling is necessary after the optimisation

The supplier shall ensure sampling provided the above stated situation occurs, without being called to do so. In case the supplier does not inform Henniges Automotive regarding changes that are the stimulation for re-sampling the escalation procedure shall be started for the supplier.

In case of failure in first sampling (conforming with or without reservations) it is necessary to pay costs of repeated sampling to the company Henniges Automotive. In case the supplier is assigned by the customer and samples for the customer, it shall sample for Henniges Automotive in form of "cover sheet".

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	8 of 12

4.6 Capability Requirements (SPC)

Process capability indicators serves for proving of qualitative capability of processes. Suppliers shall present separate proofs of capability for all required special characteristics.

Additional proofs on capability shall be approved by the employee of quality department of Henniges Automotive. The calculation and performance of process capabilities shall be made according to latest version of standard VDA 4/ SPC pursuant to AIAG unless the customer requires another standard. For proving of process capability, the following criteria are valid:

Short-term capability / machine capability	$Cmk \geq 1,67$
Preliminary process capability	$Ppk \geq 1,67$
Long-term capability	$Cpk \geq 1,33$

Proving of process capability shall be ensured for the company Henniges Automotive for free and released at request. If above stated values of process capability are not achieved, 100% inspection shall be introduced and documented.

4.7 Control plan

The supplier defines at his own responsibility the control concept so that the agreed tasks and specifications are fulfilled. Control plan forms the summary of all requirements for quality, its proving and testing criteria established in quality management system of supplier. It represents the termination of all actions of quality planning of the supplier. These control and management plans shall be made for prototype, pre-serial and serial stage.

Control plan includes:

- management of input materials and parts
- management of individual steps of production process, including all control steps
- planning of production audits
- planning of requalification tests

Characteristics signs, recognised by FMEA as relevant for quality and evaluated, shall be shown again in the control and management plan.

4.8 Serial production, traceability, identification, notification of shortages

In case of process defects and quality variations the causes shall be analysed, improvement measures implemented, and their effectiveness verified. For every delivery the supplier shall enclose the quality document - attestation (inspection certificate) 3.1 pursuant to EN 10 204, if Henniges Automotive is required, that contains by default specifications of parameters and measures values. The measurement of parameters stated in the attestation shall be made by a worker that is independent to the production process management. The parameters stated in the attestation are agreed by the supplier with Henniges Automotive.

In case it is necessary, in emergency case, to supply products not corresponding to the specification, this shall be specifically released by the company Henniges Automotive. Henniges Automotive shall be immediately informed on even additionally discovered variations.

The supplier engages to ensure the traceability of its products - services according to risk assessment. In case of found defect the traceability shall enable to localise the quantity of defect products - parts- services. Henniges Automotive shall notify necessary data for traceability to the supplier.

The supplier ensures that the goods is supplied in suitable transport means to avoid any impairment and reduction of quality (for ex. pollution, chemical reaction, climatic action, etc.). Henniges Automotive requires consistent application of supporting system "Fi-Fo" and consistent separation of individual production batches/melts (this requirement of Henniges Automotive can be abandoned only in case when it does not affect the product quality).

Provided an accident or another event occurs during the transport of product provided by the supplier, and it can have even potential effect on the quality, Henniges Automotive shall be immediately informed by the supplier - forwarder.

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	9 of 12

As for marking of products, parts and packages the agreements with Henniges Automotive shall be observed. It is necessary to ensure that the marking of packaged product is legible even during the transport and storage. Variations from current obligations to mark shall be agreed in written between the supplier and Henniges Automotive.

4.9 Reliability of supplies

The supplies from the supplier shall be reliable at 100%, as well as the performance as for deadlines and quantity. Provided the supplier uses a special transport in order to observe the performance of this requirement, he shall monitor and record extra costs related to this transport and present it to Henniges Automotive at request.

4.10 Re-qualification

The complete re-qualification within the scope of first samples for supplied parts/materials is required once per three years at least or once per year if requested by Henniges Automotive and agreed by supplier in written form, for DTLTD relevant parts/materials once per year (365 days) at least. Results showing specifications of parameters with tolerances and measured value (max. – min. values) shall be sent by the supplier to Henniges Automotive. The measurement of parameters shall be made by a worker that is independent to the production process management. Period and scope of testing for re-qualification can be changed only with written approval by Henniges Automotive.

The failure to conduct the requalification tests in specified frequency or providing the results, may result in supplier escalation.

4.11 Claims, measures, sanctions

Henniges Automotive controls products supplied by the supplier taken for review as for the quantity and identity as well as obvious defects.

In assessment of supply quality, the following deficiencies are regarded:

- qualitative defects found at reception control
- qualitative defects found in production
- logistic errors
 - wrong deliveries
 - wrong marking
 - violation of ordered quantity
- claims by customer due to the supplier's failure

In case of claims the suppliers will be informed by Henniges Automotive through email or by phone. The suppliers shall use the 8D report for analysis and documentation of the corrective actions. Supplier shall submit initial response (up to D3) within 24hrs, full root cause analysis and suitable corrective measures (D5) within 5 business days and close the 8D report within 20 business days.

Ways of immediate solution can be as follows:

- in case the defect is found at reception control, the company Henniges Automotive has the right to refuse and to be compensated for the delivery, or in case of time distress for payment of costs of sorting or repairs.
- in case the defect is found just in production, the company Henniges Automotive is entitled, besides the above stated claim, for compensation of serial costs (costs of rejects due to purchased part of poor quality, downtime costs, longer duration of processing)

The procedure is always agreed before the performance with the supplier through the responsible employee of Henniges Automotive. The company Henniges Automotive, following the agreement, shall enable the supplier to repair or sort directly in premises of Henniges Automotive in case of interest.

An additional defect proof activity:

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	10 of 12

CSL1: Level I Controlled Shipping includes a problem-solving process as well as a redundant inspection process. The inspection process is enacted by the supplier's employees at the supplier's location in order to isolate Henniges Automotive from receipt of nonconforming material.

CSL 2: Level II Controlled Shipping includes the same processes as Level I controlled shipping, with an added inspection process that is completed by an impartial third party. The third party is selected by Henniges Automotive or Henniges Automotive Customer and paid by the supplier. In special cases, the Level II inspection may be required to be performed outside the supplier's facilities at a facility deemed appropriate by Henniges Automotive.

The replacement delivery shall be supplied within 24 hrs at latest from the defect notification to the supplier, if the supply can be sorted it is necessary to ensure the sorting action within 6 hours from the defect notification to the supplier. In case the claim is justified Henniges Automotive is entitled to charge also administrative costs related to the claim solution at lump sum fee of EUR 150,00 (or its adequate sum in CZK).

In case of justified claim by the end customer (user of final product) Henniges Automotive is entitled to charge costs incurred in claim from the end user, including own costs incurred in claim, provided the claim is caused by defect part supplied by the supplier.

4.12 Escalation procedure

Escalation procedures are applied in basic breach of requirements by the suppliers and occurs in following cases:

- repeated lack of communication and cooperation in solution of problems incurred due to defect delivery or due to violation of production continuity in Henniges Automotive.
- Increased quality/logistic complaints quantity, repeated complaints
- no reaction to first urgency of required action plan in relation with evaluation of suppliers or process audit of supplier or sending of 8D report
- 2x consecutive evaluation of C level causes the withdrawal of the order
- result of process audit made by the company Henniges Automotive is "C" or "B" for two consecutive times
- result of process self-audit is "C" or "B" for two consecutive times
- in case the supplier supplies parts with D characteristic used in the concern Volkswagen and does not make the audit of documentation keeping of D/TLD within 12 months
- lack of provision of following documents in case of urgency - report from process audit, report from audit D/TLD or no provision of information on the product safety representative, regarding its changes
- changes necessary for re-sampling pursuant to VDA 2 or PPAP are not notified
- sampling refused in assessment or conforming with reservation at third and further assessment
- non-conforming two-days production or R&R

For mentioned cases the supplier could be invited to Henniges Automotive for a meeting where supplier must present the analysis / corrective actions / preventive actions for actual situation improvement and coming back to required level. Henniges Automotive is usually inviting the Quality Manager, Key account manager and General Manager/ Owner of supplier for this meeting. Based on the meeting reasons the meeting are called as Supplier day or Top Q meeting.

All above stated cases can exclude the supplier from the possibility to get a new order. In case of repeated escalations this can be used for withdrawal for current order.

In case the supplier is ranked in list of critical suppliers (evaluation "C" in process audit with necessity of repetition, escalation of qualitative problems with necessity to perform technical review at the supplier (TRL), problems with sampling - repeated evaluation NOTE "6" etc.), the customer is entitled to charge incurred costs related to extra quality requirements (for example a lump-sum fee of EUR 750,00 (or adequate sum in CZK), for performance of extra, repeated audit or technical review of the supplier (TRL), and other costs linked to these activities (costs of travelling, control works, measurement costs, costs of sorting, etc.).

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	11 of 12

4.13 Packaging

The packaging is part of serial part, or the special packaging and their marking, including used materials, shall be defined in cooperation with an employee of Henniges Automotive logistics. Marking of packages shall be made according to packing procedure approved by the company Henniges Automotive.

5. Performance of legal requirements

By signing of this agreement, the supplier agrees to follow regulation of relevant valid acts in the country of production and sale.

6. Safety and environment protection

The supplier engages to follow all legal requirements related to the environment (namely the directive EU 2000/53/EC as amended, RoHS, directives REACH and GADSL), health and safety protection in work valid in countries in which the product is made and shall seek to prevent any negative effects on persons and the environment.

7. Responsibility for product

This agreement on quality does not release the supplier from the responsibility for claims by the customer based on guarantee and damages due to defects and their effects in deliveries of products - services.

8. Agreement validity duration

This quality agreements are concluded without limitation in time. Each contracting party can withdraw it in written with notice period of three months. Termination of this agreement does not relate to effectiveness of individual current supplier's contracts until their full fulfilment. The agreement is made in two copies of same form and validity of original. Any changes and amendments to this agreement shall be made in written and approved in written by both parties.

9. Business secret protection

The supplier engages to keep as confidential the information received within the contractual relationship with Henniges Automotive. Keeping of confidentiality means no disclosure of gained information to third parties unless it is agreed in written by Henniges Automotive. This non-disclosure of received information does not relate to necessary information for securing of contractual relationship with Henniges Automotive (for ex. for a sub-supplier of Henniges Automotive who supplies a product to Henniges Automotive's supplier that is part of product of the supplier of Henniges Automotive).

Henniges Automotive accepts reasonable measures by the supplier to ensure the operational secrets provided the reliability and capability of the supplier are proven in another form. In case of problems or suspicion the supplier shall be ready to provide such volume of information that cause the elimination of problems or of dissatisfaction.

Henniges Automotive engages to keep as confidential the information received within the contractual relationship with the supplier. Confidentiality keeping means non-disclosure of gained information to third parties (this does not relate to clients of Henniges Automotive whom the product is or will be supplied that includes the product of the supplier of Henniges Automotive).

Title		Revision Level
Supplier Quality Agreement		04
Issue Date	Issuing Department	Page
01-06-2019	EU Purchasing Dept.	12 of 12

10. Terms and abbreviations

APQP	Advanced Product Quality Planning and Control Plan
C _p , C _{pk}	Indexes of production process capability (for evaluated sign of product)
D/TLD	Documentation Mandatory/Technical Guideline Documentation, see "Formel Q - Faehigkeit", Version 8, section 7. The documentation is mandatory for all objects and products subject to safety laws and/or internal Volkswagen provisions which could prove lifethreatening to the user of the product in the event of failure. All objects/ products with a documentation requirement are outlined in the "TLD (Technical guideline for documentation)".
EMPB (PPAP)	Documentation of first sampling (ErstMusterPrüfBericht), Product Part Approval Process
Fi-Fo	First-in-first-out - the system of reception and outgoing of products ensuring the system in which the products received with oldest date are issued as the first ones
IMDS	International Material Data System
LAH	Lastenheft – list of product requirements and production process
PCI	Marking of group of production process capability indexes (Process Capability Index)
P _p , P _{pk}	Indexes of production process capability (for evaluated sign of product)
PPM	"Parts per Million" - it is a process capability index relating to non-conforming products. $PPM = 1\,000\,000 \times \text{number of non-conforming products} / \text{number of supplied products}$
PSB	Product Safety Representative / Produktsicherheitsbeauftragte
QPN-RGA	Qualifizierungsprogramm Neuteile – Reifegradabsicherung , New Parts Qualification Programme – Maturity Level Assurance Standard of the German Association of the Automotive Industry It describes the methodology of project maturity assessment for new parts based on defined parameters (evaluation criteria of maturity level).
SPC	Statistical Process Control
SQE	Supplier Quality Engineer
TRL	Technical review at supplier
Special Characteristics	Critical product, process, and test characteristics with functional relevance must be defined in cross-departmental teams using "System FMEA Product". Other special characteristics can emerge, e.g. from the "System FMEA Process" that follows. In addition to legal, safety, design, and process-related issues, these can include key Customer-related aspects.
FMEA	Failure Modes and Effects Analysis – analysis of potential failure modes and their consequences.
Gap analysis	Identifies strategic and operational gaps by comparing the target specifications with the expected performance in the analysed area.