

## TERMS OF QUALITY A.RAYMOND GmbH & Co.KG 07/2011

### 0 PREAMBLE

This "Quality Agreement" document applies to all Offers issued by A Raymond (hereinafter referred to as A. Raymond) in addition to the General Conditions.

It is expressly agreed that said document is part of A Raymond Offers for all products it manufactures and/or sells.

The following documents shall apply in the order shown below:

- General Conditions
- Quality Agreement
- Logistics Convention

### 1 PURPOSE

This document defines the so-called "Quality" terms and conditions of A.RAYMOND with regard to Products designed and produced by its services as defined below.

### 2 DEFINITIONS

**Customer** : means a professional having sufficient knowledges to evaluate specifications as described in A. Raymond offer.

**Quality**: means all Products characteristics of A Raymond in compliance with the Specifications.

**Specifications or PPAP Drawing** : means all Products' characteristics defined in the drawing included in the PPAP File

**PPAP File or Initial Samples File** : means the definition given in automotive industry.

**Non-conformity(ies)**: means non compliance of A.Raymond Product with a characteristic in the Specifications.

**Latent defect**: means a hidden defect that Customer was unable to detect with reasonable means, at time of delivery, and which render the Product non conforming with Specifications.

**Product** : means a part produced under serial conditions according to Specifications.

**Non compliant product(s)**: means any Product delivered to the Customer that does not correspond to the Product as defined in the Specification due to a Non-conformity.

**PPM**: means "parts per million". Said PPM rate corresponds to the number of Non-compliant Products delivered during a 6 month period from a serial production run start-up. The Non-compliant Products recorded in the PPM are the result of Products delivered and rejected by the Customer and confirmed by A Raymond.

Technical words and expressions that are not defined in this Agreement shall have the meaning generally given in the automotive industry.

### 3 PPAP FILES SUBMITTED

Delivery of a Product is subject to the prior acceptance of PPAP File by the Customer. Failing this, it is expressly agreed that the first order from the Customer shall be acceptance of said PPAP File.

This PPAP File that includes PPAP Drawing may be completed by other documents, on specific request from the Customer and after prior express acceptance by A.Raymond, according to specific conditions.

It is expressly agreed between the Parties that A.Raymond, in order to reduce the number of recurrent documents, at its option, reserves the right to supply annually, in the case of frequent PPAP files to be drawn up with the same Customer, a single so-called "generic" PPAP File by Product type or a standard extract of the PPAP File.

### 4 COMPLIANCE WITH STANDARDS / LEGISLATION / RESTRICTION

A. Raymond complies with regulation of country of production. If Customer has expectations regarding other regulations then Customer has obligation to provide in writing such regulations in English language.

A. Raymond will analyse such document in order to evaluate if it is acceptable to include related obligations in the scope of its supply obligations. Any silence of A. Raymond following remittance of such document shall not be considered as an approval. Only a dedicated answer of acceptance in writing shall be valid.

A.Raymond accords no other guarantee for the Products in respect of compliances with standards or legislations other than those agreed.

### 5 MODIFICATION OF PRODUCT / PROCESS

Any major revision or change in the Product or any major evolution in manufacturing processes by A.Raymond that might have an impact on the Product's characteristics defined in the PPAP Drawing, is the subject of information to the Customer with an updated PPAP File adapted in line with the modification and/or change.

In addition, when an increase in production proves necessary within A.Raymond and when its production capacity is seen to be momentarily insufficient, A.Raymond reserves the discretionary right for possible implementation of the following solutions:

- increase of its production time schedules,
- use of subcontracting.

In this respect, in the case of subcontracting, in order to keep the same process and maintain the same quality level, A Raymond, at its option, which the Customer acknowledges and accepts, may, depending on the circumstances, be caused to take the following measures:

- selection of subcontractors
- use of tools/moulds in possession of A.Raymond,
- use of the same raw material specified by A.Raymond,
- use of the same control plan and inspection resources supplied by A.Raymond or equivalents,
- use of the same internal control supporting documents supplied by A.Raymond or equivalents,
- use of the same forms of packaging and identification supplied by A.Raymond,
- traceability ensured with raw material batch no.

### 6 IDENTIFICATION, TRACEABILITY

A.Raymond has put in place a standard management system with the objective of the identification and traceability of Products.

Said standard management system does not enable A.Raymond to systematically identify Products by any special label or quality record (such as quality certificates). It is expressly agreed that, if a Customer had such a specific requirement out of the standard, then A.Raymond may accept said requirement according to specific terms and conditions such as the invoicing of additional costs.

### 7 COMMUNICATION AND USE OF PORTAL WEBSITE

A. Raymond has to expressly accept this practice. Nevertheless, even in case of acceptance by A. Raymond of this practice, when Customer considers information published on its portal as essential and mandatory for A. Raymond, then Customer has to inform A. Raymond expressly in writing, sent with acknowledgement receipt. Reception of such written information does not mean A. Raymond will automatically put in place and follow action requested by Customer since A. Raymond will not have expressly agreed in writing to do so. The use of portal regarding report and in particular regarding claims will be considered as an option. Indeed, A. Raymond will decide case by case if this practice will be retained and according to which conditions.

### 8 "QUALITY" RECORDS, ARCHIVES

A.Raymond has records relating to the inspection of Products and monitoring of processes corresponding to every delivery. The Customer may make express application in writing to A.Raymond to obtain a copy of said record. A.Raymond shall offer specific terms and conditions to the Customer, enabling it to obtain them. It is understood that the acceptance of said records, submitted by A.Raymond, further to the A.Raymond proposal, constitutes an acceptance of said terms and conditions.

For information, said records are archived for the following periods of time after production of related Products :

- 5 years minimum for standard products
- 15 years for safety products and/or those subject to regulations.

### 9 QUALITY OBJECTIVES

#### 9.1 "Quality commitment"

Industrial bulk production of Products, despite the provisions relating to quality such as defined and implemented, are subject to phenomena that cannot be totally controlled, in particular for economical reasons, which makes it impossible to commit to a so-called "zero defect" result.

At the Customer's request, a Quality commitment in terms of PPM may be negotiated beforehand with A.Raymond. In such case, if A.Raymond fulfils the agreed PPM rate, then A.Raymond may, at its option, reject all kind of Customer's claim; otherwise provisions of article IX.2. will apply.

#### 9.2 Treatment of Non-conformities

In compliance with the A.Raymond' General Conditions, in the event of the Product's Non-conformity, except with regard to lead-times, the delivery note needs to be initialised by the Customer and must contain reservations in order to be taken into account.

When Customer decides not to do any incoming inspection then it is expressly agreed that Customer shall assume all liabilities regarding this practice. Indeed it is Customer obligation to ensure all checking necessary to use the Product is done and therefore this practice shall not increase A.Raymond liability. In this case, any Non-conformity observed by the Customer must be communicated to A Raymond by registered letter with advice of receipt within 24 hours of its detection. It is expressly agreed that such an application relating to a presumed Non-conformity must be accompanied by all the elements essential to its treatment by A.Raymond, such as, for example, but not limited to, a picture of the Product identifying the suspected defect in relation to a compliant Product, elements of traceability, conditions of use, etc...

It is expressly agreed that, if said conditions are not met, A.Raymond shall not be subject to any obligation for the treatment of said Non-conformity unless a waiver is made in writing.

On receipt of a notice of Non-conformity, A.Raymond undertakes to analyse this. The Customer has to underline the Non compliant products by providing all data and information it has. A Raymond will make a complete analysis of information to confirm or

reject elements underlined by Customer are non conforming to Specifications. Following such examination, the following terms and conditions shall apply:

- (1) If the Non-conformity is not demonstrated, no compensation whatsoever, including financial, shall apply.
- (2) If the Non-conformity is demonstrated, A.Raymond undertakes to implement the necessary corrective and preventive precautionary actions and to provide a response on treatment of the Non-conformity in the form of a standard

A.Raymond report of type "8D". By way of non limitative example, sorting operations are considered to be precautionary actions. Any exemption from use of the 8D type A Raymond supporting document must be the subject of prior acceptance in writing from A Raymond. If it should occur that A. Raymond uses the Customer's supporting document without said prior acceptance in writing, it is expressly agreed that said practice would not constitute an amendment of this agreement.

#### **10 COSTS OF NON-CONFORMITIES**

For any demonstrated Non-conformity, in compliance with Article IX – 2, A.Raymond may at its option, after prior agreement in writing, assume responsibility for certain of the following costs:

- (1) the cost of Products in replacement of non-compliant Products,
- (2) the cost of transport, etc. associated with the return of non-compliant Products,
- (3) the cost of sorting operations carried out by the Customer and/or other service providers selected by the Customer, on batches that may have non-compliant Products according to Article VI .

In this respect, it is understood that the number of hours deemed necessary and the sorting methods including acceptance resources and criteria implemented shall be subject to prior agreement in writing between the Parties.

In any event, all other costs, expenses, losses... such as administrative processing of the Non-conformity, losses in productivity, losses relating to assembled Products, handling costs, special sorting equipment are never subject to an assumption of liability by A.Raymond.

It is expressly agreed that any invoicing related to the costs of Non-conformities is only processed after closure of the actions on said proven Non-conformities in compliance with the provisions above. In this respect, no debit note shall be automatically accepted under the General Conditions of A.RAYMOND.

#### **11 CONFIDENTIALITY**

The Parties mutually agree to a general obligation of confidentiality covering the elements or documents exchanged including, in particular, the reports of discussions, plans, data, on any medium whatsoever (hereinafter referred to as the "Information"), in the context of drawing up and executing these agreements.

Subcontractors are not considered as third party as soon as they have similar confidentiality obligations to the previous one.

#### **12 INTELLECTUAL PROPERTY**

Any Information disclosed by A.Raymond belongs exclusively to A.Raymond.

By the use of Information the Customer acknowledges and accepts

- (1) that an item of Information is covered by Industrial/Intellectual Property rights and/or constitutes know-how and,
- (2) that said Information is submitted as a loan for use and is limited to appraisal by the Customer.

Without the express agreement of A.Raymond beforehand, no licence or termination of rights other than those defined above is conferred and in particular, but not exclusively, it is not permitted to make copies or presentations to third parties to the Customer, nor the design of any element to the Product based on the Information.

In the event of non compliance with said stipulations, the Customer shall indemnify A.Raymond against all direct and indirect losses that may result from said non compliance. The Customer guarantees that its drawings, its Specification and their conditions of implementation do not use Intellectual/Industrial Property rights or know-how owned by a Third Party. The customer insures A. Raymond against any action, claim, proceedings, dispute arising from a Third Party together with the direct or indirect consequences of any action under civil and/or criminal liability resulting in particular from an action relating to counterfeiting or unfair competition.

#### **13 AUDIT BY THE CUSTOMER**

Any audit required by the Customer must be the subject

- (1) of an express request in writing to A.Raymond at least 15 calendar days before the desired date
- (2) of a prior agreement in writing from A.Raymond
- (3) and prior signature of a specific Non Disclosure Agreement provided by A Raymond .

At the time of performing the Audit, the Customer undertakes in particular to comply with A Raymond's internal rules and instructions relating to safety and confidentiality. It is hereby agreed that no photograph, no film, record, copy, reproduction, sample shall be permitted without express authorization beforehand from A.Raymond. Said stipulation is essential in the context of relationship between A. Raymond and Customer, and this latter also undertakes to notify its employees and guarantees its strict compliance.

Any audit requested by Customer regarding A. Raymond Subcontractor has to be addressed exclusively to A. Raymond. In case of acceptance of such audit by Subcontractor, then Customer will have to fulfill the same obligation he has in regard to A. Raymond.

#### **14 LIABILITIES**

The liability of A.Raymond is strictly limited to compliance with the PPAP Drawing.

The liability of A.Raymond is excluded for Non-conformities

- (1) arising from materials supplied by the Customer,
- (2) resulting directly or indirectly from a design realized or an intervention due to the Customer,
- (3) due to the specifications or recommendations of the Customer refused by A.Raymond but imposed by the Customer,
- (4) resulting from the use of technical documents, or other data issued by the Customer.

The liability of A.Raymond is limited to damages such as defined specifically in article X. A Raymond shall not in any circumstances be obliged to pay compensation for consequential or collateral losses. Penalties and compensation payments that may be paid have a fixed value of compensation. The civil liability of A Raymond is limited to a sum not greater than the amount for the supply of the Products collected during the 6 calendar months preceding delivery of the Products concerned. The Customer stands surety for the waiver of recourse of its insurers or of third parties in contractual relationship with it, against A Raymond or its insurers, above and beyond the limits and exclusions established above.

A. Raymond liability is strictly limited to damages described in article X and A. Raymond will never assume indirect or immaterial damages. Only direct foreseeable and certain damages will be assumed. All payments done by A. Raymond, within the limit of A. Raymond insurance terms and conditions up to the limit paid by this latter, will be considered as final and will not authorize any further claim.

A Raymond shall not be held responsible in the event of Non-conformity in the event that this is the direct or indirect effect of a case of force majeure. It is expressly agreed that events of force majeure shall in particular mean those retained by laws or case law, including unforeseeable accidents or incidents of any kind and affecting production.