

## CLIENT QUALITY AGREEMENT OF ARaymond Industrial

### Preamble

This "Client Quality Agreement" of ARaymond Industrial document applies to all Offers issued by ARaymond Industrial (hereinafter referred to as "ARaymond") in addition to the General ARaymond Terms and Conditions.

It is expressly agreed that said document is part of ARaymond Offers for all Products it sells, the Products being manufactured by the affiliated companies of ARaymond Network.

The following documents shall apply in the order shown below:

- General ARaymond Terms and Conditions
- Client Quality Agreement of ARaymond
- Client Logistics Agreement

### I – PURPOSE

This document defines the so-called "Quality" terms and conditions of ARaymond with regard to Products designed by ARaymond or the affiliated companies of ARaymond Network and manufactured by affiliated companies of ARaymond Network.

### II – DEFINITIONS

**Client** : means a professional having sufficient knowledges to evaluate specifications as described in ARaymond Offer.

**Quality**: means all Products characteristics of ARaymond 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 ARaymond Product with a characteristic in the Specifications

**Latent defect**: means a hidden defect that the Client 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 Client 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 Client and confirmed by ARaymond.

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

### III – PPAP FILES SUBMITTED

Delivery of a Product is subject to the prior acceptance of PPAP File by the Client. Failing this, it is expressly agreed that the first order from the Client 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 Client and after prior express acceptance by ARaymond, according to specific conditions.

It is expressly agreed between the Parties that ARaymond, 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 Client, a single so-called "generic" PPAP File by Product type or a standard extract of the PPAP File.

### IV - COMPLIANCE WITH STANDARDS / LEGISLATION / RESTRICTION

ARaymond complies with regulation of country of production. If Client has expectations regarding other regulations, legislation and/or standards then Client has obligation to provide in writing such regulations/standards and updates in English language.

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

ARaymond accords no other guarantee for the Products in respect of compliances with standards regulations or legislations other than those expressly agreed beforehand.

### V – MODIFICATION OF PRODUCT / PROCESS

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

In addition, when an increase in production proves necessary within ARaymond and when its production capacity is seen to be momentarily insufficient, ARaymond reserves the discretionary right to increase its production time schedules.

### VI - IDENTIFICATION, TRACEABILITY

ARaymond 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 ARaymond 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 ARaymond may accept said requirement according to specific terms and conditions such as the invoicing of additional costs.

### VII – COMMUNICATION AND USE OF PORTAL WEBSITE

Any communication via an internet portal and/or any use of an internet portal require the prior written approval of ARaymond. Nevertheless, even in case of acceptance by ARaymond of this practice, when Client considers information published on its portal as essential and mandatory for ARaymond, then Client has to inform ARaymond expressly in writing, sent with acknowledgement receipt. Reception of such written information does not mean ARaymond will automatically put in place and follow action requested by Client since ARaymond 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, ARaymond will decide case by case if this practice will be retained and according to which conditions.

### VIII – "QUALITY" RECORDS, ARCHIVES

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

### IX – QUALITY OBJECTIVES

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

#### 2. Treatment of Non-conformities

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

When Client decides not to do any incoming inspection then it is expressly agreed that Client shall assume all liabilities regarding this practice. Indeed it is Client obligation to ensure all checking necessary to use the Product is done and therefore this practice shall not increase ARaymond liability. In this case, any Non-conformity observed by the Client must be communicated to ARaymond 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 ARaymond, such as, for example, but not limited to, a picture of the Product identifying the suspected Non-conformity, elements of traceability, conditions of use, etc...

It is expressly agreed that, if said conditions are not met, ARaymond 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, ARaymond undertakes to analyse this. The Client has to underline the Non compliant products by providing all data and information it has. ARaymond will make a complete analysis of information to confirm or reject elements underlined by Client are non conforming to Specifications. Following such examination, the following terms and conditions shall apply:

a) If the Non-conformity is not demonstrated and not confirmed by ARaymond, no compensation whatsoever, including financial, shall apply.

b) If the Non-conformity is demonstrated and confirmed by ARaymond, ARaymond 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 ARaymond report of type "8D". By way of non limitative example, sorting operations are considered to be precautionary actions. The start of sorting and/or rework operations are subject to prior written acceptance of ARaymond. Any exemption from use of the 8D type ARaymond supporting document must be the subject of prior acceptance in writing from ARaymond. If it should occur that ARaymond uses the Client's supporting document without said prior acceptance in writing, it is expressly agreed that said practice would not constitute an amendment of this agreement.

#### **X – COSTS OF NON-CONFORMITIES**

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

- the cost of Products in replacement of non-compliant Products,
- the cost of transport, etc. associated with the return of non-compliant Products,
- the cost of sorting and/or rework operations carried out by the Customer and/or other service providers selected by the Client, 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 ARaymond.

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 Terms and Conditions of ARaymond.

#### **XI - CONFIDENTIALITY**

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

Affiliated companies of ARaymond Network are not considered as third party as soon as they have similar confidentiality obligations to the previous one.

#### **XII – INTELLECTUAL PROPERTY**

Any Information disclosed by ARaymond belongs exclusively to ARaymond.

By the use of Information the Client 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 Client.

Without the express agreement of ARaymond 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 Client, 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 ARaymond against all direct and indirect losses that may result from said non compliance.

The Client 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 Client insures ARaymond 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.

#### **XIII – AUDIT BY THE CUSTOMER**

Any audit required by the Client must be the subject (i) of an express request in writing to ARaymond at least 15 calendar days before the desired date (ii) of a prior agreement in writing from ARaymond (iii) and prior signature of a specific Non Disclosure Agreement provided by ARaymond.

At the time of performing the Audit, the Client undertakes in particular to comply with ARaymond 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 ARaymond. Said stipulation is essential in the context of relationship between ARaymond and Client, and this latter also undertakes to notify its employees and guarantees its strict compliance.

Any audit requested by Client regarding affiliated companies of ARaymond Network or ARaymond Subcontractor has to be addressed exclusively to ARaymond. In case of acceptance of such audit by affiliated companies of ARaymond Network or ARaymond, then Client will have to fulfill the same obligation he has in regard to ARaymond.

#### **XIV - LIABILITIES**

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

The liability of ARaymond is excluded for Non-conformities

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

The liability of ARaymond is limited to damages such as defined specifically in article X. ARaymond 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 ARaymond is limited to the amount of the selling price of the batch to which belongs the Non compliant product. The Client stands surety for the waiver of recourse of its insurers or of third parties in contractual relationship with it, against ARaymond or its insurers, above and beyond the limits and exclusions established above.

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

ARaymond 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.