

QUALITY SPECIFICATION ACOME QUALITY REQUIREMENTS FOR SUPPLIERS

SQ 2003a

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| Object of the revision | §3.3.1 Add Product Safety Officer § 4.1.3 Modification of use-by date § 6 Modification of criteria for Calculation of Supplier Quality Index | | | |
|--|--|--------------------------------|------------------------------|--------------------------------|
| Indice de révision | Rédacteur Qualité Fournisseurs | Vérificateur Qualité Groupe | Approbateur Achats Groupe | Date de mise en application |
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| <i>Translated from the French. The french text is legally binding and is to be signed.</i> | | | | |

The modified passages, compared with the previous revision, appear in blue

SPECIFIC DEFINITIONS

- SQA: Supplier Quality Approval.
- QCS : Quality Complaint sheet
- SQI: Supplier Quality Index.
- CAP: Corrective Action Plan
- QS: Quality Specification.
- TPS: Technical Procurement Specification.
- QAPP: Quality Approval Product and Process.
- FDS : Safety Data Sheet
- INITIAL SAMPLE: Sample of product, which allows ACOME to instigate the internal product approval procedure.
- TEST ORDER: Order, which allows ACOME to carry out a technical pre-evaluation of a product.

1 - SUBJECT

This specification describes the:

- Quality requirements for Suppliers of materials or components of level 1, 2 and 3 purchased by ACOME.
- Rules on agreement, approval, qualification and quality follow-up.
- General obligations of Suppliers when fulfilling the orders placed with them.

The Supplier must ensure

- strict compliance with the requirements set out in the following documents:
 - . Quality specification
 - . Technical Procurement Specification (TPS)
 - . Order.

- In the respect for 10 principles expressed in the world pact of the UNO (" the global compact ")
<http://www.un.org/fr/globalcompact/principles.shtml>

2 - SCOPE OF APPLICATION

This Quality Specification applies to all materials or components used in products and systems sold by ACOME. It also applies to products intended for the COFRAC accredited laboratory.

3 - OPERATING PROCEDURE

3.1 - EXPRESSION OF ACOME'S NEEDS

ACOME's needs are expressed in the technical specifications and this quality specification. The reference documents are stated on the orders. It is the duty of a supplier to ensure it is in possession of these documents and to check the version index used is the correct one currently in force.

3.1.1 - Definition and classification of products

The supplies procured are classified on three levels. The product level is indicated on page 2 of every TPS (technical procurement specification). The level is fixed by our design office according to the following criteria:

Level 1:

- Supply which has a major impact on the quality of the finished product.
- At least one of the main functions that the supply has to perform has an important impact on the characteristics of the finished product. The slightest drift engenders a degradation of the performances of the finished product at our customer

Level 2:

- Supply which has a limited impact on the quality of the finished product.
- . The main functions of the supply have a limited effect on the finished product. No main function of the finished product is spoiled in case of drift of one of the characteristics of the supply.

Level 3:

- Supply which has a low level of criticality on the finished product or on the provided service.

3.1.2 - Specifications classification

In order to identify better the main characteristics, a marking method has been chosen (please see hereafter) :

| | Type | Designation |
|---|------------|---|
| ① | Fonctional | Special characteristic, level 1 when having a direct effect on the quality of the finished product (from functional analysis, AMDEC product, latest state of the art, information or historical report) |
| ② | | Special characteristic, level 2 when affecting the process, stability, implementation,... |
| Ⓜ | Statutory | Regulation characteristic according national, european or international standards |
| Ⓢ | Safety | Security data according the firm policy and/or safety standard |

3.2 – CORPORATE SOCIAL RESPONSIBILITY

ACOME, engaged in the sustainable development, wishes to lean on suppliers in this initiative. The expectations of ACOME towards its suppliers, except the quality of products and services, are on one hand the environmental protection with an approach in compliance with the ISO14001 and on the other hand their membership in 10 principles of the world pact of the UNO or " global compact ", and which concern:

| | |
|--------------------|--|
| - Human Rights | <ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights and 2. Make sure that they are not complicit in human rights abuses. |
| - Labour Standards | <ol style="list-style-type: none"> 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4 The elimination of all forms of forced and compulsory labour. 5 The effective abolition of child labour and 6 The elimination of discrimination in respect of employment and occupation. |
| - Environment | <ol style="list-style-type: none"> 7 Businesses should support a precautionary approach to environmental challenges; 8 undertake initiatives to promote greater environmental responsibility; and 9 Encourage the development and diffusion of environmentally friendly technologies. |
| - Anti-Corruption | 10 Businesses should work against corruption in all its forms, including extortion and bribery |



To give evidence of this engagement in the principles of the world pact of the UNO, the suppliers pass on their signed commitment (AQ 724), supply evidence of their membership in the world pact of the UNO or their charter of social responsibility.

3.3 - QUALITY PROCEDURE

The quality procedure selected by ACOME for its external supplies consists in deploying a product quality procedure.

To fulfil this mission, ACOME has opted on one hand to rely on suppliers with a management system conform to ISO 9001 or TS 16949 (§ 3.3.1). On the other hand, ACOME is committed with its suppliers, to a procedure for approving their products (AQPP § 3.3.3) in accordance with the PPAP procedure.

The guarantee of durability of a satisfactory product/supplier pair is primarily ensured by following up complaints sheets and the performance indicators for suppliers (SQI § 6).

3.3.1 – Safety Product Officer

At the request of Acome, the supplier will communicate the name and contact details of the Product safety officer:

The "Product safety officer" is the expert and the contact point for the managers and the customers, he is the legal representative when the Responsibility for the product is engaged, it follows the product within the company and on the market. In this, the "Product safety Officer" must reconcile the legal and regulatory requirements with those of customers.

3.3.2 - Supplier Quality Approval (SQA)

To obtain an agreement, a supplier has to commit:

- Have a quality system management capable of meeting minimum requirements of the ISO9001 in force and preferably at the IATF.
 - If it is not the case
 - Deviation by the automotive customer
 - Deviation by ACOME after validation of the process FMEA and control plan
- Put in place a sustainable development management (§ 3.2)
 - ISO 14001 certification / environmental approach
 - Adhesion at UNO world pact / commitment to ACOME / charter of social responsibility
- Be in accordance with the ACOME specifications (PTS)
- Put in place a sustainable development management (§ 3.2)
- Satisfy of the evaluation questionnaire, technical exchanges, visit, audit
- Be in accordance with the PPAP procedure for the products approval (§3.3.3)
- Be in accordance with the regulatory requirements (§ 4.1)
- Communicate Acome for any modification or evolution of the status

3.3.3 - Loss of SQA

The Supplier may lose the SQA approval in the following cases:

- Annual Supplier Quality score inadequate and no progress initiative.
- Supplier loses the certification obtained from an organisation.
- Failure to comply with quality obligations imposed by ACOME.
- Refusal to submit to ACOME audit.

3.3.4 - Product approval (PPAP approach)

ACOME Purchasing dept. will pronounce approval of a product under the following conditions:

- Product conformity in relation to the TPS
- Validation of the product and PPAP file request by ACOME technical departments.

4 – ACOME QUALITY REQUIREMENTS FOR SUPPLIERS

4.1 - REGULATORY REQUIREMENTS

4.1.1 - Materials

The supplier must ensure that products or substances delivered or used in the manufacture of assemblies or of sub-assemblies comply with the regulations in force. The supplier may be requested to guarantee this conformity by sending a Certificate of compliance for any product, substance, part, assembly or sub-assembly delivered.

The statutory requirements to be respected are notified in the TPS. The main requirements are in the picture here-after:

| European standard | Title | Designation |
|-------------------|-------|--|
| 2000/53/CE | ELV | Handling and valorization wastes of old vehiculs. Restriction of environment-unfriendly material |
| 2011/65/UE | RoHS | Interdiction of hazardous products in electric & electronic equipment |
| 2012/19/EU | WEEE | Limitation, handling and valorizaton of electrical and electronical wastes. |
| 2006/121/CE | REACH | Registration, evaluation, authorisation and restriction of chemicals. |

Materials coming from country in conflict

Raw materials crashing into the composition of products delivered to ACOME have to be in accordance with the «conflict minerals" policy towards minerals of the conflicts (American regulations).

On that ground, the supplier must be capable of providing the evidence of the origin of raw materials.

The supplier will fill in the form taken from the site:

<http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>

Origin Certificate

- Suppliers from the European Union have to supply a long-term supplier's declaration for each delivered part renewable annually
- Suppliers not located in the European Union have to supply a certificate of origin according to form Nr. Cerfa 11012 01 joined to each delivery

4.1.2 - Packaging

The used packaging must comply with Directive 94/62/CE of 20 December 1994 concerning packagings and wastes of packagings **and its various endorsements if applicable**.

In conformity to Decree n°98-638 (concerning the taking into account of the environmental requirements when designing and manufacturing packaging) published in the gazette dated 20 July 1998, the Supplier may be requested to submit:

- a written declaration attesting the conformity of the product to the requirements defined in article 3 (requirements concerning re-use or re-cycling of the product) and in article 4 (requirements concerning the maximum content of heavy metals).
- technical documentation containing all information necessary to assess product conformity.

4.1.3 - Cases of material subject to use-by date

The supplier will advise ACOME in the case of DLU applicable to the products delivered.

The supplier agrees to respect the FIFO at home and certifies the conformity of the material being shipped.

4.2 - REQUIREMENTS BY ACOME AND HIS CUSTOMERS

It is the responsibility of the supplier to affect to his own suppliers or sub-contracting parties any requirement clearly stipulated by ACOME and his customers. These requirements are the object of a preliminary consent.

4.3 - DELIVERY LEAD TIMES

The acceptance of an order implies a formal and irrevocable commitment by the Supplier to comply with the delivery lead times. ACOME requires the return of order acknowledgements within a maximum deadline of 48 hours. The Supplier is bound to inform the Purchaser, with a copy to the Purchasing Department, of all exceptional loads and the inherent costs.

4.4 - PROGRESS PLAN

Suppliers must deploy a continuous improvement programme and supply us the proof through a follow-up.

4.5 - AUDITS

ACOME reserves the right to audit the processes of its Suppliers [in particular in the following cases](#):

- to include a new Supplier.
- to ensure the efficiency of the CAP (corrective action plan).
- to comply with the strategic purchasing plan
- to respond to the needs of its own customers, and in collaboration with the latter.
- to remedy insufficient reactivity to a complaint file.

4.6 - INSPECTIONS AND TESTS

4.6.1 - Inspections and tests of products at the supplier's

ACOME reserves the right to carry out at the Supplier's plant, any inspection or test to allow checking conformity of the product to the TPS prior to acceptance. In this case, the Supplier must make available to ACOME representatives, an appropriate room and measuring instruments. The products which do not satisfy TPS requirements are automatically rejected.

In no case, refusal or restriction will be made to ACOME, his customers or regulatory authorities of the installations of production, registers of check and other recordings.

4.6.2 - Inspections and tests of products at the ACOME plant

ACOME reserves the right to carry out on receipt of products at its own plant, any inspection or test it considers necessary to ensure conformity of the product to the TPS and the order. Products which do not satisfy these requirements are automatically rejected.

4.6.3 - Entry inspections

The recurrence of quality incidents may lead ACOME to deploy entry inspections at its workshops.

[The product/Supplier risk analysis may lead to block in incoming control a product in consultation with the branch quality teams.](#)

The costs inherent in this operation are echoed to the Supplier.

4.6.4 Special processes

The supplier has to inform ACOME about the existence of special processes* within the framework of the elaboration of the product delivered to ACOME

* The special processes are so defined, because they can't be completely verified by a check or a test of the product at the end of its manufacturing, the nonconformity of the product may appear only in use of the product.

4.7 - QUALITY CLAIMS

Any batch in which ACOME detects a non-conformity is rejected, with notification in a Quality Complaints Sheet (QCS). Any QCS must be covered by a corrective action plan, **under a 8D**, prepared by the Supplier.

The deadlines referred on the complaints sheets must imperatively be respected, otherwise a flat rate penalty is imposed.

4.8 - DEVIATION REQUEST

A minor discrepancy, considered potentially acceptable by the supplier, may be the subject of a deviation request sent in writing to SQA-ACOME. The request for a deviation is accompanied by a corrective action

plan, to ensure processing of the discrepancy. The batch covered by a deviation must be clearly identified on the packaging and on the delivery note.

4.9 - EVOLUTIONS OR CHANGES OF STATUS

ACOME asks to its suppliers to take all the measures so that no modification on product or process is made without having obtained a preliminary agreement, writing by the direction of ACOME Purchases. Also, any evolution of the certification or the certified domain must be notified to ACOME.

4.10 - PACKAGING - IDENTIFICATION

4.10.1 - Packaging

The deliveries from Suppliers must be uniform and organised according to the FIFO system. It is the responsibility of the supplier to ensure effective protection of products during delivery (impact, oxydation, humidity, pollution, etc.).

The supplier must comply with the packaging instructions stated in the TPS and in the order. For bulk packaging, at the risk of non acceptance of the goods, the supplier must ensure that:

- tankers are used exclusively for transporting the product.
- tankers are washed before transporting the product.
- no pollution is possible during transport.

The cleaning certificate must be submitted by the driver to the storekeeper.

4.10.2 – Product identification

Unless otherwise specified in the order, each item of packaging for individual handling should be clearly identified with:

- ACOME designation of the item
- ACOME number of the item
- ACOME order number.
- Gross and net weight or quantity.
- Supplier's batch number.
- Supplier's identification.

4.10.3 - Special identification

In the case of an order for initial samples, orange labels are attached to the order and in the case of an order for tests, yellow labels are attached to the order.

The supplier must identify each packaging item with these labels.

4.11 - DOCUMENTATION

The delivery of approved products implies, from our Suppliers, a commitment on conformity to the ACOME specifications (TPS) for all products delivered.

The Supplier must record and retain for 10 years, all documentation concerning the quality of supplies delivered, unless otherwise instructions writing by ACOME.

4.11.1 - Test reports

The requests for measuring reports must be submitted in the TPS ; the characteristics must be identified and the communication frequencies defined. The supplier is bound to submit to us, according to EN 10204.3.1 all inspection reports ; any omission is considered as a non-conformity.

For special needs, ACOME reserves the right to request at any time, the test results for batches received ; the supplier has 24 hours to send these to the Purchasing Quality department.

The certificates of conformity and the certificates of analysis are communicated by e-mail at the following address: Suppliers.reports@acome.fr

4.11.2 – Safety Data Sheet

Safety Data Sheets (SDS), for products subjected to these regulations, must be communicated with the offer back and before the very first delivery.
They must be drafted in French according to the regulation REACH (N°1907/2006) article 31 and annex II.
The supplier has to send back the SDS when they are updated.

5 - FINANCIAL MANAGEMENT OF QUALITY CLAIMS

As soon as the Supplier's liability has been established, ACOME may claim from the Supplier, the costs directly linked to the non-conformity, without prejudice to any additional indemnity ACOME may claim, that is:

- costs for processing the non-conformity incurred by ACOME.
- costs incurred by the interruption of production.
- costs of repairing tooling.
- costs linked to sorting, recovery and scrapping (including of the finished product)
- transport costs.
- indemnities or penalties inflicted on ACOME by its customers.
- Costs for renewing certification and approval.
- costs linked to supplier audits following quality problems
- penalties of 1500 euros in the case of insufficient reactivity to a Quality Complaint Sheet.

6 - FOLLOW UP OF SUPPLIER PERFORMANCES

The performance of our suppliers is followed up according to four main criterion:

- Quality
- Services
- Costs
- Support
- Sustainable development

These data are incorporated in one single supplier quality index. The index is calculated monthly. After analysis or performance review, the ACOME Purchasing Committee may request deployment of corrective actions to remedy unsatisfactory results or any major discrepancy. The scoring scale is described hereafter.

Supplier Quality Index (SQI) – criteria and list of quotation

| Quality 30% | Services 25% | Costs 15% | Support 15% | Sustainable development 15% |
|--|--|--|---|---|
| <p>Gravity of the Quality Complaint sheet 60/100</p> <ul style="list-style-type: none"> ⇒ No claim = 100 ⇒ Low level claim = 90 ⇒ Medium level claim = 40 ⇒ High level claim = 1 ⇒ Automatic calculation according to the FRQ input | <p>Compliance with delivery deadlines 50/100</p> <ul style="list-style-type: none"> ⇒ From D-5 to D+1 = 100 ⇒ D+2 to D+3 or D-6 to D-10 = 75 ⇒ D+4 to D+10 or D-11 to D-15 = 50 ⇒ Beyond D+10 or D-15 = 1 | <p>Comparison of price / market cost 60/100</p> <ul style="list-style-type: none"> ⇒ Better positioned = 100 ⇒ Well positioned = 95 ⇒ Normally positioning = 75 ⇒ Poorly positioned = 30 ⇒ Very poorly positioned = 1 ⇒ Purchaser input to SAP ⇒ By default, normal positioning ⇒ Repeat of modified score month after month | <p>Technical support - Innovations - 20/100</p> <ul style="list-style-type: none"> ⇒ Very Active Supplier = 100 ⇒ Active Supplier = 80 ⇒ Normal positioning = 50 ⇒ Non-active Supplier = 1 ⇒ Purchaser input to SAP ⇒ By default, normal positioning ⇒ Repeat of modified score month after month | <p>Commitment to respect the principles of the world pact 50/100</p> <ul style="list-style-type: none"> ⇒ UNO Pact signed = 100 ⇒ Commitment to Acome = 80 ⇒ Charter Social Responsibility = 70 ⇒ Non-active Supplier = 1 ⇒ Purchaser input to SAP ⇒ By default, normal positioning ⇒ Repeat of modified score month after month |
| <p>Quality of CAP satisfactory 20/100</p> <ul style="list-style-type: none"> ⇒ Satisfactory = 100 ⇒ Incomplete CAP = 50 ⇒ Inadequate CAP = 1 ⇒ Automatic calculation according to feedback to the FRQ | <p>Respect of delivery quantities 50/100</p> <ul style="list-style-type: none"> ⇒ 100 +/- 5% = 100 ⇒ 100 +/- 10% = 75 ⇒ 100 +/- 20% = 50 ⇒ >120 % ou <80% = 1 ⇒ Automatic calculation | <p>Cost reduction proposals 40/100</p> <ul style="list-style-type: none"> ⇒ Very Active Supplier = 100 ⇒ Active Supplier = 80 ⇒ Normal positioning = 50 ⇒ Non-active Supplier = 1 ⇒ Purchase entry to SAP ⇒ By default, our average ⇒ Repeat of modified score month after month | <p>Flexibility-Reactivity-Trouble shooting capability 30/100</p> <ul style="list-style-type: none"> ⇒ Very Flexible Supplier = 100 ⇒ Flexible Supplier = 80 ⇒ Normal positioning = 50 ⇒ No flexibility = 1 ⇒ Logistic input to SAP ⇒ By default, normal positioning ⇒ Repeat of modified score month after month | <p>Supplier certified to ISO 14001 50/100</p> <ul style="list-style-type: none"> ⇒ Supplier certified = 100 ⇒ Environmental Approach = 50 ⇒ Supplier non-certified = 1 ⇒ Automatic calculation // info SAP |
| <p>Supplier certified to ISO 9001 - TS 16949 20/100</p> <ul style="list-style-type: none"> ⇒ Supplier certified = 100 ⇒ Supplier non-certified = 1 ⇒ Automatic calculation // info SAP | <p>Processing of complaint within 24 hours 30/100</p> <ul style="list-style-type: none"> ⇒ Taken into account, deadline respected = 100 ⇒ Taken into account, deadline exceeded = 50 ⇒ No taking into account = 1 ⇒ Automatic calculation according to feedback to claim | | | |
| <p>CAP Presentation within deadline set 20/100</p> <ul style="list-style-type: none"> ⇒ CAP deadline respected = 100 ⇒ CAP deadline exceeded = 50 ⇒ No CAP return = 1 ⇒ Automatic calculation according to date input to SAP | | | | |