

QUALITY COMMITMENTS

1 - PURPOSE

This document defines the terms of the Supplier's "quality" commitments with regard to the products commercialised by it.

It is established in addition to our General Terms and Conditions of Sale and refers to the rules of the art of industrial manufacturers and suppliers of fastening components, filed by Artema with the Bureau des expertises et des Usages professionnels of the Tribunal de Commerce de Paris.

The know-how involved in the development of fastening components is complex. However, the processes used must remain operationally available despite this:

- the diversity of the products to be manufactured, which does not allow for dedicated production lines,
- the quantities to be produced (usually in millions per day),
- the rates to be supported (from 5,000 to 40,000 parts/hour),
- the complexity of the tools (multi-element matrix, tracking tools, multi-cavity moulds, etc.),
- the numerous breaks in the flow with intermediate handling and storage (the diversity of the processes and their rates makes it difficult to put them in line)
- risks of mechanical damage (impacts), retention and pollution (foreign elements).

Despite all the special measures implemented to control processes and flows, their level of performance cannot be maintained consistently for each process and each product. This level of compliance cannot therefore be achieved by solely controlling the production processes. It requires the implementation of additional control or sorting operations.

2 - DEFINITIONS

- Specifications: data issued by the Customer describing its needs,
- Initial Samples (IS): reference products from a Production Process representative of the series,
- Quality Reference File: technical commitments of the Supplier on the products delivered in series to the Customer,
- Product Indices: traceability of changes to the product and/or the Production Process,
- Non-compliance: proven deviation from the Quality Reference File,
- Derogation: written acceptance by the Customer of a Non-compliance,
- Part Per Million (ppm): quantity of products detected as non-conforming per million parts delivered over a given period. This ppm level may be global or defined for one or several characteristics.
- Manufacturing process: sequence of operations for manufacturing the product,
- Standard Products: products whose technical characteristics are defined by the Supplier

- Custom products: parts whose technical characteristics are specified by the Customer
- Custom-made product: product developed by the Supplier according to the indications and requirements of the Customer
- Prototypes: products intended for evaluation purposes only,

3 - COMPLIANCE WITH STANDARDS AND REGULATIONS

The products delivered shall comply with:

- the regulations applicable in the country of manufacture and the technical standards for which the Supplier has explicitly declared the conformity of the product,
- the standards and regulations expressly mentioned in the Specifications by the Customer.

The Customer is responsible for the use of the product under normal foreseeable conditions of use and in accordance with the safety and environmental legislation in force at the place of use of the product as well as with the rules of art of his profession.

In particular, it is the Customer's responsibility to choose a product that corresponds to its technical needs and its implementation process and to ensure, if necessary, with the Supplier, that the product is suitable for the intended application.

Unless expressly stated on the product, the product supplied is not intended to come into contact with the power supply or to enter a potentially explosive atmosphere.

4 - QUALITY REFERENCE FILE

The Supplier's technical commitments on the products delivered in series to the Customer are limited to the Quality Reference File.

In order to made up the Quality Reference File the Customer shall:

- define the design of the product in its end-use environments for a specific project, the production scheme, including the production and assembly locations and conditions, as well as the conditions of use, storage and transport, and inform the Supplier thereof in writing in advance
- define the functional characteristics through tests and target values to be achieved.
- communicate in writing to the Supplier, as soon as the contract is reviewed, the complete specifications including all the functional characteristics corresponding, according to the Customer, to wear and tear of the product in question, resulting from a period of use that ensures the suitability of the product to its expectations.
- For standard products (catalogue) the Customer must validate its application according to the product sheet which is sent to it

The Quality Reference File is drawn up in the Supplier's format and, unless otherwise agreed by the parties, is

composed exclusively of a PPAP level 3. Any additional request must be validated by the Supplier.

Any delivery of a new or modified product is subject to the Customer's written acceptance of the Quality Reference File. Failing this, any order placement or call for series delivery shall be deemed to be acceptance by the Customer of the Quality Reference File.

5 - MONITORING THE CHARACTERISTICS OF CUSTOM PARTS

The monitoring of the characteristics of the product developed for the Customer and of the process is determined by the Supplier in agreement with the Customer (not applicable for catalogue products). This level of monitoring depends on the manufacturing process implemented by the Supplier and cannot be imposed unilaterally by the Customer (except for regulatory requirements). In the event of changes in the Customer's process which would have an impact on the monitoring of the characteristics of the product and the process, the Customer shall inform the Supplier beforehand and negotiate with it the modification of the Quality Reference File.

6 - DELIVERY, TRANSPORT, RECEPTION AND VERIFICATION OF PRODUCTS

The Customer shall be bound to carry-out legal acceptance of the products, for which it acknowledges compliance with the contract.

Acceptance shall be deemed to constitute acknowledgement of the absence of any apparent Non-compliance, unless detailed reservations have been formulated on receipt on the consignment note or delivery note (DL), signed and sent by letter with acknowledgement of receipt to the Supplier and to the carrier within 3 days.

In the case of a sale "ex works", the risks associated with transport shall be the responsibility of the Customer.

The Customer shall, at its own expense and responsibility, check or have checked the conformity of the products with the terms of the order, even in the context of a PQA (Product Quality Assurance) inspection of the Supplier by the Customer for a specific product.

The Customer shall comply with the general recommendations on storage and handling:

- Preservation of original traceability in the event of pallet repackaging or change of packaging, until the part is assembled,
- If parts are exported, particularly by ship, the Customer shall inform the Supplier, which will issue additional recommendations, if necessary,
- preservation of product integrity in accordance with ISO 16426,
- non-use of products that have fallen on the floor,
- management of product change indices.

The Customer shall also respect the specific recommendations for the product, defined in the appendix, including in particular

- the conditions and maximum storage time before use,

- the conditions of handling, transport and use at the Customer's premises and in the network,
- the Customer shall ensure and maintain a good state of cleaning of the vibrating bowls and parts distribution equipment to ensure a proper stock rotation so that there are no parts from previous batches in these devices.

With regard to products with an expiry date, the Supplier undertakes to deliver products which, on the date of dispatch, have a shelf life of at least 6 months.

Due to variations in the product itself and technical tolerances in the industrial counting, measuring and/or weighing equipment, designed and maintained by approved external companies, the number of products placed inside each packaging unit (PU) may vary, plus or minus, from the expected nominal quantity.

In accordance with the tolerances of the industrial control equipment and the practices of the profession, the variation of the quantities of (+) or (-) 5 % with respect to the packaging unit (PU), is in conformity as long as the weight of the PUs respects the following 3 levels of variations:

1. Piece less than 5 g: - 5 % / + 5 %,
2. 5 g to 10 g piece: - 2.5% to + 2.5%,
3. Piece over 10 g: + 1 %.

Therefore, despite such variations compensated on the different deliveries made, the Supplier will be considered to have fulfilled its obligations related to the execution of the order and therefore no claim will be accepted.

7 - IDENTIFICATION AND TRACEABILITY

The Supplier shall set up an identification system on the labelling to ensure the traceability of the elements that go into the manufacture of its products.

The Customer shall implement systems that ensure continuity of traceability chain (batch number identified on the labelling), in particular by taking care not to dilute this traceability by overlapping or mixing batches in automatic feeders (vibrating bowls, etc.).

The identification of the packaging is carried out in accordance with GALIA, ODETTE standards or the specific requirements of the Customer, agreed between the parties. Unless specifically agreed otherwise, the Supplier shall not be responsible for specific traceability for the Customer.

Once removed from its original packaging by the Customer, it is the Customer's obligation to track the product, and to maintain batch traceability, for all purposes of proof of the date and destination of the original delivery, while maintaining as far as possible the same batch size as delivered. The Customer shall ensure that its own Customers comply with this obligation.

8 - STORAGE AND ARCHIVING OF TECHNICAL AND TRACEABILITY DATA

The Supplier shall have an internal system for recording and archiving technical and traceability data for a period defined by the Supplier or agreed with the Customer.

9 - PRODUCT OR PROCESS MODIFICATION

Any request from the Customer involving a modification of the Technical Specifications and/or the Quality Reference File, as well as any modification by the Customer of the conditions of use by it of the product (e.g.: automation, modification of the parts to be assembled, transfer of production to new sites, etc.) shall be the subject of prior written information to the Supplier.

This request may be the subject of a new technical and commercial proposal from the Supplier.

10 - QUALITY OBJECTIVES

In the current state of the art, the performance (all defects included) of the manufacturing processes used by fastening components suppliers has been estimated at 100 ppm without sorting the parts. Given the quantities of fastening components delivered on a daily basis, the risk of non-conforming products in the batches delivered is therefore significant.

For characteristics, the Non-compliance of which could present a high level of disturbance to the Customer or lead to a safety risk, only a unitary control can reduce the proportion of non-conforming products. These characteristics shall therefore be clearly specified by the Customer during the initial consultation in order to provide for the implementation of the most appropriate procedure.

In this context, the Supplier undertakes to achieve a general quality level of 100 PPM. If, in agreement with the Customer, unit controls are implemented, the Supplier undertakes to achieve a level of compliance for each of the sorted criteria of 10 ppm for automatic sorting and 50 ppm for manual and/or visual sorting. These values may vary depending on the characteristics (precision, shape, type, etc.) and the number of operations in the process (assembly, etc.).

Appearance defects and non-functional defects should not be considered as incidents but as improvement alerts. To report an incident, more than 5 non-conforming parts per line, per shift and per day must be detected. For smaller quantities, the defect can be reported as an Alert.

In any event, the measurement elements such as the Demerit method, PPM, number of incidents, composite indices enable the evolution of the quality of the products delivered by the Supplier to be assessed in the medium and long term. They shall in no way constitute a contractual obligation that may result in financial or other penalties. These elements are business secrets and shall remain confidential. Under no circumstances shall the Customer include in its KPIs PPMs from non-conforming parts detected during sorting, unless sorting is at its expense.

11 - COMPLAINTS MANAGEMENT

The Customer shall send any complaints relating to a Non-compliance in writing to the Supplier's Quality Department to its usual quality contacts or, failing that, to the sales representative who will send the e-mail to the Quality Department.

The Supplier undertakes to acknowledge receipt of the Customer's complaints and to deal with them during the opening hours of its business (between 9 a.m. and 6 p.m.), on working days, excluding public holidays. Complaints received outside of these hours will be dealt with as soon as the company reopens and the response time will only start to run from the date of this postponement. The time limit for processing a complaint shall only run from the time when the Supplier has received all the elements for analysis (including non-compliant parts under request).

12 - WARRANTY

- a) Beneficiary of the warranty: the warranty is granted to the Customer to the exclusion of any third party to the contractual relationship.
- b) Defects and materials concerned. The warranty consists of the Supplier remedying any malfunction resulting from a defect in the design, materials or manufacture (including assembly if this operation is entrusted to it), within the limits of the provisions below. The warranty covers exclusively the parts sold by the Supplier
- c) Duration and starting point. The warranty period is 3 years from the date of delivery to the Customer. Unless otherwise agreed, the warranty shall only apply to defects that become apparent during the warranty period.
- d) Obligations of the Customer. The Customer shall be obliged to describe the Non-compliance and to cooperate with the Supplier. The Customer shall, at its own expense and responsibility, verify or have verified the conformity of the Products with the terms of the order. In order to be able to invoke the guarantee, the Customer shall notify the Supplier in writing of the defects it attributes to the part, at the latest within 48 hours of their occurrence. Any request related to a supposed Non-compliance shall be accompanied by elements establishing the existence of the Non-compliance and allowing the search for its causes, in particular a photo of the product identifying the suspected defect in relation to the conforming product, samples, traceability elements, presentation of the assembly conditions or any elements necessary to process the request and to give the Supplier every facility to proceed with the observation of these defects and to remedy them.
- e) Scope of the warranty. After analysing the Non-compliance claimed, the Supplier shall confirm to the Customer whether or not a Non-compliance is identified. In the event of a confirmed Non-compliance and if traceability is respected, the Supplier at its option shall choose the security solutions that it deems appropriate (sorting, reworking, isolation of the non-conforming batch, etc.).
In the event of a sorting procedure, the Customer shall obtain the Supplier's prior agreement on the sorting frequency (pc/h), the actual hourly cost, the estimated number of hours required and the sorting methods including the means and acceptance criteria used. If the sorting service takes place on the Customer's premises,

the Customer undertakes to (I) make available to the sorting service provider the space required for the performance of the service, (II) ensure that the latter is supplied with air, water or energy free of charge, (III) comply with the regulations relating to the hygiene and safety of the premises and of the technical means made available, (IV) return all tools or measuring equipment made available or paid for by the Supplier.

The exercise of the warranty consists exclusively in the supply of replacement parts recognised as defective by the Supplier, or, at the Supplier's discretion, in their repair in its workshops. In order to fulfil its obligations, the Supplier may modify the part concerned (I) by informing the Customer in the case of a standard part or (II) by obtaining the Customer's prior agreement in the case of a custom part. The Customer shall give the Supplier every facility to proceed with the detection of such defects and to remedy them. For any Non-compliance for which the Supplier is found to be liable, the Supplier may, at its discretion, after prior written agreement, bear some of the following costs:

- the cost of products to replace non-conforming products,
- the cost of transporting non-conforming products,
- the cost of sorting operations carried out by the Customer and/or by other service providers selected by the Supplier, on batches likely to have non-conforming products and identified as such according to the traceability elements defined and communicated by the Supplier and provided that these sorting operations have been previously authorised by the Supplier.

On the other hand, all other costs, expenses, losses, related to the Non-compliance such as the cost of administrative treatment of the Non-compliance, productivity losses, losses related to the assembled products, handling costs, specific sorting equipment will not be borne by the Supplier.

If, after an expertise or sorting or replacement of parts has been carried out, it is found that the Non-compliance of the product is not covered by this warranty, in particular due to the fault of the Customer or a third party, the Customer shall compensate the Supplier for all costs incurred, including personnel, transport, sorting, and replacement or repair of parts.

Upon request, the Supplier shall inform the Customer of the corrective and preventive actions it is implementing on its Manufacturing Process.

f) Exclusions . The warranty is excluded:

- for defects in materials supplied by the Customer,
- for defects resulting from a design carried out by the Customer,
- for defects resulting from the use of a Customer's own mould (tooling) whose cycle capacity is exceeded
- for defects resulting from the use of a mould (tool) developed by the Customer
- for defects that result in whole or in part from normal wear and tear of the part, damage or accidents attributable to the Customer or a third party,

- for defects that do not affect the functionality of the product and are part of the acceptable defects negotiated with the Customer when the PPAP is submitted,
- in the event of abnormal or atypical use or use that does not comply with the purpose of the product, the rules of the trade or the Supplier's recommendations,
- in the event of storage not in accordance with the Supplier's general recommendations (attached)
- in case of loss of traceability of the product by the Customer or its service providers, including in case of a "km 0" factory claim
- in the event of a change in the Customer process without prior notification to the Supplier, in particular the modification of one of the elements of the Reference File
- for defects not resulting from a breach of the PPAP reference file,
- in case of negligence, lack of supervision or maintenance as well as incorrect assembly or installation.
- in the event of non-payment by the Customer, the latter not being able to take advantage of the refusal of a guarantee to suspend or defer its payments.

13 - COSTS AND CONSEQUENCES OF NON-COMPLIANCE

The Supplier's liability, for all causes, with the exception of bodily injury and gross negligence, is limited to a sum not exceeding the selling price of the lot to which the defective part belongs.

Under no circumstances is the Supplier obliged to pay compensation for:

- administrative costs, handling costs,
- the consequences of the Non-compliance on products already assembled,
- indirect or immaterial damage such as: loss of business, profit, opportunity, commercial loss, loss of earnings.

In the event that compensation has been agreed, the Customer shall provide the Supplier, upon request, with detailed proof of the amounts claimed. Such compensation shall have the value of a lump-sum compensation in full discharge and shall be exclusive of any other penalty or compensation.

The Customer waives and guarantees the waiver of recourse by its insurers and third parties in a contractual relationship with it, against the Supplier or its insurers, beyond the limits and exclusions determined in this Quality Commitments.

The Customer expressly refrains from any practice of automatic debiting or invoicing by the Supplier for amounts that have not been expressly recognised by the Supplier as being its responsibility. Any automatic debit constitutes an unpaid amount giving rise to the application of the provisions relating to late payment and may engage the Customer's liability under Article L442-1 I 3° of the French Commercial Code.

14 - TOOLS

When the tooling owned by the Customer is at the end of its life (the life span is determined according to the number of parts to be produced), the Supplier is entitled to reject the

Non-compliance issued by the Customer. Indeed, the quality of the parts is intrinsically dependent on the condition of the tooling.

15 - CONFIDENTIALITY

The parties mutually undertake a general obligation of confidentiality relating to all oral or written information, whatever it may be and whatever the medium (discussion reports, plans, exchanges of computerised data, activities, installations, projects, know-how, products, etc.) exchanged in their commercial relationship, with the exception of information that is generally known to the public or that will become so other than through the fault or the act of the Customer. In this respect, the Supplier reserves the right to restrict access to its facilities and those of its suppliers to the Customer or its substitutes, even in the context of an audit.

Accordingly, the parties undertake to:

- to keep all confidential information strictly secret, and in particular, never to disclose or communicate, in any way whatsoever, directly or indirectly, all or part of the confidential information to anyone without the prior written authorisation of the other party:
- not to use all or part of the confidential information for any purpose or activity other than the performance of the contract.
- not to copy or imitate all or part of the confidential information.

The Customer undertakes to take all necessary measures to ensure compliance with this obligation of confidentiality, throughout the duration of the contract and even after its expiry and shall ensure that all its employees comply with this obligation. This obligation is an obligation of result.

16 - SPECIFIC AND/OR ADDITIONAL SERVICES

Certain additional services requested by the Customer may be the subject of a separate price quotation, including but not limited to:

- the distribution of inspection reports and Initial Sample files on models other than those of the Supplier,
- translation of technical documents into another language,
- requests for technical analysis and report dissemination,
- the preparation and dissemination of monitoring reports (excluding IS),
- the provision of certificates of conformity, copies of CCPU, declaration of conformity to ROHS rules,
- updating the IMDS database,
- the setting up of a specific organisation,
- product audits or annual requalifications,
- ...

Similarly, the processing of Non-compliance that are not proven (travel to the Customer's site, analyses, sorting, etc.) may be invoiced.

17 - AUDIT

The Customer shall obtain the Supplier's prior written consent before carrying out an Audit of the Supplier. All related costs shall be borne by the Customer. Audits may not be carried out by a competitor of the Supplier and shall not interfere with the proper functioning of its business.

In case of an IATF audit at the Supplier's site, and the presence of an internal auditor of the "OEM" Customer, the latter shall limit itself to an observer role and not a proactive role that would direct the audit.

GENERAL RECOMMENDATIONS

These recommendations recall the rules of the art for the use of the products and are established to guide the Customer in the proper implementation of these products. They are not exhaustive and do not increase the Supplier's liability.

	MEASURES TO BE RESPECTED	OBJECTIVES OF THE MEASURES
Transport		
	do not stack pallets	do not damage packaging and parts
	do not expose to rain, water	avoid the regrowth of moisture
	do not expose to sunlight, heat	avoid deformation and/or accelerated ageing
	do not expose to temperature and humidity variations	avoid deformation and/or accelerated ageing
	protect against physical aggression	avoid destruction by rodents
Reception, storage, repackaging:		
	do not expose to water	avoid the regrowth of moisture
	do not expose to heat	avoid deformation and/or accelerated ageing
	Do not bring into contact with chemicals that interact with the plastic	Avoiding degradation of product quality and performance
	Do not expose products that have regained moisture to the air for more than 8 hours	Avoiding breakage due to too dry product
	Do not expose to temperature/humidity variations (temperature controlled above the dew point)	avoid deformation and/or accelerated ageing
	protect against physical aggression	avoid destruction by rodents
	limit storage time to 6 months (excluding perishable products)	avoid ageing
	FIFO compliance	ensure traceability
	store only in closed containers	Ensuring cleanliness
		Avoiding mixtures
	do not reconstitute damaged packaging	ensure cleanliness
		avoid mixtures, deteriorated parts
	in case of relabelling or change of packaging: keep the traceability elements of the original batch	ensure traceability
Use / assembly:		
	not to exceed the introductory effort during implementation	avoid deterioration and deformation
	Follow the recommendations for use as indicated	avoid deterioration and deformation
	avoid "blind" manual assembly	avoid wrong positioning
	do not mix batches in feeds and bowls/hoppers	Keeping track
	regular cleaning of feeders and bowls/hoppers	ensure cleanliness
	fairing feeders and bowls/hoppers	ensure cleanliness
		avoid mixtures
	limit the residence time in feeds and bowls/hoppers	minimise mechanical abrasion
	do not use dropped or unidentified parts	avoid mixtures, deteriorated parts
	do not reuse disassembled parts	ensure assembly
	use gloves for manual assembly/handling	to keep people safe
		ensure cleanliness