between

JAC Products, Rua Manuel Conceição da Graça, nº1. 2580-462 Carregado, Portugal

- hereinafter "**JAC**" -

and

[Company, street, city, country]

- hereinafter "**Supplier**" -

**PREAMBLE**

In order to exceed the expectations and ensure the satisfaction of its customers, JAC is committed to achieving a level of quality that results in zero defects. To reach that goal, JAC must be able to rely upon the quality and reliability of performance of products and services it receives from Supplier. Therefore, this Agreement is being entered into to set forth in detail the minimum quality systems requirements to be met by Supplier. This Agreement is valid beside the Supplier Quality Assurance Manual (SQAM) at JAC Product´s website. It defines deviations from the SQAM and additional arrangements

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## 1. SCOPE

1.1 The provisions of this Quality Agreement shall apply to all existing and future purchase agreements between JAC and the Supplier. It specifies the quality requirements for all products and services that are specifically rendered and/or supplied.

1.2 Where parts are delivered by the Supplier to JAC in connection with new production runs, JAC may request negotiations on changes or amendments to this Quality Agreement. This is to cover any specific quality requirements that may be applicable from case to case.

1.3 The Supplier shall place its sub-suppliers under an obligation to observe the duties accepted by the Supplier in this Agreement.

1.4 Supplier (and its subsidiaries and affiliates, consistent with Section 1.3) agrees to abide by the requirements contained herein, as well as the additional requirements listed below:

- All applicable laws;

• IATF 16949 (latest version including their related amendments, supplements and replacements from time to time);

• ISO 9001 (latest version);

• VDA Volumes (6.1, 6.3 etc.);

• Latest versions of the AIAG Reference Manuals (APQP, PPAP, FMEA, SPC, CQI, etc.);

• Applicable Technical Drawings, CAD Data, Engineering Specifications and Statement of Requirements;

• OEM / Customer-specific Requirements; stated on drawing and related to the supplied component.

• Other applicable national/international standards. Stated on drawing and related to the supplied component.

## 2. SELECTION AND APPLICATION OF THE QM SYSTEM

2.1 Supplier shall establish a quality management system ("QM System"). The minimum QM System requirement is accredited 3rd-party certification to ISO 9001 (latest version) with conformance to IATF16949 (latest version).

2.2 The effectiveness of Supplier's QM System will be measured by:

• Continuous and verified improvement in processes, products and supporting procedures with the company goal of zero-defect supply;

• Delivery quality;

• Delivery reliability;

• Effectiveness and speed of the implementation of corrective measures;

• Communication at all levels;

• Content and deadline reliability in working through new and change projects.

2.3 The supplier is required to continually improve the suitability, adequacy and effectiveness of the management system. The supplier must also consider the results of analysis and evaluation and the outputs from management review, to determine if there are requirements or opportunities that need to be addressed as part of continual improvement. Problem solving, error-proofing, warranty management and customer complaints analysis are recommended.

## 3. PRODUCT SAFETY

3.1 Supplier shall have documented processes for the management of product-safety related products and manufacturing processes, which shall include but not be limited to the following, where applicable:

a) identification by the organization of statutory and regulatory product-safety requirements;

b) customer notification of requirements in item a);

d) identification of product safety-related characteristics;

e) identification and controls of safety-related characteristics of product and at the point of manufacture;

f) approval of control plans and process FMEAs;

g) reaction plans for significant process events

h) defined responsibilities, definition of escalation process and flow of information, including top management, and customer notification;

i) training identified by the organization or customer for personnel involved in product-safety related products and associated manufacturing processes;

j) changes of product or process shall be approved prior to implementation, including evaluation of potential effects on product safety from process and product changes;

k) transfer of requirements with regard to product safety throughout the supply chain;

I) product traceability by manufactured lot (at a minimum) throughout the supply chain;

m) lessons learned for new product introduction.

## 4. ADVANCED PRODUCT QUALITY PLANNING (APQP)

4.1 Supplier will manage the development phase of this program with the program team, technical support, production process, equipment, and personnel presented to JAC during the technical review conducted prior to the award of the business.

4.2 Supplier will conduct a thorough feasibility assessment on each part prior to accepting the business award from JAC and again prior to design release. Supplier will communicate any concerns relative to the program feasibility or success to JAC in a timely manner.

4.3 Supplier will use suitable program management methods and tools to ensure a “well managed” development program and launch.

4.4 Supplier agrees to provide updated timelines and open issues list throughout the development program.

4.5 Supplier agrees to inform JAC of any risks to the program timing or launch success in a timely and appropriate manner.

## 5. INITIAL SAMPLE APPROVAL (AIAG PPAP, VDA 2)

5.1 Supplier agrees to conduct a PPAP of its parts and process to current standards of AIAG PPAP (or alternatively VDA 2).

5.2 In addition, Supplier agrees to adhere to the applicable OEM-specific initial sample requirements as requested by JAC's customer for specific vehicle programs (such as, but not limited to, ANPQP (Renault), MRF (PSA), Ford Phased PPAP, etc.).

5.3 Supplier agrees that the following scenarios require a (new) initial sample submission:

- If a product is being produced for the first time;
- A change in (geographic) location of supply;
- A change in Supplier's sub-contractor / sub-supplier;
- A product design modification or material change;
- A production process modification;
- Implementation of additional or replacement tools / cavities / molds / forming devices; when applicable.
- Utilization of alternative capital equipment;
- A planned change in material specifications;
- After a supply or production interruption of more than one year.

5.4 Supplier agrees to provide advanced written notification of such and receive back written concurrence prior to any such changes being initiated.

5.5 Supplier acknowledges that an AIAG PPAP Submission Level 3 or VDA 2 Level 2 is required and that no parts are to be shipped without JAC approval.

5.6 Supplier shall submit their material data in IMDS 30 days prior to their PPAP submission. The submitted IMDS details will be checked by JAC for correctness and compliance and JAC will either accept or reject the submission. Supplier further understands that it is their responsibility to track the status of their submission within the IMDS system and update the submission if rejected by JAC. Finally, Supplier must include the IMDS approval in their PPAP submission to JAC and

understands that they will not receive full initial sample approval without an approved IMDS submission.

5.7 For parts with applicable special processes, supplier must ensure their (or their sub-supplier's) processes are in accordance with the applicable AIAG CQI standard by conducting an appropriate audit and submitting the results with Supplier's PPAP.

5.8 In the case where initial samples deviate from the JAC specification and/or requirements, JAC should be notified in advance of receiving the Initial Sample Submission. Any deviation requires written approval in advance from JAC This approval must be part of the Initial Sample Submission.

5.9 Supplier shall be responsible for keeping master samples from the Initial Sample Submission and the last documented process or design changes.

## 6. MACHINES AND PROCESSES

6.1 Supplier shall verify and improve product and process quality through regularly-scheduled internal system, process and product audits. Additionally, Supplier shall pursue continued quality improvements (in an effort to achieve zero defects) through the tracking and evaluation of internal process indicators (e.g. downtime, scrap, rework, etc.).

6.2 The Supplier shall conduct and document detailed suitability analyses of the relevant manufacturing facilities for all functionally relevant features. If the Supplier does not reach a machine suitability value of Cmk ≥ 1,67, then it shall furnish proof either of suitable optimization of its facilities or of suitable tests of the manufactured products that exclude the possibility of faulty supplies.

6.3 In the event of continuous large-scale production, the Supplier shall use suitable procedures (e.g. statistical process control or manual control cards) to ensure and document a process suitability value of Cpk ≥ 1,33 for all functionally relevant features throughout the entire production period. If this value is not reached by the Supplier, it shall back up its deliveries with suitable test methods and optimize the production process in such a way that the required process suitability is reached.

6.4 Significant Characteristics, Critical Characteristics and those characteristics with safety implications shall be identified on the PFMEA and Control Plan and be systematically monitored. For these Special Characteristics, the supplier must also ensure and document a process suitability value of Cpk ≥ 1,67 or perform 100% testing/inspection. Error-proofing systems and poka-yoke designs are highly recommended.

6.5 The Supplier is responsible for the identification and correct specification of functionally relevant features and, where applicable, of the suitable optimization of manufacturing facilities and of suitable test methods. Functionally relevant test criteria are to be specified upon coordination with JAC.

6.6 Production equipment owned by the customer (tooling, equipment, test equipment etc.) have to be marked „property of XXXX“ permanently. This production equipment is to be included in and calculated for as part of the maintenance activities of the supplier.

## 7. GAGES AND MEASURING SYSTEMS

7.1 Gages and measuring instruments used for verification of quality must be maintained and calibrated in accordance with IATF 16949 requirements. Use of the AIAG MSA Manual as a guideline is suggested. All gages used to measure characteristics denoted on the process control plan must have a gage R&R (MSA2).

## 8. PART / BATCH TRACEABILITY

7.1 Supplier must present their planned level of traceability (single part or batch size, including definition of the traceability reference).

7.2 Supplier is responsible and liable for the clear traceability and proper marking of the product during all phases of production and delivery (including to and from sub-contractors & other external processes).

7.3 Supplier shall be able to provide traceability information to JAC, upon demand, at any time.

## 9. TRANSPORT

9.1 The Supplier shall assure the quality of deliveries until they arrive at JAC.

9.2 It shall therefore ensure that deliveries are made only in packaging approved by the customer.

## 10. QUALITY TARGETS

10.1 Supplier’s overriding goal should be to pursue and implement a zero-defect strategy in support of the product they supply. Supplier agrees to implement preventative measures, error proofing, inspection plans and continuous improvement activities to ensure its quality performance.

10.2 The Supplier shall work toward the zero-defect policy. Nevertheless, PPM agreements are reviewed on a yearly basis and must be agreed between JAC and the Supplier. The Supplier shall notify JAC immediately if detrimental deviations from the agreed target corridor can be foreseen at any time.

10.3 The agreement of a target corridor does not affect the liability of the Supplier for warranty and damage compensation claims on the part of JAC for defects in deliveries. Instead, under the

contractual provisions, the Supplier shall also be liable for any defects where the error frequency lies within the agreed target corridor.

10.4Supplier understands that failing to meet these thresholds may require JAC to take reasonable, protective measures (e.g. 3rd party company involvement) to ensure our facilities receive an acceptable level of quality.

## 11. DOCUMENT CONTROL - ARCHIVING PERIODS

11.1 The Supplier and its sub-suppliers shall be committed to keeping quality records for a period of at least 3 years and 15 years in case of part approvals. Such records shall be made accessible to JAC for the purpose of proof (DIN EN ISO 9001, section 7.5.3). Any further-reaching record retention periods are subject to separate agreements.

## 12. BORDER SAMPLES

12.1 The designated customer is responsible to make border samples and visual acceptance standards (VAS) in order to define the acceptance criteria for the final parts. Whenever there are no border samples signed by the customer, standard VDA16 Acceptance Criteria shall apply. VAS or signed border samples must be sent by JAC to the Supplier at SOP. Further VAS or border samples might be agreed during the lifetime in case of new issues.

## 13. INCIDENT MANAGEMENT

13.1 The Supplier is liable for the defects caused by its ‘process and/or by the degradation of any machine or tools used to produced them.

13.2 JAC shall only conduct incoming goods inspections to ensure the correctness of product types and the absence of any transport damage that may be visible on the outer packaging.

13.3 Regardless of Supplier’s quality performance, Supplier agrees to react immediately and thoroughly to all quality complaints. This includes, but is not limited to, the following:

- 100% containment of the quality non-conformity with defined immediate actions sent back to the JAC quality contact within 24 hours of the initial notification. This can be done by the Supplier or by a third-party.

- Supplier shall continue a 100% or a suitable random test inspection for the non-conformity in their facility until such time that Supplier can prove (with data) that the corrective actions implemented have effectively resolved the issue(s).

- Expedited delivery of replacement stock (certified and tagged appropriately), if requested by the JAC, to ensure uninterrupted supply to JAC’s customer.

- Complete implementation and standardization of all identified corrective actions for sustainable defect prevention and a finalized 8D or Problem-Solving Worksheet sent to the JAC quality contact within 30 days of the initial notification.

- If requested by JAC, Supplier will support JAC with a visit to the JAC (or JAC's Customer's) facility.

- Supplier acknowledges that all costs and expenses (including administrative charges) for the quality incidents will be debited from Supplier's account. Supplier has the right to review and dispute any debit. However, Supplier is not excused from further performance during review of the debit.

13.4 JAC is entitled to attend inspections and diagnostic activities conducted by the Supplier or its sub-suppliers, to have such inspections observed by third parties that have been authorized to this effect by JAC.

13.5 The Supplier is responsible for recalling the defective parts and assure their replacement in time to prevent delivery failures to the customer.

## 14. PART RE-QUALIFICATION

14.1 Supplier agrees to re-qualify their parts to JAC's expectation (+ OEM - specific requirements) on an annual basis, in accordance with the provisions of IATF 16949 section 8.6.2 and to Requalification Agreement – Suppliers agreed between JAC and the supplier for each project.

14.2 In the case of negative re-qualification results, Supplier must contact JAC immediately and initiate the problem-solving process to effectively determine the root cause and severity of the defect and the suitable corrective measures.

## 15. PROCESS AUDITS

15.1 Supplier understands that JAC uses the process audit as a tool to assess the Supplier's system and practices against standard automotive industry norms in an effort to continuously improve our supply base and minimize risk associated with supplied parts.

15.2 JAC reserves the right, at their sole discretion, to conduct a process audit during the life of the program to ensure Supplier's process and product continue to meet JAC's requirements. Audits shall only take place upon prior arrangement with the Supplier.

15.3 As part of its deliveries, the Supplier shall also enable JAC to conduct Audits on its sub-suppliers. Audits shall only take place upon prior arrangement with the Supplier.

15.4 Audits to the Supplier shall usually be conducted on the basis of FIEV. In specific cases, and upon consultation, it is also possible to use different questionnaires of the automotive industry. (e.g. VDA, IATF 16949).

15.5 Further, Supplier understands that negative audit scores, Risk scores (according to each specific standard requirement) or other clear deficiencies, as determined by JAC, must be eliminated within a reasonable amount of time. Failure to do so could have a negative impact on the business relationship and, accordingly, JAC reserves all rights under its contracts and applicable laws.

## 16. ENVIRONMENT

16.1 All processes required for the manufacturing of parts and all materials used for this purpose shall comply with legal regulations.

16.2 Suppliers are to understand and reduce the environmental impacts of their operations and of the products and services they provide to JAC. This will include programs that promote efficient and responsible use of energy, water, and other resources; promote utilization of renewable energy; minimize the use of hazardous materials; promote reuse and recycling, and reduce emissions to air, soil, and water.

16.3 All improvements to the suitability of products for recycling (new materials) shall be notified to JAC.

16.4 Initial deliveries and changes to deliveries of hazardous substances and auxiliary materials (oils, fats, adhesives, base materials for surface coating, additives for coloring, etc.) shall be accompanied by safety data sheets.

16.5 The same as 15.4 applies to the delivery of materials and parts that release hazardous substances under specific conditions as well as to substances which, according to experience, can only be disposed-off with considerable difficulties.

16.6 Suppliers are expected to ensure that parts and products supplied to JAC are conflict-free (do not contain metals derived from “conflict minerals”; columbitetantalite (tantalum), cassiterite (tin), gold, wolframite (tungsten), or their derivatives as defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

## 17. SUSTAINABILITY

17.1 Supplier must operate in compliance with the following standards regarding Labor, Health & Safety and Business Ethics. Moreover, we require our suppliers to incorporate these requirements in their own sourcing practices, contracts and supplier management as JAC believes, through strong partnerships with our suppliers and key stakeholders, we can positively influence our raw materials supply chain.

17.1.1 LABOR standards:

Freely Chosen Employment - No forced, bonded or indentured labor; involuntary or exploitative prison labor; or slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services.

Young Workers - Child labor is not to be used in any stage of manufacturing or in the provision of services or supplies. Suppliers shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations

Working Hours - Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Working hours are not to exceed the maximum set by local law.

Wages and Benefits - Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

Humane Treatment - There is to be no harsh or inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment.

Non-Discrimination - Suppliers should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation or union membership in hiring and employment practices such as wages, promotions, rewards, and access to training.

Freedom of Association - In conformance with local law, Suppliers shall respect the right of all workers to form and join trade unions, of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities.

17.1.2 HEALTH & SAFETY standards:

Occupational Safety - Worker potential for exposure to potential safety hazards are to be identified and assessed and controlled through proper design, engineering and administrative controls, preventive maintenance, safe work procedures and ongoing safety training.

Emergency Preparedness - Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures.

Machine Safeguarding - Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

17.1.3 ETHICS standards:

Business Integrity - Suppliers shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

No Improper Advantage - Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.

Disclosure of Information - All business dealings should be transparently performed and accurately reflected on Supplier's business books and records. Falsification of records and/or misrepresentation of conditions or practices in the supply chain are unacceptable.

Intellectual Property - Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights; and, customer and supplier information is to be safeguarded.

Fair Business, Advertising and Competition - Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available and used.

Protection of Identity and Non-Retaliation - Programs that ensure the confidentiality, anonymity and protection of Supplier and employee whistleblowers are to be maintained unless prohibited by law. Suppliers should have a communicated process for their personnel and workers to be able to raise any concerns without fear of retaliation.

Privacy - Suppliers are committed to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

## 18. CERTIFICATION

18.1 JAC must be notified at least 3 months in advance by Supplier in the event that any of the required certificates expires without planned recertification. In the case of unexpected certification revocation, JAC is to be notified immediately.

18.2 The supplier has the responsibility to send updated copies to JAC for which is certified (e.g. ISO9001, IATF16949, ISO14001) confirming the valid registrations.

## 19. PERIOD OF VALIDITY

19.1 This Quality Agreement shall be in force for an unlimited period of time and may be cancelled in writing at 6 months' notice. However, it shall continue to be in force for all delivery concluded until its termination.

## 20. FINAL PROVISIONS

20.1 Should individual provisions of this Agreement and of these regulations be or become wholly or partially invalid, or should the Agreement contain a gap in its regulations, then this shall not affect the validity of the remaining provisions or of parts of such provisions. In such a case the invalid or missing provision shall be replaced by the relevant statutory regulations.

This Agreement is an addition to the Supplier Quality Assurance Manual (SQAM) recommendations that are available at https://www.jacproducts.com (Supply Partners).

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| Carregado, [Date] | [Place], [Date] |
| _____ | _____ |
| JAC Products Lda | [Supplier] |