SUPPLIER QUALITY MANUAL

EXO-S

Revision: June 2019

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1.0 INTRODUCTION

1.1 Precedence

If there are differences between the requirements of this Supplier Quality Manuel (SQM) and any other document, the order of precedence of the documents is as follows:

1. The purchase order;
2. Terms & Conditions;
3. The component specifications / drawings;
4. This SQM;
5. Standards to which are referred in this SQM.

The revision of the specifications / drawings, that was valid when the individual order was placed, will be the valid version when determining the quality requirements of the components.

1.2 Document Revision

All revision or addition to the SQM will be reviewed and approved by Exo-s Strategic Purchasing and Technology Vice-President.

The Strategic Purchasing and Technology Vice-President shall ensure compliance of the SQM to the company requirements. He shall ensure the timely release and communicate changes of the SQM to all suppliers.

1.3 Purpose of this Manual

The purpose of this manual is to communicate Exo-s' requirements, expectations and standards to all suppliers providing materials, products and services to any Exo-s manufacturing facility. This includes suppliers of direct materials, packaging materials and services (including containment, sorting and calibration services) with potential impact on any product characteristics affecting Exo-s' Customer requirements. This drive for excellence, in conjunction with a close working relationship, will enable us both to continuously improve and become leaders in a world class supply base. Our joint goal must be the delight of all our customers.

The requirements as detailed in this manual define basic requirements and are supplemental to requirements as defined within the latest ISO 9001 and IATF 16949 Standards, and any specific requirements by the customer to whom the final products are ultimately being shipped. Suppliers are also expected to manage their sub-tier suppliers of products and services to ensure compliance to the requirements defined within this manual.

1.4 Confidentiality

Suppliers shall maintain confidentiality of Exo-s products and information as documented in Exo-s contracts.

1.5 Social Responsibility

The supplier shall carefully read this document and ensure that it fully understands its content and have clarified all issues with Exo-s.

In addition to the conditions of this Supplier Quality Manual, Exo-s expects that the supplier expressly warrants that all contracted products and services shall conform to and satisfy the drawing, specifications, samples and other descriptions furnished, specified or approved by Exo-s as well as applicable logistic planning, safety and environmental rules or regulations applicable to the geographical location of the supplier manufacturing site.

Exo-s acknowledges its social responsibility in the global marketplace which demands adherence to principles that protect the well-being of employees throughout our Supply Chain. These principles apply to all suppliers and cover the following:

1.5.1 Sustainability

Exo-s' objective is to be an industry leader in health, safety and environmental practices and it is our expectation that our suppliers show the same commitment towards minimizing their own impact on the environment, while also providing safe and healthful working conditions.
Suppliers shall comply with, or exceed all applicable health, safety and environmental regulations and regularly monitor all activities with impact in these areas. Suppliers must ensure compliance, at a minimum, while promoting continuous improvement in reducing the impact of their products, on the environment.

1.5.2 The Environment

Exo-s is committed to environmental responsibility and expects our suppliers to show the same dedication and commitment to the environment. Exo-s recommends certification to ISO 14001 environmental standards.

1.5.3 Conduct and Ethics

Exo-s believes in conducting business with integrity, fairness and respect. We demand this same standard of our suppliers and other representatives.

1.5.4 Global Working Conditions

Recognizing that our supply chain spans different regions around the globe, it is Exo-s' expectation that our suppliers comply with applicable laws and regulations and will have appropriate policies, procedures and systems in place to ensure the respect of human rights and to support the following standards:

- Underage (child) labor, as defined by local labor law, will not be utilized unless it is part of a government approved training or apprenticeship program that clearly benefits the participants.
- Any form of forced or compulsory labor or human trafficking is prohibited.
- Workers, without fear of reprisal, intimidation or harassment should be able to communicate openly with management regarding working conditions. They shall also have the right to associate freely and join labor unions and workers' councils in accordance with local laws.
- Workers shall be protected against any form of harassment and discrimination in any form, including but not limited to gender, sex, age, religion, disability and political beliefs.
- Workers shall have a safe and healthy workplace that meets or exceeds all applicable standards for occupational health and safety.
- Workers shall be compensated with wages and benefits that are competitive and comply with local law, including minimum wages, overtime hours and legally mandated benefits.
- Working hours shall comply with all applicable local laws regulating hours of work.
- It is our expectation that all our suppliers will maintain these global working conditions in all their operations, while also promoting adoption of these principles with their own suppliers.

Failure to comply with any of these working conditions may prevent the award of future business and could lead to termination of the contract according to Exo-s Terms and Conditions, in response to the severity of violations and as deemed appropriate by Exo-s.

Exo-s encourages all its suppliers to complete the free online training for Supply Chain Responsibility through www.aiag.org

1.5.5 Conflict Minerals

Under legislation which came into effect in 2012, manufacturers who file certain reports with the U.S. Securities and Exchange Commission (SEC) must disclose whether products they manufacture, or contract to manufacture, contain conflict minerals that come from sources that support or fund inhumane treatment in the region of the Democratic Republic of the Congo or an adjoining country.
Suppliers are expected to supply materials to Exo-s that are "DRC Conflict-Free", these are generally characterized as gold, tantalum, tin or tungsten from any source whose supply chain originates in mines in the conflict areas of the Democratic Republic of the Congo or adjoining countries.
Suppliers are expected to adopt policies and management systems with respect to conflict minerals and to require their suppliers to adopt similar policies and systems. Exo-s expects suppliers to establish their own due diligence program to ensure conflict-free supply (CFS) chains and to source from smelters validated as compliant to a CFS Compliant Smelter List.

As additional legislation and regulations are written and approved regarding the disclosure of materials that make up certain components it is expected that the supplier will cooperate and provide Exo-s with information when requested.

For additional information please refer to:

http://www.conflict-minerals.com

1.5.6 Restricted Materials (REACh & RoHS)

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACh)

REACH addresses the production and use of chemical substances, and their potential impacts on both human health and the environment.

> Under legislation which came into effect throughout Europe in 2006, manufacturers must disclose whether products they manufacture, or contract to manufacture, contain hazardous substances listed under the SVHC (Substances of Very High Concern) category of the REACh regulation, if the concentration of any of such substances exceeds 0.1% of the total mass of the product.

For additional information please refer to:
http://ec.europa.eu/environment/chemicals/reach/reach_en.htm

RoHS (Restriction of Hazardous Substances)

Under the RoHS legislation which came into effect in Europe in 2003 and that was extended in 2015 by different European Union directives, manufacturers must disclose whether products they manufacture, or contract to manufacture, contain hazardous substances such as:

- lead
- mercury
- cadmium
- hexavalent chromium
- polybrominated aromatic compounds
- several specific types of phthalates

For additional information please refer to:
http://ec.europa.eu/environment/waste/rohs_eee/index_en.htm

Exo-s suppliers are expected to adopt policies and management systems with respect to REACh and RoHS requirements and to require their own suppliers to adopt similar policies and systems. Exo-s expects suppliers to establish their own due diligence program to ensure compliance in the supply chains.

1.5.7 Supplier Diversity Program

A key strategy for OEM procurement is to ensure participation of diverse suppliers throughout the entire supply chain. GM, FCA and Ford are re-instituting the initiative for Tier 1 & Tier 2 suppliers to meet the diverse supplier procurement annual objective.
Exo-s also promotes supplier diversity throughout its supply chain with a mission to increase business opportunities for minority and women's owned organizations. Exo-s encourages its supply base to do the same.
Diverse suppliers include the following:

- Ethnic minority-owned: African American, Asian Indian American, Asian Pacific American, Hispanic American, Native American;
- Woman-owned non-minority;

To qualify for this status, the supplier must be 51% ethnic minority or woman-owned controlled and certified by an OEM approved certification body. Diverse content includes raw material, component parts, construction, processing and direct/indirect labor or services.
If, as a supplier, you are certified under the Supplier Diversity Program, you should provide a valid copy of your certificate to benefit from your status.

2.0 LEADERSHIP & THE ORGANIZATION

2.1 Communication

Delighting our customers relies on effective and efficient communication between Exo-s and our supply base.

We have teams focused on advanced engineering, innovation, design and development, launch and manufacturing. Each of our suppliers is expected to identify and support these teams for the programs in which they are involved. You are encouraged to develop an excellent working relationship with your counterparts, using constant, frequent and structured communications.

For each program in which a supplier is involved, the supplier must intentionally make their team familiar with the Exo-s team members from the following departments:

- Engineering
- Strategic Purchasing
- Logistic and Purchasing
- Quality

The supplier is required to submit the Supplier Contact List (appendix 1), including emergency contacts. If any changes are made within the supplier's organization, revised documents must be sent to Exo-s Purchasing department.

2.2 Supplier Quality Policy and Expectations

Exo-s is committed to the following supplier quality policy:

"Total customer satisfaction through partnership and cooperation to improve the competitiveness of the suppliers by achieving the lowest cost for the products or services. Establishment and maintenance of efficient process and tools to pursue the Zero Tolerance defect approach".

Our objective is to have a positive impact on the performance and development of our suppliers, ensuring, on-time delivery of defect free, competitive products and services on time.

In direct support of Exo-s commitment to "Total Customer Satisfaction" and desire to "Exceed our Customer's Expectations", it is expected that our suppliers work toward exceeding the expectations and requirements of Exo-s Supplier Quality Manual (SQM).

"Total Customer Satisfaction" means perfection in all that you do: perfect planning, perfect execution, perfect communication, and perfect parts. This is demonstrated through consistent delivery of quality products to Exo-s and our customers. Our suppliers are expected to have zero incident and zero disruption, provide products with zero defects, have flawless delivery performance and on time responsiveness to issues.

A supplier's top management shall demonstrate leadership and commitment to their quality management system, and they are ultimately accountable for the overall effectiveness of that system. Top management is responsible to ensure that risk-based thinking is evident and effective in all aspects of a supplier's management system. To ensure this, management's responsibilities should include:

- Identifying and supporting process owners
- Supporting and participating in the escalation process related to all safety relevant products and processes
- Ensuring achievement of customer quality targets and performance requirements
- Implementing corporate responsibility initiatives dealing with anti-bribery, code of conduct and ethics

2.3 Supplier Certification

Exo-s' goal is for all suppliers of materials and services, producing or affecting direct production material, to become certified to IATF 16949. All suppliers of direct production material to Exo-s, must demonstrate conformity to the latest IATF 16949 Standard, and to other standards that might be directed by the procuring plant(s) including, but not limited to VDA & ISO 17025 or have a plan to do so. Suppliers who are not certified to IATF 16949 must, as a minimum, be certified to the latest ISO 9001 standard and comply with the "Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers" (MAQMSR – available at www.iatfglobaloversight.org – OEM Customer-Specific Requirements). Suppliers who are only certified to ISO 9001 may be subject to an annual management system audit, by a qualified Exo-s auditor.

Should any existing certification expire, be revoked, or be placed in suspension or probation, the supplier must immediately contact the Supplier Development Coordinator to notify of the change in certification status. Any suspension in certification status must be reported within 5 business days.

Suppliers shall also maintain all required Continuous Quality Improvement (CQI) Assessments, as defined by their processes (Ref. http://www.aiag.org) (Ref.

http://www.iatfglobaloversight.org/) and supply them annually upon request of the Supplier Development Coordinator

CQI-9 / Special Process: Heat-Treat System Assessment (when applicable) and FORD Customer Specifics to CQI-9 available through: https://web.qpr.ford.com/sta/CQI-9_Ford_Specific_Requirements.xls
CQI-11 / Special Process: Plating System Assessment (when applicable)
CQI-12 / Special Process: Coating System Assessment (when applicable)
CQI-14 / Special Process: Customer-Centric Warranty Management (when applicable)
CQI-15 / Special Process: Welding System Assessment (when applicable)
CQI-17 / Special Process: Soldering System Assessment (when applicable)
CQI-23 / Special Process: Molding System Assessment (when applicable)
CQI-27 / Special Process: Casting System Assessment (when applicable)

Suppliers shall nominate a product safety representative for each applicable manufacturing location.

Suppliers shall establish and maintain a documented process to ensure identification of training needs and documentation showing achieved competence levels for all personnel performing activities affecting conformity to product and process requirements. This shall include documented verification of competence for personnel conducting internal audits, including Quality Management System audits and applicable CQI assessments.

In addition to direct material suppliers the scope of these requirements applies to suppliers of subassembly, sequencing, sorting and re-work (either on-site or at a remote location) and services. Suppliers are expected to maintain the same level of quality and manufacturing controls for the production of service parts and assemblies (i.e. for the full life of the program). This shall include any service requirements transferred to any alternate site, location or organization. Suppliers of service parts, components or assemblies must comply with the Automotive Industry Action Group (AIAG) Service Parts Production Approval Process (Service PPAP).

2.4 Supplier Assessments

Exo-s reserves the right to review and assess a supplier's financial, operational, information and IT security, quality, environmental and Health & Safety systems, for the purposes of validating compliance to standards established by applicable ISO, IATF, VDA 6.3 Standards, Customer Specific Requirements or requirements as detailed within this manual.

Assessments or reviews may be conducted from time to time to ensure the on-going stability and viability of Exo-s' supply base. All suppliers, including Customer-designated or Customer-directed, are expected to provide, upon reasonable notice, access to their facility as well as those of sub-tier suppliers, as necessary.

3.0 QUALITY SYSTEM REQUIREMENTS

3.1 Design & Development

Advanced Production Quality Planning (APQP) has become the industry standard by which new products are introduced into the automotive market. Exo-s requires suppliers to complete all advance product planning and submission in full accordance with the AIAG APQP & Control Plan manual.

The APQP is a structured process that defines and establishes the necessary steps to ensure product meets customer requirements. Its purpose is to communicate the requirements necessary to develop the product quality plan. The supplier top management support is a key element to the success of the APQP process.

The supplier will be notified of which parts will be required for APQP tracking. Program Kick-off meetings may be held to further communicate launch requirements. Your Exo-s Quality Representative will be the main APQP link throughout the launch.

Suppliers shall ensure a multi-disciplinary approach is used throughout the product life cycle, and most especially through the design and development planning process. Suppliers shall conduct and document detailed feasibility reviews to ensure all technical, manufacturing, performance, specification, certification and timing requirements can be supported. Suppliers shall submit such feasibility reviews to Exo-s, upon request. Suppliers will ensure that resources are available and able to communicate effectively, to ensure successful completion of all requirements to meet defined program timing. It is also the responsibility of suppliers to ensure any sub-tier suppliers for which they are responsible, also have sufficient resources assigned.
Suppliers must have the ability to securely communicate CAD data, as required. The supplier shall have adequate safeguards in place to prevent any improper use or communication of this data. Suppliers are expected to use all appropriate tools in the product and process planning phase.

3.2 Planning

As part of their risk analysis, suppliers will work with the appropriate Exo-s Quality Representative to define the key program deliverables which may include but it is not limited to:

Definition of all customer expectations and government or legislative requirements related to product development and approval. Customer requirements shall include all requirements of this manual as well as all final Customer requirements.

Suppliers must review past warranty or field return issues for any similar product design and/or applications. The warranty analysis shall include all sub-tier suppliers, where appropriate.
Historical quality data on similar parts and manufacturing processes shall be reviewed. Problem reports, and corrective actions rework and scrap shall be reviewed to ensure inclusion of adequate controls to prevent recurrence of previous non-conformities.

Suppliers shall work closely with Exo-s to ensure all processes are controlled adequately so as to prevent the manufacture and transfer of defects. Process controls must be sufficient so as to control failure modes identified through the Process Failure Modes Effects Analysis (PFMEA). All related sub-tier documentation shall be available for review, by Exo-s, upon request.
Special attention shall be given to all critical processes such as heat treating, plating, coating, soldering, welding and appearance items.

3.3 Product Design & Development

Suppliers with design responsibility must receive Exo-s and /or OEM approval of all product design, test and validation specifications, including CAD specifications and transfer requirements. Suppliers with design responsibility shall ensure all personnel with design responsibility are competent in all applicable tools and techniques, as identified by the supplier. All deviations must be approved by Exo-s, in writing, in advance of implementation. Supplier requests for deviations and engineering approvals shall be documented and controlled as per Exo-s requirements.
Suppliers with design responsibility must complete all appropriate Design Failure Modes Effects Analysis (DFMEA), in compliance with latest AIAG standards and have them available for review and approval by Exo-s. When applicable, the supplier and Exo-s will establish performance approval expectations for each phase including Engineering Validation (EV), Design Validation (DV) and Production Validation (PV). Data and results from EV, DV and PV testing shall be used in the design and construction of test and inspection equipment that will later control the manufacturing process.

3.4 Identification of the PTC

“Pass through Characteristics” are functional components characteristics manufactured by the supplier that are not used by the “Tier 1” supplier (Exo-s) during their manufacturing operation that may affect the OEM or final customer. If applicable, the supplier will be advised by the Exo-s Quality Representative who will provide necessary support.

3.5 Supplier Selection

The supplier shall have a documented sourcing process, for all sub-tier suppliers affecting customer requirements. The risk analysis shall include an evaluation of the sub-tier supplier's Quality Management System.

3.6 Tooling, Gauges & Test Fixtures

Tooling design and build is the responsibility of the supplier. Suppliers are responsible for the maintenance of all tooling, testing and inspection equipment. Reproducible tooling prints must be completed by the supplier at PPAP approval on all new program tools as well as tools undergoing an engineering change and current tools that are revised. The supplier, upon request from Exo-s, must provide reproducible tooling prints for existing tools.
Customer owned tooling, gauges and test fixtures must be identified as described in the tooling Purchase Order. Pictures and measurements of the tools must be submitted to Exo-s in order to approve final payment of the tools.

The supplier shall, upon request, furnish a tool inventory of all tools owned by Exo-s or its customer (active and inactive) in the supplier's possession.

Exo-s will determine the disposition of all Exo-s owned tooling by a Return Material Authorization (RMA) communicated to the supplier.

3.7 Process Design & Development

As part of the advanced planning process, suppliers must design and develop a manufacturing process that will meet quoted production volumes and all quality requirements as approved by Exo-s. The supplier shall use a multi-disciplinary approach for risk identification and mitigation in developing and improving plant, facility and equipment plans. Quality planning documentation such as Failure Modes Effects Analysis (FMEA), Process Flow Diagram (PFD) and Process Control Plan (PCP) must be developed, reviewed and approved by Exo-s prior to production approval and launch. Suppliers are expected to have a strong focus on prevention and potential failure modes identified through the Advance Quality Planning process must have appropriate error-proofing designed into the manufacturing process to ensure capture and containment of product non-conformances.

Once production approval is received from Exo-s, any change to the manufacturing process must be communicated to Exo-s, prior to the change taking place. These changes must subsequently be approved by Exo-s prior to implementation.

3.8 Product & Process Validation

Prior to final production approval, the supplier shall validate all control documentation (FMEA, PCP, and PFD) to ensure the manufacturing process is properly detailed and all measurement and control systems are identified and implemented. The supplier shall establish appropriate production reliability/quality goals along with disciplined corrective action processes to drive improvement through the manufacturing process. Production Validation (PV) samples must come from the approved manufacturing process and flow, unless specifically authorized in writing by Exo-s. Final production approval will require completion of all AIAG prescribed activities including component part dimensions, material certifications, all approved supporting documents and any additional requirements that may be defined by Exo-s. Deviations required to be part of a PPAP submission package, must be approved in writing by Exo-s, prior to PPAP submission. Unless otherwise specified by Exo-s, all level 3 requirements as detailed in the AIAG PPAP Manual must be met. For suppliers with IMDS requirements, verification of data entry must be submitted with PPAP. Suppliers must submit this information to the Exo-s ID # 15922. Failure to comply will result in a delay of PPAP approval. For assistance with the IMDS system contact the IMDS Helpdesk at the contact numbers listed within the IMDS site at www.mdsystem.com. Suppliers are also expected to develop and implement detailed launch readiness reviews. After PPAP approval and prior to production acceleration, the supplier must complete a capacity evaluation. This activity may be monitored by Exo-s at the supplier site. The data generated by the capacity verification must be provided to the Exo-s Quality Representative for review and approval. The documents, details and duration of the capacity verification will be communicated, as well, by the Exo-s Quality Representative. The quality and quantity of parts produced will be used to determine whether the evaluation passes, fails or has open issues.

All product characteristics, identified by Exo-s or its OEM Customer, affecting design, manufacture, assembly, fit or function (including future/subsequent processing), will be identified and communicated by Exo-s. As part of the product and process validation, suppliers shall be required to establish, validate and maintain short- and long-term capability, as defined by Exo-s. Customer designated special characteristics, as identified by Exo-s or its Customer, affecting safety or compliance with regulations, must be validated to have acceptable short and long term capability and must be controlled through acceptable statistical process control methods.

As dictated by the IATF 16949 Customer Specific Requirements, all suppliers producing FCA US LLC or Ford components shall submit, to Exo-s, their annual dimensional layout. All suppliers producing Volkswagen components shall submit, to Exo-s, an updated PPAP every 3 years.

3.9 Feedback & Assessment

As part of the production part approval process for all new and transfer product, suppliers shall develop an early product launch, or Safe Launch containment plan. The process shall include

regular reviews of data collected as part of the containment checks, with appropriate controls and corrective action implemented to address all instances of non-conformance. Containment plans, results and corrective action must be available to Exo-s for review upon request.

Early product containment must remain in place until the production process is validated to be stable. Unless otherwise specifically directed by Exo-s, your early product containment plan must remain in effect for the first 2000 parts, or for the first 30 days of production (whichever is more stringent).

Suppliers shall not proceed with shipments of production material without full PPAP approval, unless an approved waiver, deviation or interim approval has been granted in writing by Exo-s. Suppliers can only ship the volume of parts, or for the duration of time specified by the interim approval.

4.0 Control of Production

4.1 Control of Fixtures & Test Equipment

4.1.1 Monitoring

The supplier must have a documented system in place to control, calibrate, and maintain the proper function and an accepted level of repeatability and reproducibility of all inspection fixtures, measuring / testing instruments and equipment.

4.1.2 Validation

All measurement and test equipment must be calibrated annually, at a minimum, or at such greater frequency as established by the supplier's Measurement Systems Analysis (MSA) process. The calibration record/certificate must be on file at the supplier's facility and be traceable to the actual identification information and to the appropriate standard. Calibration Services of equipment must meet the requirements of the latest released edition of ISO and/or IATF 16949 standards.

4.1.3 Inspection, Measuring, and Test Equipment Records

Records must include any revision information, traceable to the part revision level. External/commercial/independent laboratory facilities used for inspection, test or calibration services by the supplier shall have a defined laboratory scope that includes the capability to

perform the required inspection, test or calibration and must have evidence that the laboratory is accredited to ISO/IEC 17025 or national equivalent.

4.1.4 Measurement System Analysis

Gage and fixture Measurement System Analysis (MSA) must be performed as detailed in the latest released edition of the AIAG Measurement System Analysis Manual.

4.1.5 Record Retention

Suppliers are expected to maintain applicable retention periods as specified in IATF 16949 latest edition standard, unless subject to longer retention periods in compliance with all applicable legal, governmental or Customer specific requirements. Records must be stored in a location and/or environment that protects against inadvertent destruction.

4.2 Monitoring of Product & Process

Manufacturing process control must include a continuous monitoring of product/process characteristics and of all key parameters influencing the manufacturing process. Appropriate statistical process control methods, or error-proofing, must be applied on all characteristics identified through the APQP process and as directed by Exo-s. Process parameters and product characteristics subject to legislative safety, environmental and/or emissions regulations must be documented in control plans in compliance with Exo-s specific requirements and IATF 16949 requirements (Ref. CQI-16 IATF 16949 Guidance Manual).

Suppliers must validate compliance to product and process requirements on a regular basis. This can be accomplished through layered process audits (Ref. CQI-8 LPA Guidelines), systems self-audits or similar methods of verification. Records of such audits shall be immediately available for review when requested by Exo-s

4.2.1 Traceability

The supplier shall follow the traceability method as determined by the procuring Exo-s plant (e.g. date and shift of manufacture along with sequential processing number). In some cases, the component may be critical enough so as to warrant part identification; these instances will be communicated through the appropriate quality and engineering groups. Traceability requirements on prototype production parts may be defined by Exo-s and must be supported by the supplier.

The supplier shall ensure implementation and management of an effective FIFO method of stock rotation. Failure to comply with traceability requirements may lead to rejection of material and issuance of non-conforming material reports. Traceability records shall be maintained and accessible for the life of the product, including service, plus one year.

4.3 Non-Conformance & Corrective Action

Nonconformance notices will be issued upon discovery of defective product identified because of, but not limited to line rejections, mis-labelling, incorrect packaging, testing failures, failed inspection results, customer concerns, warranty and/or customer returns, receipt of obsolete material or material certification or other failure modes through a documented Quality Alert or Supplier Corrective Action Request (SCAR).

The supplier must send the Exo-s Quality Representative a written interim containment plan within 24 hours of problem notification using the SCAR form. The supplier is expected to communicate in writing the root cause and corrective action using the SCAR form within 10 business days. If the supplier is unable to resolve the quality issue in this delay, a written extension may be requested by communicating with the Exo-s Quality Representative. Validation and closure will be determined by the Quality Representative.

Quality and delivery non-conformance will be reflected in the Supplier Scorecard.

Suppliers will be responsible for all costs for non-conformance issues, such as but not limited to:

- Plant sort of supplier product at the Exo-s facility, until certified stock arrives
- Production line shutdown
- Finished product sort and/or scrap of material
- Any material transfer of nonconforming supplier product
- Quality Department time for problem investigation
- Testing if required
- Any sort/rework charges incurred by Exo-s, either directly or via 3rd Party sort/rework
- Related transportation expenses
- Any costs incurred by Exo-s for disruption of our customers, including costs associated with sorting, rework, yard holds and applicable field actions
- Costs associated with the disposition/return of unapproved or unauthorized material sent by the supplier
- Costs related to unauthorized deviations
- Costs incurred by Exo-s associated with customer recalls or product failures, caused by supplier non-conformance

These costs are charged to suppliers specifically to offset costs incurred by Exo-s and will vary according to the plant and specific issue involved.

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4.3.1 Controlled Shipping

The intent of controlled shipping is to implement a rigorous process that protects Exo-s and its Customers from the receipt of non-conforming parts and/or material. The controlled shipping

process is in addition to normal controls. The data obtained from the controlled shipping inspection process is critical as both a measure of the effectiveness of the containment process and the corrective actions taken to eliminate the initial nonconformance.

Controlled Shipping Level 1 (CS1)

Controlled shipping level 1 requires an additional inspection process enacted at the supplier's manufacturing facility. The inspection process ensures that Exo-s will be protected from receipt of non-conforming parts and /or material.

CS1 will be imposed by Exo-s in the case that failures in certified material following a SCAR reach Exo-s' manufacturing site. CS1 may also be imposed when there are recurrences due to failed or inappropriate corrective actions for a previously reported quality problem.

Controlled Shipping Level 2 (CS2)

Controlled shipping level 2 includes the same processes as controlled shipping level 1, with an additional inspection process that is completed by a third party. The third party is mutually agreed upon by Exo-s and the supplier and is the financial responsibility of the supplier. The level 2 inspection is required to be performed outside the supplier's facilities unless otherwise approved by Exo-s.

CS2 will be imposed by Exo-s in the case that failures in CS1 material reach Exo-s' manufacturing site.

Controlled Shipping Exit criteria

When the exit criteria for controlled shipping has been met, Exo-s will communicate in writing that the supplier is no longer considered to be in controlled shipping and controlled shipping activities can cease. The supplier cannot exit from controlled shipping or cease the controlled shipping activities without written authorization from Exo-s
The supplier will be eligible to exit Controlled shipping status once there has been no non-conformances detected for a period of a minimum of 20 business days following implementation of permanent corrective actions.

4.4 Change Management

4.4.1 Exo-s Product Engineering Change Request

Exo-s communicates engineering change requests to the supplier by providing new specifications, drawings and applicable directives in writing.

The supplier must contribute to the management of the engineering change request by providing the following information and proactively supporting Exo-s:

- Product unit cost modifications;
- Bank requirements, planning details and costs;
- Packaging change costs modification details;
- Packaging modifications (dimension, configuration, number of parts per box or per pallet);
- Transport cost modifications;
- Inventory of products from previous drawing revision;
- New delivery schedule;
- Order updates or conciliations.

The supplier must also update in a timely manner documents such as:

- PPAP documents;
- Work instructions;
- Inspection requirements;
- Bill of material;

PPAP approval is required prior to initial shipment. PPAP submission level will be determined by the Exo-s Quality Representative. Level 3 is required for initial PPAP submission.

4.4.2 Supplier Change Request

It is critical that the relationship between Exo-s and the suppliers be premised on open, effective and proactive communication. The occurrence of non-conforming product, unauthorized changes or any related supply chain issues, present a risk to both Exo-s and Exo-s' customers, when not communicated and managed effectively. To manage these risks most effectively, all suppliers must communicate as early as possible, the following:

- Any pending or potential issue which the supplier has identified
- Any potential manufacturing/quality issues
- Any potential supply and/or capacity issues
- Organizational changes with the potential for impact on manufacture or supply of product to Exo-s
- Changes to ownership structure

Changes having an impact on the quality of the material provided must be communicated to Exo-s Quality Representative and written authorization Part Submission Warrant (PSW) must be received prior to implementation. The supplier will use the "Supplier Change Request" form (appendix 2) to communicate the changes. Examples of these changes may include but are not limited to:

- All proposed material and/or process changes, including any change in process or product safety or critical characteristics
- All proposed changes, including:
    - Manufacturing location change

- Tooling capacity change
- Re-commissioning of tooling that has been inactive for one year
- Tooling refurbishment/replacement
- Proposed use of new manufacturing equipment
- Tooling transfer (re-source)
- Changes to sub-suppliers of raw material, components or services.

Suppliers will support all tests, validations, approvals and submissions required as a result of product or process changes, as directed by Exo-s. Suppliers cannot charge for samples or testing resulting from supplier related or requested changes, unless approved by Exo-s.

Delivery of parts with changed material must not start prior to a written approval from Exo-s. The supplier shall identify the first shipment including the change with proper identification, mutually agreed upon between the supplier and Exo-s.

Implementation of changes prior to final approval can result in:

- Financial impact due to exposure to containment and other related costs to secure all unapproved materials
- Mandate to return to previous level/design materials, and associated scrap costs
- Loss of future business

4.4.3 Unauthorized Change

Suppliers must be proactive in their communication and all changes must be communicated to Exo-s, prior to proceeding with those changes. Any unauthorized changes, without prior written approval by Exo-s would not only constitute a breach of Exo-s Terms and Conditions, but would also be a serious breach of standard automotive practice and would result in the placement of the supplier into Controlled Shipping. Suppliers who do not adhere to this requirement will be held responsible for all damages, losses and liabilities attributable to any unapproved change made by you or one of your suppliers. In the absence of proactive communication of potential changes, any costs incurred by Exo-s because of late notification or insufficient lead time, from the supplier, will be the responsibility of the supplier and will be charged to the supplier, as appropriate. Please evaluate your systems to ensure that your current practices are in compliance with Exo-s requirements and immediately contact the Exo-s Quality Representative at the receiving location with a detailed plan to correct any violations discovered. Continued non-compliance may lead to termination of the contract according to Exo-s Terms and Conditions.

4.4.4 Supplier Deviation Request

A deviation constitutes limited permission to supply materials, products or components that do not fully comply with the drawings, specifications or standards. The supplier must submit a Deviation Request to Exo-s Quality Representative, giving as much background information with the intent of the sought deviation. This information must include the date, duration and the

quantity of parts affected by the deviation. After review and analysis of the demand, the Exo-s Quality Representative will notify the customer, if required, about the related deviation. Delivery of parts with changed material must not start prior to a written approval of Exo-s. The supplier shall identify the first shipment including the change with proper identification, mutually agreed upon between the supplier and Exo-s. Suppliers are expected to effectively manage deviation expiry dates and must apply for any necessary extensions prior to the expiry of current deviations.

4.5 Continuity of Supply

Suppliers are required to have well defined business contingency plans in place to ensure continuity of supply in the event of disruption to their operations and/or supply of materials, because of man-made events, natural disasters, utility or labor disruptions and equipment or logistics failures or interruptions. These contingency plans shall be reviewed & tested on a regular basis. Contingency plan testing may be conducted according to potential risk.
Suppliers shall immediately notify Exo-s the moment they become aware of any potential supply disruption.

Each supplier to Exo-s shall identify an individual from the supplier's manufacturing location, with sufficient authority to assume responsibility for dealing with any product quality and/or delivery related issues that may impact Exo-s or Exo-s' Customers. The identified contact needs to be available at any time such issues arise. Contact information shall be made available to Exo-s through the Supplier Contact list.

4.6 Warranty

A primary focus of Exo-s' Customers is expenses attributed to product performance after vehicle sale. Financial liability associated with warranty is increasingly significant as consumer awareness improves, and OEM Customers extend warranty coverages.

OEM Customers have stipulated that warranty costs will be shared with their supply base. As such, suppliers will be expected to participate in warranty activities including:

- Warranty returns reviews/analysis
- Improvement actions
- Warranty cost responsibility

When a supplier's component is implicated in a warranty, campaign or recall issue, with financial consequences to Exo-s based on Exo-s' Customers' warranty or recall policies, the supplier must be prepared to accept these costs. The costs for which a supplier shall be responsible shall be determined in accordance with Exo-s Purchase Order Terms & Conditions.

5.0 Control of Materials/Logistics

5.1 Electronic Data Interchange Manual (EDI/ASN):

In support of lean and efficient business processes, suppliers must be able to support electronic data interchange via Standard or Web EDI. Acceptable message standards include VDA, ANSI and EDIFACT.

5.2 Purchase Orders & Releases

Suppliers shall manage their logistics processes to ensure quality and on time delivery at the times specified by Exo-s.
In partnership with our suppliers, Exo-s will work to develop logistics planning that ensures:

- Maximum flexibility to support response to late changes in volume or timing of deliveries
- Minimal inventories in the supply chain
- Packaging designs that support all handling and loading requirements
- Just in time delivery that complies with established delivery times
- Focus on continuous improvement
- Timely communication of all potential supply interruptions

Suppliers must respond to all Material Releases received from Exo-s to ensure their own supply of components and materials can support Exo-s requirements. During critical stages, such as Product Ramp-up or Product Launch, suppliers shall meet all release demands necessary to support requirements. If the product or component is not fully approved (PPAP) suppliers must receive written authorization or an approved interim (PSW) from the appropriate plant personnel, prior to shipment.

Forecasts: To assist the supplier, but without binding Exo-s in any manner, Exo-s may deliver forecasts or planning orders to the supplier. All forecasts, planning orders or similar types of information provided by Exo-s are not and shall not be considered as Firm Orders. Exo-s shall not be obligated to purchase any of the projected product volumes in the forecasts or planning orders.

Firm Orders: The supplier will receive at least 2 weeks of firm orders. In addition to identification of the products ordered, the purchase order or other method of notice shall specify the delivery date for the products and the Exo-s shipping destination.

Emergency Orders: Exo-s may also deliver to the supplier emergency orders for products which require special attention as further described in Section 3, below.

Additional Orders: Exo-s may place an order which exceeds the number of products previously specified in the Firm Orders furnished to the supplier, and the supplier agrees to exercise its best

efforts to fill the excess portion of the order. Within one (1) day after receipt of such an order, the supplier will inform Exo-s in writing of the number of additional products it will be able to deliver to Exo-s.

Suppliers need to maintain sufficient safety stock and finished goods inventory to accommodate 100% on-time delivery. Short shipments must be communicated immediately, along with a corrective action and recovery plan.

5.3 Service part Requirements

Suppliers with production contracts with Exo-s must maintain the ability to provide after-market and service components for a period of fifteen years following the end of program. The Supplier has the responsibility to maintain any tooling and/or assembly equipment in condition sufficient to support service requirements. The supplier must maintain the same production price for 5 years after the end of production.

5.4 Transportation, Schedules & Routing

Shipment Notice and Terms: Shipping shall be Free Carrier (FCA) the supplier's manufacturing facility for all components suppliers and Delivered at Place (DAP) for all raw material suppliers. Exo-s may charge the supplier the shipping, storage and other costs associated with any shipment of products which are not prepared for shipment or packaged according to the terms of this Agreement or do not otherwise meet the requirements for products set forth in this Agreement.

Failure to Meet Delivery Date: If the supplier is unable to make products available for shipment to meet the specified delivery date, the supplier shall immediately give Exo-s notice, and the parties shall confer to develop a solution to the supplier's inability to meet these requirements. This conference shall be made in an attempt to mitigate the damage caused to Exo-s, and this conference shall not constitute a waiver of any right or remedy held by Exo-s due to the supplier's failure to meet the delivery date requirements specified by Exo-s.

Transportation/Freight/Customs:

The Exo-s Purchasing or Logistic Contact shall designate the method of transportation, the route and the carrier for all components. Except as otherwise provided in this Agreement, all transportation charges will be paid by Exo-s, unless the supplier deviates from the instructions of the Exo-s Purchasing Representative, in which case, all transportation charges will be paid by the supplier. Further, it will be the supplier's responsibility to ensure the appropriate paperwork (i.e. NAFTA Certificate, Customs Invoice, etc.) is presented to the carrier for presentation to Customs. Any missing or inappropriately completed paperwork that results in additional fees to Exo-s shall be reimbursed by the supplier.

For each shipment of products, the supplier must include, at a minimum, a packing list specifying the product number(s), the quantity of each product and the applicable Exo-s Purchase Order. Failure to comply with this requirement will result in deductions on the On time Delivery Performance portion of the Supplier Scorecard.

5.5 Packaging & Labeling:

The supplier must appropriately package the products so that the products will not be damaged or destroyed in transit. In addition, the supplier must comply with any additional packaging requirements of the Exo-s location that has ordered the products. The supplier shall be responsible for the clear identification of products during all phases of production and delivery and shall ensure appropriate labelling prior to shipment. All materials for prototype or production consumption, shipped to Exo-s plants, must be clearly identified. Packaging must be submitted and approved by the Exo-s prior to initial shipment. All items must be properly identified with Exo-s ordering P/N, quantity, traceability and manufacturing or shipping date. Back up packaging must be submitted upon request when applicable. Returnable container shall be considered as an option for packaging cost saving opportunity when possible.

5.6 Global Materials Management Operation Guidelines-Logistics Evaluation MMOG-LE

MMOG-LE is the global standard for efficient supply chain management. Suppliers are strongly encouraged to use the MMOG/LE self-assessment tool to promote continuous improvement in the materials management efficiency and accuracy.

5.7 C-TPAT/PIP and FTA/Customs Compliance (Applicable regions only)

Supplier located outside USA and shipping through US borders are strongly encouraged to implement security procedure as per US specification "Minimum - Security Criteria for C-TPAT Foreign Manufacturer" (Custom Trade Partnership Against Terrorism). Practices are defined to improve supplier chain, cargo, building, visitor, personnel, documents and technology security, preventing contraband smuggling. For more information please visit the following site:
https://www.cbp.gov/

Suppliers located outside Canada and shipping through Canadian boarders are strongly encouraged to participate to the PIP (Partner in Protection) program. PIP is a Canada Border Services Agency (CBSA) program that enlists the cooperation of private industry to enhance

border and trade chain security, combat organized crime and terrorism and help detect and prevent contraband smuggling. For more information please visit the following site:
http://www.cbsa-asfc.gc.ca
Suppliers within the North American NAFTA region must complete the NAFTA Certificate of Origin, as directed by Exo-s. Suppliers outside the North American NAFTA region, must complete a Declaration or Statement of Origin, as directed by Exo-s. It is your responsibility, as a supplier, to notify Exo-s within thirty (30) days of any change in the NAFTA status of a procured good. Failure to complete the requested documents, or advise of a change in NAFTA status, may affect your rating and have potential impact on future business opportunities. Suppliers shall be responsible for costs incurred because of missing, late or inaccurate reporting. Suppliers must inform Exo-s immediately, in the event of any change to the origin of goods.

6.0 Control of External Products & Services

6.1 Supplier Performance Evaluation

Supplier performance and overall status is monitored regularly and reported to the automotive suppliers by email quarterly. All Specialty suppliers will receive their scorecard annually unless a corrective action plan is required.
Metrics will include, but not be limited to:

- On Time Delivery Performance
- Quality Performance
- Responsiveness
- Technical Support
- Commercial Support

Suppliers are expected to take immediate and appropriate action to address any performance shortcomings that are identified through the performance metrics. Suppliers shall have documented processes showing rating criteria, escalation processes and development strategies, for sub-tier suppliers.

Exo-s finance department performs credit report verifications on a biannual basis (on Automotive and other selected suppliers) and communicates results to the Strategic Purchasing department. Strategic Purchasing department will elaborate a contingency plan for all red-coded suppliers.

6.2 Quality Review

The Strategic Purchasing Manager will notify the supplier when a Customer Quality Review (CQR) is required. CQR is held to analyze and review the current problem situation (quality, delivery or other problems). Supplier accountability and response will be the focus of such a review. A CQR may be requested, if a supplier is considered responsible for an issue that results in:

- product nonconformance;
- product suspended due to supplier's product quality;
- part shortage;
- product safety characteristics, as defined in drawings, that does not meet process capability (Cpk);
- a sort or rework at Exo-s and/or customer site due to supplier's product quality;
- poor quality performance;
- chronic quality issues.

The supplier is expected to present the following documents at the CQR meeting:

A detailed description of the deficiencies that may affect one of the four areas:
- Quality;
- Delivery;
- Commercial;
- Technology.

A corrective action plan to address the issues including measures to eliminate reoccurrences in accordance with an 8D report / SCAR (appendix 3) as requested by the Exo-s Quality Representative.

This meeting is not meant to be a brainstorming session. All items listed above are expected to be completed and forwarded to the Exo-s Quality Representative, 3 days prior to the meeting.

6.3 Continuous Improvement

Fundamental to remaining a competitive supplier, is a well-developed program to pursue continuous improvement in all areas of business. Suppliers must establish continuous improvement as an integral part of their management systems and business planning process. Continuous improvement activities must be documented and tracked as key performance indicators. Suppliers are expected to establish continuous improvement targets and use all appropriate data to drive continuous improvement and improve customer satisfaction. It is expected that suppliers will use all appropriate tools, such as the Plan Do Check Act (PDCA) cycle, Six Sigma and other appropriate methodologies to ensure a disciplined and systemic approach to continuous improvement.

CHANGE HISTORY (changes without a specified Effective Date is effective upon publication)

Publication Date	Effective Date	Section	Change
Oct 2015			Update Chrysler with FCA
Oct 2015		1.3	Supply Chain Responsibility Training
Oct 2015		2.2	Add note on end CSR and additional CQI requirements
Oct 2015		2.7	Note on Supplier Diversity promotion within the Supply Chain
Aug 2016		2.2	Add notes for CSR (VW & Ford)
Aug 2016		11.0	Update Supplier Evaluation Performance
Dec 2016		11.0	Update Supplier Evaluation Performance
June 2017		All Sections	Revised and updated for ISO 9001:2015 and IATF 16949
February 2019		1.5.4	Add note Human Trafficking
June 2019		5.6 1.5.6 4.5	Add section for MMOG-LE self assessment Restricted Materials (REACh & RoHS) Add comment for contingency plan testing