

Quality Assurance Agreement

This Agreement is entered into on _____ (“Effective Date”) between

Company Name:

Address:

City:

Country:

D-U-N-S-Id. or WABCO-Supplier-Id.:

Unique Tax Registration Id.:

(Hereinafter called "**SUPPLIER**") and WABCO INDIA LIMITED with its registered office at III Main Road, Ambattur Industrial Estate, Chennai – 600 058. India.

1. **Scope of Agreement**

This QAA defines the technical and organisational conditions and processes to be implemented by the parties to achieve the mutual quality objective in relation to the Products. This QAA sets forth the minimum requirements to be met by the quality management system of the parties and stipulates the quality assurance terms applicable to the products supplied by Supplier and their manufacturing process.

The Parties agree that, in addition to the general requirement set out herein, specific requirements may be agreed by the parties in an addendum to this QAA.

2. **Beneficiaries of this Agreement**

WABCO has entered into this QAA for its own account and for the account of its subsidiaries and affiliates to which Supplier will deliver the products. In case of breach by Supplier of its obligations under this QAA, Supplier agrees that each WABCO subsidiary or affiliate shall be entitled to make a claim directly against Supplier and, to that effect, rely on the provisions of this QAA like if they were party to this QAA.

3. **Quality Management**

Supplier shall implement and maintain a quality management system meeting the requirements of the automotive standard. This contains mandatory registration according to ISO9001, and compliance with ISO/TS 16949, all in their latest version. Supplier shall ensure that its quality management system includes any production, testing equipment and/or packaging requirements provided by WABCO. In particular, with regard to part cleanliness whether for individual parts or sub-assemblies, in addition to complying with the requirements detailed above, Supplier shall also ensure that the maximum particle size for any type of contaminant is 1mm or below, unless otherwise indicated on the specific part-related standards or specifications detailed on the relevant component drawing or otherwise required by WABCO.

4. Continuous Training

In order to remain competitive on the market and to deliver the highest quality on time as well as achieve productivity targets, Supplier will improve its processes, technology standards and qualification levels in the organization continuously. In order to have sustainable results, WABCO expects Supplier to use continuous improvement methods, to have quality management systems in place and to work on organizational improvement projects.

Supplier commits to develop its employees with the support professional institute of its choice in different relevant domains, and in particular in

- quality methods,
- continuous improvement
- process improvement
- six sigma lean
- personnel development
- change management

Supplier must present during its QCD reviews with WABCO its continuously updated training plan and progress status. Training is available to Supplier at WABCO Academy.

Suppliers shall train their operators annually. The training shall be based on the work instructions as described in the WABCO approved control plan. During the training, past quality issues shall be reviewed with the operators. Training records shall be made available to WABCO on demand.

5. Quality Management System of Sub-suppliers

Supplier shall ensure that its own suppliers shall abide by the terms and conditions of this QAA. Upon request of WABCO, Supplier shall provide documented evidence that Supplier monitors the effectiveness of the quality management system implemented by its own suppliers.

6. Audit

WABCO and customer representatives are entitled to perform an audit on Supplier's premises by giving at least 24 hours prior notice, in order to determine whether the Supplier's quality assurance measures are suitable to meet WABCO's requirements as laid down in this Agreement, e.g. quality requirements, safety management. The audit can be carried out as a system, alternatively as an assessment audit, as a process or product audit. Likewise, upon request of WABCO, Supplier shall promptly arrange audits on the premises of its own suppliers in presence of a WABCO and customer representative.

The Supplier will be informed in due course of the results of the audit. Should the audit reveal that Supplier's quality assurance system fails to meet WABCO's requirements as laid down in this Agreement, without prejudice to WABCO's rights and remedies, Supplier agrees to promptly draw up and implement a corrective action plan describing the allocation of responsibilities between the Parties and a time schedule in connection with the steps to be undertaken

7. Production Part Approval

In compliance with ISO/TS 16949 or prior to the first shipment of production parts, Supplier shall carry out an entire production part approval process. To obtain a release for series deliveries, the Supplier has to deliver to WABCO all the documents and initial samples identified in the Initial Sample Order, issued by WABCO (hereinafter referred to as "Inspection Results"). Supplier shall allow WABCO to verify all appropriate Inspection Results on Supplier's premises. This Initial Sample order prevails over and replaces the initial sample requirements from JED <Technical Condition of Delivery> (JED-248; -367; -392; -622). On acceptance in writing of the Inspection Results, WABCO will formally authorise Supplier to start with series deliveries.

8. Safe Launch

Safe Launch shall mean a containment initiative to ensure a supply of defect free parts to WABCO during SOP and ramp-up phase. The Safe Launch containment activity commences automatically with the beginning of the first delivery of each respective Product.

Supplier must identify additional inspection, testing, and dimensional checks required in the containment area based on Key Product Characteristics, Customer Interface, high RPN as may be provided by WABCO, e.g. on the drawing, in the FMEA or during PPAP, or issues identified during product and process development.

The Safe Launch ends three months following SOP or after delivery of a prior agreed volume of parts in both cases provided that the parts are defect free.

9. Safety and Significant Product Characteristics

WABCO will mark on the drawings as described in the next paragraph below the product characteristics that can affect safety of persons or cause immediate break-down of vehicle (Safety Product Characteristic) or cause a noticeable defect with immediate need for repair (Significant Product Characteristic). A Safety Product Characteristic will be marked with the identification <1>, whereas a Significant Product Characteristic will be marked with the identification <2> or with Key symbol. These identifications appearing on the drawings shall be incorporated by Supplier into the Process-FMEA and control plan documents and the Supplier shall instruct accordingly all the operators in the manufacturing process.

10. Process Capabilities

Wherever required by WABCO in the course of the part approval procedure, statistical evidence of process capability must be made available by Supplier. This applies to characteristics requested by WABCO during part approval process and to *Safety and Significant Characteristics*.

In case of Safety <1> and Significant <2> Product Characteristic or additional agreed characteristics, evidence must be provided by Supplier that these characteristics are over entire manufacturing process life time in conformance with specifications.

For dimensional *Safety <1> Characteristics* supplier must provide capability studies or install 100% inspection. In case of capability studies the process need to reach a short-term process capability \geq (superior or equal to) 2 for at least 50 consecutively produced parts. In series production, Supplier shall give evidence for a long term process capability \geq (superior or equal to) 1,67. Until the required capabilities are proven, Supplier shall proceed to a 100% Inspection with collection of data to be allocated at least to the production batch (*traceability*). On request of WABCO during the entire product manufacturing life time, supplier needs to provide long term process capability results.

For non dimensional *Safety <1> characteristics* (e.g. material composition or material properties) an alternative way to process capability studies shall be agreed between WABCO and Supplier (e.g. evidence of capability of used process technology, special process control plan, evidence about process capability through control of process parameter, sample lot definition and related control plan connected to SPC, etc.)

In case of capability studies on Significant <2> Characteristics and other characteristics requested by WABCO during part approval procedure the process capability need to reach short-term process capability \geq (superior or equal to) 1,67 for at least 50 consecutively produced parts. In series production, Supplier shall give evidence for a long term process capability \geq (superior or equal to) 1,33. Until the required capabilities are proven, Supplier shall proceed to a 100% Inspection with collection of data to be allocated at least to the production batch (*traceability*). On request of WABCO during the entire product manufacturing life time, supplier needs to provide long term process capability results.

Measurement processes used for above mentioned characteristics shall be analysed by Supplier using a Measurement System Analysis (MSA). Supplier shall also ensure that the mandatory setting of the action control limits take into consideration measurement system capability.

11. Special Processes

Suppliers shall perform a self-evaluation of each applicable special process listed below in compliance with the Automotive Industry Action Group (AIAG) Manual and provide results to WABCO upon request:

- Heat Treatment: CQI-9 for Heat Treat System Assessment,
- Plating: CQI-11 for Plating System Assessment,
- Coating: CQI-12 for Coating System Assessment,
- Welding: CQI-15 for Welding System Assessment,
- Soldering: CQI-17 for Soldering System Assessment,
- Molding: CQI-23 Molding System Assessment.

For further information, please visit <http://www.aiag.org>

12. Product Requalification

To verify performance and compliance to all WABCO requirements, Supplier shall conduct yearly requalification test according to latest drawings and specifications for each product group delivered to WABCO. Supplier shall present the requalification plan to WABCO for approval and this must be integrated in the validated control plan as part of the PPAP validation. Test results must be documented and presented to WABCO on demand. Supplier shall inform WABCO immediately in case deviations have been detected. In such case corrective actions have to be defined and presented to WABCO.

To ensure agreed performance and compliance with all WABCO requirements, Supplier shall conduct yearly requalification of the Products in compliance with the ISO TS 8.2.4.1 requirements, i.e. full dimensional report and a functional verification to applicable customer engineering material and performance standard. In case the Supplier intends to perform a product group requalification, Supplier shall present a requalification plan together with a risk assessment for a product group requalification to WABCO. Any proposal for a product group based requalification requires prior approval of a WABCO representative responsible for the Supplier (CQE/CQL). The requalification plan must be integrated in the validated control plan as part of the PPAP validation. Test results must be documented and presented to WABCO on demand. Supplier shall inform WABCO immediately in case deviations have been detected. In such case corrective actions have to be defined and presented to WABCO.

13. Change Management

Even though manufacturing process modification and Supplier quality assurance process remain within Supplier's own responsibility, any plans by Supplier to change or modify these processes or location of these processes shall be notified in writing to WABCO and those changes or modifications can only be implemented after receiving prior written approval of WABCO's quality assurance representative.

To that effect, the Supplier shall provide WABCO's quality assurance representative with the intended process change/modification and the planned date of initial delivery following such change in a written form. Any changes to the product shall also be subject to the approval procedure as described above in section 7 of this Agreement. The product may not be delivered in series until WABCO has approved the change. In case a product needs be redesigned following a modification to a WABCO standard (JED) requirement, Supplier shall proceed to the redesign on WABCO's request.

If Supplier changes the Product or process without prior approval of WABCO, then (without prejudice to any other rights and remedies WABCO may have):

1. WABCO may change Supplier's commercial status to New Business on Hold ("NBoH") for a period of at least 12 months and immediate third party containment of affected component/product. Supplier's NBoH status depends on Suppliers' ability to meet the exit criteria as stipulated by WABCO.
2. Upon request of WABCO, Supplier shall contact Supplier's ISO certification body within 5 business days, communicate the non-conformance with ISO to that certification body, and provide proof of that communication to WABCO.
3. WABCO is entitled to perform an audit on Supplier's premises by itself or through an independent third party auditor or according to the VDA 6.3 process and standards. Supplier shall ensure that WABCO is entitled to perform such an audit at all of Supplier's suppliers. Section 6 of this QAA applies accordingly.
4. Supplier shall attend a mandatory Change Management Training to be provided by WABCO itself or through a third party. All associated costs, including (without limitation) training, travelling and accommodation costs, must be paid by Supplier.
5. WABCO is entitled to claim such damages, loss, costs or expenses incurred (directly or indirectly) by WABCO as the result of the Supplier's breach of its obligations under this QAA.

14. Quality Standard and Reimbursement

In terms of quality management, Supplier's ultimate objective is to reach a quality level of zero defect deliveries. In serial production, Supplier shall manufacture WABCO products in strict compliance with WABCO's product specifications and the quality assurance process approved by WABCO's quality assurance representative. WABCO shall proceed on the assumption that, after being received, the products delivered can be fitted or installed without any special testing or inspection, and accordingly WABCO shall be under no obligation to examine product characteristics.

Notwithstanding the aforesaid, WABCO will examine the products during the product receipt inspection to identify any damage in transit and check the identity and quantity of its contents. If, however, a non-conformity/defect is detected, when a shipment is received, or when the products received are processed further and inspected at the plant, the Supplier shall be notified thereof by WABCO as soon as reasonably possible and the Supplier shall at its own expense,

- (i) correct itself or through a third party the defective products on WABCO's premises
(“Third party” can mean staff, assigned by Supplier, who is not employed by the latter or, in exceptional cases, WABCO's staff.)
- or
- (ii) remove itself or through a third party the defective products from WABCO's premises and deliver substitute conforming parts at short notice.

In case of each quality claim reported by WABCO to Supplier, Supplier shall provide:

- within 24 hours quick reaction with containment actions to protect WABCO production
- within five (5) working days analysis of root causes and corrective action plan

- within ten (10) working days a prove that the actions have been implemented

After WABCO's validation of implemented corrective actions Supplier shall provide Lesson Learned Card.

The quality performance of the Supplier, based on the metrics Number of Incidents, related to number of deliveries, and Number of Defective Products, related to number of delivered products, will be continuously monitored by WABCO. The Supplier shall also monitor its quality performance at all times. In the event, one of the agreed quality performance levels is not met, the Supplier will be required to present a corrective action plan which includes the allocation of responsibilities between the Parties and the time schedule for the steps to be undertaken.

15. Documentation, Traceability

The Supplier shall keep the quality documents on record for a minimum of 2 years after delivery. Process-FMEA and Inspection / SPC-Records of *Safety <1>or Significant <2>* have to be kept by Supplier for a minimum of 15 years after delivery. On special request, WABCO could specify a different document retention period. Supplier shall allow WABCO to view these documents on request.

Supplier shall ensure that the products supplied can be traced back in the manufacturing process, item by item, and by their manufacturing date, in order to define the quantity of items and period affected by the non-conformity/defect and facilitate therefore the identification and isolation of the non-conformed/defective product(s).

As soon as Supplier identifies a problem associated with quality, logistic or delivery schedule, Supplier shall inform WABCO and disclose all relevant information to ensure a quick solution, which shall be agreed by both Parties.

16. Packaging, Identification

Supplier acknowledges improper labelling and packaging may cause serious failures. In order to prevent all types of damages and deterioration in quality, the Supplier shall ensure that the products are delivered in proper packaging as agreed with WABCO. In terms of packaging identification, the Supplier shall meet the requirements as agreed with WABCO. The packaging identification must, at least, contain the following markings without this list being exhaustive: Supplier name and address, WABCO site address, WABCO part number, quantity in this packaging.

All Products shall also be accompanied by a delivery note stating, among other details, the delivery number, and product identification reference number, delivered quantity and the Order number (or consumption report number for parts on consignment stock) and clearly identifying the Products including reference to numbers of any parts and drawings which have been supplied by WABCO to the Supplier. The Supplier shall also include in all invoices, shipping documents and correspondence the same details as required above. The Supplier shall ensure that the markings on the packaging are secured during transport and in storage. Any deviations from agreed methods of packaging and identification system require a written agreement between the Supplier and WABCO.

17. Safety and Environmental Regulations

The Supplier shall ensure compliance with all relevant safety and environmental legislation and regulations in force in the country where the products are delivered. In terms of environmental management, Supplier shall ensure conformity with the requirements of ISO 14001 in its latest version. In addition, Supplier shall comply with the requirements set forth in WABCO's environmental policy, being available on WABCO website page <http://www.wabco-auto.com/about-us/environment-regulation> and the WABCO JED-Standard to avoid hazardous substances (JED-762), being available on WABCO website page for suppliers: <http://www.wabco-auto.com/en/suppliers/suppliers-information/> Products and all other deliveries to WABCO shall comply with the REACH Regulation (EC) No. 1907/2006 (Registration, Evaluation, Authorization and Restriction of Chemicals).

Products shall only be provided with the material data MDS record (Material Datasheet) including the IMDS ID number in the initial sample cover sheet (PPAP PSW). MDS is recorded in the IMDS (International Material Data System).

18. Miscellaneous

Except as amended herein, this QAA shall incorporate by reference all supply terms and conditions mutually agreed to between the parties. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in such supply terms and conditions. This QAA shall be governed by the laws of Belgium. The application of the Vienna

Convention on International sales of Goods (CISG) is specifically excluded by the parties. Any disputes arising between the parties shall be submitted to the exclusive jurisdiction of the Commercial Court of Brussels. WABCO has entered into this Agreement for itself and for its subsidiaries and affiliates.

IN WITNESS WHEREOF, the parties have caused this QAA to be executed by their duly authorized representatives with the intent to be legally bound as of the date specified above, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged.

Supplier

WABCO