JTEKT COLUMN SYSTEMS CZECH S.R.O., Podnikatelská 1144/8, 301 00 Plzeň, Czech Republic, Tel: +420 378 011 111
IČO: 26733561, DIČ: CZ26733561, Firma je zapsána v obchodním rejstříku vedeném Krajským soudem v Plzni, oddíl C, vložka 15492.
Bank connection: UniCredit Bank Czech Republic and Slovakia, a.s., IBAN: CZ9327000000000800879009, Swift code: BACXCZPP

Quality Management Agreement

(QMA)

Between

the

JTEKT COLUMN SYSTEMS CZECH S.R.O.
Podnikatelská 1144/8
301 00 Plzeň
Czech Republic

hereinafter referred to as JCS CZ

and

.....

hereinafter referred to as SUPPLIER

JTEKT COLUMN SYSTEMS CZECH S.R.O., Podnikatelská 1144/8, 301 00 Plzeň, Czech Republic, Tel: +420 378 011 111
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1. Objective of the QMA

Cutomer satisfaction si the center of JCS CZ's efforts and focus with top emphasis on highest quality provision; correspondingly high are the expectations and demands of our customers regarding the quality of our products. In the interest of our customers as well as for the maintenance and advancement of our competitive position, we constantly strive to improve our products and processes.
Our suppliers agree that quality and reliability of technical products and services must be improved constantly to meet high expectations and demands on the market.
The objective and precondition shall be a "zero-defect quality" of all deliveries, which, however, we are only able to achieve and ensure in cooperation with our suppliers.
The agreement on hand determines the minimum requirements on the Supplier's quality and environmental management to realize these objectives. The QMA shall apply to all raw, auxiliary materials and purchased parts as well as services provided to JCS CZ. In addition to our terms of delivery, the QMA shall apply to JCS CZ terms and conditions of purchase, and be part of the generic documents, unless otherwise provided therein.

2. General requirements

2.1 Requirements on the management system

The Supplier shall be certified according to IATF 16949. Suppliers having processes shared by multiple facilities shall be individually registered either by single site or by corporate scheme. (See IATF Certification Reference or consult the certification body).

- In exceptional situations (special designed parts, low volume supplier, or small organization), ISO 9001 is seen as the first step in becoming IATF 16949 certified with a documented, reliable time phased plan for achieving IATF 16949 certification. However, in such situations, the Supplier must fulfill the requirements of IATF 16949.

- Distributors of direct products or materials must be certified to the current version of ISO 9001 at a minimum.

- Supplier shall followed Supplier Code of Conduct Doc ID P-QA-020

- Supplier shall followed OEMs Customer specific requiremets as provided by JCS CZ

- Supplier shall followed JCS CZ Corporate Social responsibility and sustainability including reduction of carbon footprint (pollution) and supplier shall make Social responsibility&Risk audit (Doc ID. F-QA-076) self-assessment on yearly basis.

The requirements which we must be fully in compliance with are those of environment-friendly products and manufacturing. For this reason we require our suppliers to implement the environmental management system according to EN ISO 14001.

The Supplier shall verify the effectiveness of its quality management system and environmental management system by presenting a certificate issued by an accredited certification company.

Updates to QMS and EMS certificates must be sent to the receiving JCS CZ buyer without further request from JCS CZ.
Expiration of an ISO 9001 or IATF 19649 certificate without planned recertification must be reported to JCS CZ at least three (3) months prior to the expiration date.

Fuji Koyo Czech, s.r.o. has an environmental management system in place and, within the framework of its environmental and energy policy, undertakes to protect the environment and strives for the continuous improvement of the environmental management system.
Environmental and energy policy is available at www.jtekt-cs.cz

2.2 Offer conditions

With every offer, the Supplier shall confirm to JCS CZ the manufacturability of the requested product (quality, capacity, capability, scheduled dates) according to specifications determined in the inquiry as well as its timely implementation in case the order is placed.
Actions improving the manufacturability and quality can be introduced by the Supplier, but they must be approved in writing by JCS CZ prior to the implementation.

2.3 Monitoring of sub-suppliers

The Supplier shall ensure that its sub-suppliers meet the requirements of this agreement as well. Upon request, the Supplier shall provide JCS CZ with respective quality agreements with its sub-suppliers as well as the quality planning documentation and the product and process releases at sub-suppliers.
The Supplier shall be obligated to monitor its sub-suppliers regarding their compliance with the requirements of this quality agreement. The Supplier shall document its monitoring activities and assess its sub-suppliers.

2.4 Auditing

At any time, subject to a brief prior notice to the Supplier, JCS CZ shall be entitled to satisfy it self locally (of the effectiveness of the quality and environmental management system at the Supplier's production sites as well as at the sub-suppliers‘ and perform an audit based on IATF 16949, DIN EN ISO 9001, VDA 6,3, VDA 6.5 or special kind of audit according to JCS CZ’s customer requirements. JCS CZ shall be entitled to commission a third party, especially also the customer, with this activity performance. The audit can also be performed as a system, process, product or environmental audit (according to ISO 14001). The Supplier shall be obligated to conclude respective agreements withhis sub-suppliers ensuring that JCS CZ is also able to exercise the aforementioned rights with regard to the sub-suppliers and their sub-suppliers.

Reasonable supplier restrictions in order to protect his company secrets will be accepted. For this purpose, the supplier will allow JCS CZ and, if necessary, JCS CZ’s customer, to enter his business premises in all the necessary areas and he will provide professionaly qualified staff members for support provision.

In case Process or Product Audit performed by JCS CZ, has the result is B or C classification, follow up audit of implementation of corrective action can be done physically by JCS CZ and supplier has to perform self assesment within six months.
Resulting cost can be charged to the Supplier by JCS CZ.
The same is valid if the supplier is responsible for breaking of the audit. All related cost will be directly charge to the supplier.

The Supplier shall support JCS CZ with regard to the audit implementation, without costs incurred to JCS CZ.
The final audit report shall be discussed with all participants; to this end, action plans possibly resulting from the auditing shall be arranged between JCS CZ and the Supplier. JCS CZ or a third party commissioned by JCS CZ (including the customer) shall be entitled to satisfy itself, even locally, of the implementation of defined actions.

For all product lines as well as upstream processes at sub-suppliers‘, the Supplier shall annually perform a self-audit according to the VDA 6.3 standard. It shall notify JCS CZ immediately, if the result of the audit is worse than A (90%). On JCS CZ's request, the Supplier shall present all audit results as well as corresponding documentations and corrective action plans. In case C results self assessment shall be done within 3 months.

An audit performed or accompanied by JCS CZ or a third party shall not release the supplier from meeting his contractual obligations, especially the obligation to apply effective quality and environmental management systems.

For each new supplier process or for eac new supplier must be planned complete process audit.

2.5 Project planning

The Supplier undertakes to implement a project management system as early as during the planning stage according to Item 2.6 APQP or VDA 4.3 (Project planning). JCS CZ shall be entitled to audit this project documentation.

The Supplier shall prepare an emergency concept, an analysis of manufacturing feasibility as well as a capacity analysis and make these documents available to JCS CZ.
With every new project, the Supplier shall transmit a schedule to JCS CZ and update it monthly or, on JCS CZ's request, in shorter intervals.
Suplier must use official JCS CZ document „APQP STEPs Phases & Documents check list“ F-QA 009B.

2.6 Advance product quality planning / APQP

General matters

Development of a part or a process requires a time plan and implementation in close contact with the project team of JCS CZ according to relevant demands of final customers. The Supplier will provide sufficient qualified personnel necessary.

By careful advance quality planning geared to prevent non-conformities during the product and process development it shall be ensured that only technically well-engineered products are manufactured within a qualified manufacturing process. All applicable items of the sampling process to be applied resulting from JCS CZ's Quality Commiment see F-QA 009B must be observed and verified. In order to avoid risks already during the concept stage but also during the series monitoring later on, the prioritisation shall be shown according to the methods listed below.

Process flow diagram

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As early as in this stage the supplier must plan in details the material flow up to the final product including all production and control steps and illustrate this procedure in form of a process flow diagram. This process flow diagram must be presented to the JCS CZ for inspection.

Design / process FMEA

In order to analyse the risk and prevent non-conformities, the supplier shall prepare a design FMEA during the design stage (if responsible for the design) within the project work and a process FMEA within the process development. The FMEA shall be part of the initial sample documentation according to VDA Volume 2 and PPAP and must be made accessible to JCS CZ for inspection at any time. The process FMEA shall be updated continuously (at least once a year) with regard to internal errors occurring, newly detected risks, complaints, process changes.

The levels of failures criticity are evaluated throught the RPN index: **RISK PRIORITY NUMBER.**
The RPN index is the result of the multiplication S x O x D:

1) **S for Severity**
2) **O for Occurrence**
3) **D for Detection**

The RPN allows to prioritize the actions according to both Severity level and RPN levels.
By convertion, any RPN exceeding the acceptable levels (red area) defined below must be adressed by corrective actions for risk reduction. A FMEA analysis is not completed until the RPN is in red RPN area. Ideally, the target is to have all RPN in the green area. Nevertheless, it is tolerated under certain conditions to have same RPN in the yellow area for severities from 5 to 10.

Severity	**RPN Acceptable Level**	**RPN Acceptable Level under conditions**	**RPN Not acceptable Level**
S = 9 and 10	RPN ≤ 36	36 < RPN ≤ 60	RPN > 60
S = 5 to 8	RPN ≤ 50	50 < RPN ≤ 80	RPN > 80
S = 1 to 4	RPN ≤ 100	~~No Yellow area~~	RPN > 100
Under certain conditions means:			
4) Training at operation is done and updated regularly			
5) Standard work integrates relevant aspects			
6) Visual sheets are available at working place (for problem prevention and detection)			
During PFMEA up-date and for all product, process modifications during project and serial production, special attention will be paid to all yellow RPN (No yellow RPN shall become red)			

Control plan

The Supplier shall develop a control plan (flowchart, quality management plan, test plan) for the following stages:
• prototype stage
• pre-serial production stage
• serial production stage

This plan specifies workflows and test procedures, the frequency of the tests, testing and measurement devices as well as the documentation. Special characteristics described below under 2.7 Special characteristics must be identified and taken into account consistently in the documentation.

The Supplier and possible sub-suppliers shall perform an APQP process concerning JCS CZ's final requirements. JCS CZ is entitled to verify the APQP process with its customer, but here, too, the supplier will always remain responsible.
On JCS CZ‘s or the Supplier's request, a joint product review shall be performed, which does not release the supplier from its responsibility.

2.7 Special characteristics

The Supplier must determine special characteristics following the IATF 16949 and include all special characteristics in the control plan, PFMEA and all other levels of documentation. Even special features, which JCS CZ or the customer regard as safety or critical, shall be taken into account. The Supplier shall ensure that these are available accordingly and consistently in all documents and always correspond to the valid specification. Documents controlling the production process, including drawings, FMEA, control plans and working instructions must be identified with the symbol for special characteristic.

Significant characteristic (safety, regulatory and critical) are defined by customer drawing. All relevant persons, who take care for JCS CZ project have to be trained for significant characteristic. Training of significant characteristic is obligatory and retraining shall be done on yearly basis.
Supplier shall review significant characteristic demonstrably during project phases (Customers specific requirements review and faceability review) In case some unclear points supplier has to contact JCS CZ SQA.
For significant characteristic is obligatory SPC (Statistic Process Control) and capability studies in serial production

In unique cases at the option of customer the denoting of these special characteristics is performed according to customer´s requirements. The Supplier must take these special characteristics in consideration. It includes their incorporating in particular documents (e.g. drawings, control plans etc.) and recording documentation.

In case of safety characteristics all documents included in these demands must be archived according to the legal regulations. At the same time the retention period **minimally 15 years after the end of production** must be assured unless otherwise (applicable standard) specified.

2.8 Process acceptance

JCS CZ reserves the right to perform a process acceptance at the Supplier, which, if necessary, will also involve the customer. The process shall be accepted e.g. by Run & Rate, a 2-day production or a VDA 6.3 audit including Run & Rate study. The responsibility for the process shall always remain with the Supplier. Also without request, an internal process acceptance by the Supplier shall be an applicable obligation to provide proof with regard to every sampling stage.

2.9 Initial sampling

The Supplier must send to JCS CZ documents and samples on the scheduled dates stipulated in the Quality Commitment document. Unless otherwise requested by JCS CZ, the sampling shall be performed according to
PPAP and contain all standards relevant to the parts.
Should non-conformities regarding the specification occur and these cannot be eliminated despite all reasonable efforts, a written non-conformity permit must be obtained prior to the initial sampling and attached to the initial sampling.
The initial sampling shall be performed in agreement with the following guidelines – of the respective valid version:

- **PPAP, Submission level 3** **according AIAG manual - the latest version**
- **Customer-specific parameters**

Complete PPAP documentation including initial samples acc. to submission level 3 must be sent to JCS CZ free of charge.

The methods to be applied and the time of the resulting submission shall be specified at the time of the purchase order, respectively communicated through project specific agreement at the RFQ and / or supplier (pre)selection stage.
A sampling without reference (IMDS – ID) in the International Material Data System shall always be rejected.

If the initial sampling leads to the result "rejected“ meaning a complete rejection of the sampling, the supplier shall bear the costs of the initial sampling, but at least the amount of € 200. Further claims, especially claims for damages, remain unaffected.

2.10 Product and process release

The production process and product release shall comprise the processes (product-specific scope of processes) subject to the process capability examination and/or process audit as well as the initial sample test of the products. Prior to the start of a series, the process shall furnish proof that the quality requirements agreed in drawings and specifications are met. The completed process shall prove that the requirements have been understood and implemented correctly.

After the release has been granted, no changes shall be performed to the product and/or process without prior approval by JCS CZ (see 3.1) All changes must be documented by the Supplier and archived for a period of 15 years after the end of the series production (EOP), every change – even as the planning status – shall be presented to and approved by JCS CZ. Upon request, the Supplier shall make this documentation available to JCS CZ free of charge.

3. Series production

In order to protect the production processes, the supplier undertakes to apply monitoring methods (e.g. statistical techniques) specified in the control plan. If required, JCS CZ may inspect the respective documents and records. Should the Supplier find that the quality requirements have not been met, the persons responsible at JCS CZ - usually member of the SQA or quality manager must be notified immediately. Such products may only be delivered with a special deviation permit on hand issued by JCS CZ.

The quality assurance actions based on the findings of the development stage serve to continuously improve the achieved quality level and provide the basis to achieve a "zero-defect strategy". However, should any defective products be identified, the Supplier shall be obligated to sort these parts out at his own cost, as well as any other parts which may also be defective. The traceability shall be documented accordingly and the documentation made available to JCS CZ on request.

If the Supplier delivers defective products repeatedly, JCS CZ shall be entitled to commission an external sorting provider with incoming quality inspections (full checks) until a defect-free delivery is ensured. A defect-free delivers shall be deemed to be ensured when the Supplier has provided defect-free deliveries consistently for a period of **5 deliveries of the problematic components** following the commencement of incoming quality inspections. The Supplier shall be obligated to bear the costs of these incoming quality inspections. With every new repeatedly defective delivery, JCS CZ shall be entitled to commission an external service provider with incoming quality inspections (full checks). The aforementioned regulations shall apply accordingly.

The Supplier shall ensure that any damage to the goods due to improper and unreleased packaging during transit is excluded so that the infeed into the current production is not endangered. The type of transport and packaging shall be chosen in consultation with JCS CZ, respectively defined through duly filled-in and signed JCS CZ's Packaging Instruction form strictly adhered to. See F-PC-005.

All deliveries shall be packed according to specifications. Unless other requirements have been advised, the packaging shall be identified according to the current JCS CZ recommendation so that the goods can be identified at any time.

In case of changes, the first delivery after a change must always be clearly identified.
After the changed goods have been delivered for the first time, a delivery of goods with the obsolete revision status shall no longer be admissible (see FIFO procedure).

3.1 Product and Process Changes

All process, product or tooling changes, as defined by AIAG's PPAP latest edition manual, must be authorized and approved by JCS CZ. The following examples illustrate situations that substantiate engineering/process changes and the submission of PPAP:

• A new part/supplier
• New supplier for an existing part
• A design change or process change
• New tooling for an existing part
• Change in location of the supplier or sub-supplier facilities, processes, equipment, or tooling.

3.1.1 JCS CZ Initiated Changes

If JCS CZ initiates a design or process change, the supplier will be consulted with regard to feasibility and technical aspects followed by time schedule possibilities Based on mutual agreement and conditions definition, the SQA determines the level of PPAP submission required. Once the PPAP submission is approved by JCS CZ by signing the PSW, the Supplier can start shipping the newly revised, processed parts to JCS CZ, in accordance with the purchase order. All initial shipments must be in accordance with agreement on the labeling between supplier and JCS CZ.

3.1.2 Supplier Initiated Changes (PCR)

All proposed temporary or permanent changes that affect design, specifications, materials, and/or production processes shall be submitted to the JCS CZ in PCR form. Supplier is obliged to submit the PCR for below changes.
The following of change are major changes:

1 changes to or modifications of material (also at a sub-supplier‘s);
2 change of a sub-supplier;
3 changes to the production process including layout change
4 tool changes (also in case of a replacement);
5 changes to the testing method or the testing device;
6 relocation of the production.
7 production (tooling) Inactive > than 1 Year
8 correction of abnormality

A Process Change Request form must be submitted to JCS CZ at a minimum of three months prior to implementation of the intended change for approval. All changes incurred by the supplier may also require re-submission of a Level III PPAP.

3.2 Deviations

When the Supplier cannot conform to drawing or specification requirements, the Supplier shall submit a Request for Deviation form to JCS CZ for approval. The deviation shall be only for a short time period or specified quantity and must not affect fit, form, or function of JCS CZ’s product. JCS CZ will evaluate all requests in detail and may require additional testing. Any additional testing and processing costs will be charged back to the Supplier. All supporting data and reasons of the non-conform parts shall be provided with the request. If JCS CZ approves the request, the form will be signed and returned to the Supplier. The Supplier shall establish a system, where one is not present, to track all deviated parts. The supplier shall use the Delivery Label of Samples form for all shipments of deviated parts. Non-conforming material received prior to obtaining JCS CZ’s approval will be rejected.

3.3 Process, machine and capability requirements

The Supplier shall monitor process performance using the appropriate statistical techniques in accordance with AIAG Statistical Process Control manual. Dimensions or characteristics that are identified on the drawing, as “Safety”, “Critical”, or “Significant” must be subjected to a process capability study.

Preliminary process capability (Short term process capability)

Short term process capability (Ppk) resulting from all safety, critical, or significant characteristics shall be submitted and meet the minimum of 1.67. Ppk results shall be taken from a minimum of 50 pieces of data from each cavity of a multiple die or mould, each process, and possible tooling unless SQA has agreed, in writing, to decrease the sample size. For Ppk the 50 pieces are to be taken from the total population of the entire runoff. Any exceptions to the above requirements must be approved by JCS CZ SQA.

Long term process capability

Process Capability Index (Cpk) on a stable process shall be ≥ 1.33 considering at least 125 parts with appropriate random sample shall be taken. The Supplier may be requested to provide a summary of Cpk results over a certain period of time along with the X-bar and R charts. Should characteristics be identified during start of serial production or standard production that were not originally deemed as control characteristics but have later been proven to be significant or special characteristics, the Supplier may be requested to provide statistical evidence of control and capability.
If the Supplier cannot meet Cpk or Ppk specifications, corrective actions shall be taken such as:

- **Investigate and determine root cause and perform corrective actions**
- **Execute 100% inspection and improve capability by corrective actions.**

Machine capability requirements

The machine is capable if the capability index **Cmk** calculated from the 50 consecutive pieces, without interfering to the machine is **≥ 1.67**.
In exceptional cases because of expensive measurements, the necessary amount of 30pcs may be required for measurement.The machine is capable if the capability index **Cmk** calculated from the 30 consecutive pieces, without interfering to the machine is **≥ 2,00**.
Any exceptions to the above requirements must be approved by JCS CZ SQA.

Capability of measuring devices

JCS CZ's expectation is that all measurement devices must be validated in accordance of the AIAG Measurement Systems Analysis. The Supplier is expected to maintain the integrity of the Measurement System and provide Cg/Cgk analysis and Gauge Repeatability & Reproducibility (R&R) at required intervals.

All attribute gages for special characteristics used for process control must be built to 75% of the specified tolerance, centered around the target, unless otherwise agreed. Gages to the full tolerance may be used for product control (e.g. EPC, final inspection, or sorting operations).

Gages not meeting the acceptance criteria per the AIAG MSA manual shall have an alternate inspection method and gage improvement plan. This shall be submitted in writing to the JCS CZ for approval.
Gage studies should be re-verified at a frequency that is appropriate for gage use and wear.
Recommendation: Gage re-verification studies should be completed at the time of calibration.

3.4 Product audit and Requalification

At regular yearly intervals, the product audit or requalification must be done to a complete dimension and functionality check according to the Production Control Plans, taking into account customer requirements of material and function. A requalification must be done for 5 pcs acc. VDA 6.5 or similar method. Product audit and requalification will be verified during process audit.

In case escalation process or repeated claim supplier shall submitted product audit to JCS CZ.
In stadard level product audit report shall be avaible on JCS CZ request.

All requalifications shall be documented unrequested, archived for the period of 15 years upon the end of the series and the documentation made available to JCS CZ on request - as mentioned above.

3.5 Complaint

The Supplier shall ensure that his products supplied correspond to the performance characteristics, dimensions, tolerances and surface finish according to drawings and samples with the respective valid processing status and other contractual bases.

JCS CZ or the customer shall only perform incoming-goods inspection with regard to the quantity, identity as well as externally visible defects and transport damage. A complaint by JCS CZ occurs on time for any non-

conformity regarding the requirements mentioned in the first paragraph, if it is received by the Supplier within a period of 5 days from the acceptance of the goods or in case of latent defects as of the discovery.
D Report F-QA-051.
In the event of a complaint, 8D Report or JCS CZ a Supplier ensures an analysis to clarify the cause by means of the 8D Report method. Supplier can use our An initial reaction in the form 8D report shall be effected within 24 hours and include D4.
A complete 8D Report and 5-Why and ISHIKAWA chart analysis must be submitted to JCS CZ within 10 working days.

With accumulation of defects with defective products leading to adverse effects within JCS CZ's production processes or to customer complaints, or in case of recurring defects, JCS CZ reserves the right to start a respective escalation process.

All costs and damages occurring in this context shall be borne by the Supplier.

The Supplier and, if necessary, its sub-suppliers shall be obligated to sort out and control defective parts immediately. The Supplier shall be obligated to perform appropriate inspections on time aiming at the elimination of the cause of the fault as well as the respective implementation of target-oriented actions. JCS CZ reserves the right to audit these actions at the Supplier‘s and, if necessary, the sub-suppliers (e.g. in the form of process/verification audits in adaptation to VDA 6.3). The respective costs shall be borne by the Supplier.

JCS CZ shall charge the Supplier for each legitimate complaint the amount of € 100.00 for administrative and other expenses. The expense allowance shall not exclude an assertion of further claims, especially the assertion of exceeding damages or expenses. However, the fixed expense allowance shall be offset with exceeding claims.

3.6 Quality objectives

The Supplier shall be obligated to perform all actions required to achieve the zero-defect strategy.
JCS CZ reserves the right to object to each incident or each defective part and request an 8D report - as described under 3.5. In order to achieve the zero-defect strategy, no separate ppm values shall be agreed. With regard to the Supplier assessment, achieved ppm values shall be included in JCS CZ's systems. The Supplier is requested to improve the processes continuously throughout the entire project.

3.7 Supplier Charge Back

Suppliers are responsible for the quality, on-time delivery, and reliability of the product they supply. Product must meet the drawing and any referenced specifications. The Supplier accepts financial responsibility for the consequences of non-conforming product and rejected PPAP submissions including, but not limited to, costs incurred for containment, sorting, premium freight, rework, repair costs of JCS CZ, added value add processing, replacement of defective material, resulting overtime, and productivity loss incurred by JCS CZ or by JCS CZ's customers.

Following is the schedule for charge back costs associated with nonconforming product sent to JCS CZ site:

- administration fee for each complaint 100€ per claim.
- off-site 3rd Party Sorting-charges to be paid directly between Supplier and 3rd Party Sorting Company.
- in-house sorting by 3rd Party Sorting Company (if allowed by JCS CZ)—charges to be paid directly between Supplier and 3rd Party Sorting Company.
- in-house sorting by JCS CZ personnel if required to avoid production line-stop the Supplier will be responsible for actual costs incurred.
- production Line Down Charge – the Supplier will be responsible for actual costs incurred.
- the Supplier will be responsible for all applicable warranty costs.

More detailed information are available from JCS CZ's Generic Conditions Agreement.

4. Supplier evaluation

A) Quality PPM weight 25%

Description	Points
0 pmm	25
1 ~ 25 ppm	20
26 ~ 80 ppm	15
81~150 ppm	10
151 ~ 250	5
more than 250 ppm	0

B) Logistic – delivery accuracy weight 25%

Description	Points
All deliveries in time	25
Premium freight	20
One batch in month +/- one day	15
One batch in montch +/- two days	10
Two and more batches NOK delivery time	5
Stop JCS CZ Lines	0

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3. Cost - weight 25%

Description	Points
AGGRESSIVELY PROVIDES GLOBALLY COMPETITIVE PRICING AND AGGRESSIVELY PURSUES OPPORTUNITIES TO REDUCE COSTS. PURCHASING STRATEGIE PROACTIVELY MANAGE COMMODITY FLUCTUATIONS	25
USUALLY PROVIDES GLOBALLY COMPETITIVE PRICING AND PURSUES OPPORTUNITIES TO REDUCE COSTS. PURCHASING STRATEGIES MANAGE COMMODITY FLUCTUATIONS.	20
PRICING IS SOMEWHAT COMPETITIVE . SOME EFFORT DEMONSTRATED TO REDUCE COSTS AND MANAGE COMMODITY FLUCTUATIONS	15
LACKS CONSISTENCY IN PRICING COMPETITIVENESS. LITTLE EFFORT DEMONSTRATED TO REDUCE COSTS. MANAGEMENT OF COMMODITY FLUCTUATIONS IS INTERMITTENT.	10
PRICING IS CONSISTENTLY UNCOMPETITIVE. SUPPLIER IS NOT FOCUSED ON COST REDUCTION OR COMMODITY FLUCTUATIONS.	5
PRICING IS ALWAYS UNCOMPETITIVE. NO FOCUS ON COST REDUCTION OR COMMODITY FLUCTUATIONS.	0

4. Service – weight 25%

Final value is average from each criterias

Desription	Points
Claim solving	
Excellent solving according JCS CZ requirements	25
Solving, JCS CZ support is needed	15
Insufficient solving/delay / urgency is needed	10
Repeated insufficient solving/delay / urgency is needed	5
Note : In case claim from OEM or repeated claim or claimed related with significant characteristic (= safety or regulation characteristic) for next three month evaluation will not be higher that 10)	

Decription	Points
Reactivity, comunication	
Excellent reactivity	25
Good reactivity occasional urgency needed	15

Frequent urgenccy	10
Reaction only after urgency	5

Desriptions	Points
CSR fulfillment	
100% fulfill CSR requirements + sharing CSR through all supply chain	25
Fulfilled, occasion urgency needed	15
Fullfil partially, frequent urgency is needed	10
fullfil only basic requirmets	5
Note> In case claim from OEM or repeated claim or claimed related with significant characteristic (= safety or regulation characteristic) , customer disruptional the receiving plant (incl. Yard hold and stop ship), special status, dealers returns, warranty -evaluation will not be higher that 10 for next three month	

Description	
Process audit result	
A	25
B or selfassessment	10
C or any evidence for selfassessment	0

Description	
QMS certification	
Supplier is certified according IATF 16949:2016 and ISO14001:2015	25
Supplier is certified according ISO 9001:2015 by third party	15
Supplier submit plan for certification ISO 9001:2015 , temporary lost of IATF certification	Minus 5
No any QMS certification/ no any plan for certification, lost of ISO9001:2015	Minus 10

Review of Performance Scores

Suppliers are expected to review their Balanced Scorecards on a monthly basis. In the event that the Supplier believes that the Scorecard contains inaccurate data, the Supplier should immediately notify the appropriate JCS CZ Representative for discussion, review and resolution.

4.1 Supplier Rating System

A Level (Score 100-90)

The Supplier is a preferred supplier for new business (within commodity).

B Level (Score 89-75)

Sourcing opportunities are limited based on reasons for the status. Effectiveness and suitability of the supplier‘s system should be analyzed for root cause(s) and corrective action. Action plans may be required for review with JCS CZ. In case three and more months in a row - supplier shall submit written self-improvement plan + weekly supervision by SQA Section Mng.

C Level (Less than 75)

Supplier shall submit written self-improvement plan. If the supplier is rated C suppliers for two consecutive months JCS CZ SQA dpt is planning and making process audit acc. to VDA 6.3. JCS CZ expects an active cooperation of suppliers on the continuous improvement from the process audit. If corrective actions are not effective the Supplier is not eligible for new business award without Top Management review at JCS CZ.

4.2. Continuous improvement

Continuous improvement must be a part of the quality strategy of every supplier. The company JCS CZ expects an active cooperation of suppliers on the continuous improvement of procedures, processes, and products with the aim of the permanent improvement of the entire system. It is necessary to show results of the continuous improvement as cost savings or quality improvement.

5. Commitment to supply spare parts

The Supplier shall ensure that the parts purchased by JCS CZ and provided for use within the customer's series production can still be supplied after the end of the customer's series production (EOP) for a period of at least 15 years. During series production, the series prices shall apply to the supply of spare parts; for the supply following the end of the series, the prices and terms applicable during the year prior to the end of the series production shall apply, unless agreed otherwise. Irrespective of the property issue, scrapping of component-specific tools or units and production tools shall require JCS CZ approval.

6. Term of the agreement

This agreement shall take effect with execution by both parties and be valid for an unlimited period of time for the term of the contractual relationship between the parties. All changes and supplements, including the amendment or rescission of this provision, require written form.

7. Escalation plan

Escalation level 0
If the Supplier does not meet the qualitative requirements of JCS CZ (rejected sampling, target agreements with JCS CZ not complied with e.g. action plan from evaluation of suppliers, corrective actions from 8D Report), the Supplier is escalated to escalation degree 0. The Supplier must be informed in writing about all qualitative problems see RED ALERT F-QA-052. The Supplier is asked to eliminate the problem promptly and effectively and to present an 8D Report or action plan with dates for elimination of the problems. If the problems are not eliminated within the designated period, the Supplier will be escalated to escalation **level 1**. However, if the Supplier manages to eliminate the problem, it is removed from the JCS CZ escalation programme.

Escalation degree 1
The Supplier is included in escalation **degree 1** if the so-far implemented corrective actions from escalation degree 0 have not led to resolution of the problem or the Supplier has not implemented the proposed corrective actions. The Supplier must be informed in writing about all qualitative problems see **RED ALERT F-QA-052**. **Supplier is implementing CSL1**. In cooperation with the Supplier, the SQA technician of JCS CZ will designate new corrective actions which should lead to elimination of the existing problems.

Or a The problem analysis or process audit will be performed according to VDA 6.3. During discussions on quality, the SQA technician of JCS CZ will agree with the Supplier upon a procedure for the corrective actions implementation. The Supplier must then confirm in writing the date for the achievement of corrective actions. If the supplier does not achieve the corrective actions on time, it will be escalated to escalation degree 2. If the corrective actions are introduced effectively, there is de-escalation to escalation degree 0 see RED ALERT F-QA-052.

Escalation degree 2
So a The Supplier is classified in escalation **degree 2** if the existing remedial measures from escalation degree 1 have not led to resolution of the current problem or the Supplier has not implemented the proposed remedial measures. The Supplier must be informed in writing about the persisting qualitative problems **see RED ALERT F-QA-052**. **Supplier is implementing CSL2.** The Supplier is invited to a meeting concerning quality with the participation of the SQA technician and Quality Manager of JCS CZ. The output from the quality negotiations is an action plan with dates. The Supplier must be informed that if it does not implement the required remedial measures by the designated deadline, it will be escalated to escalation **degree 3**. If the remedial measures are introduced effectively, there is de-escalation to escalation degree 1 or exclusion from the JCS CZ escalation programme 0 see RED ALERT F-QA-052.

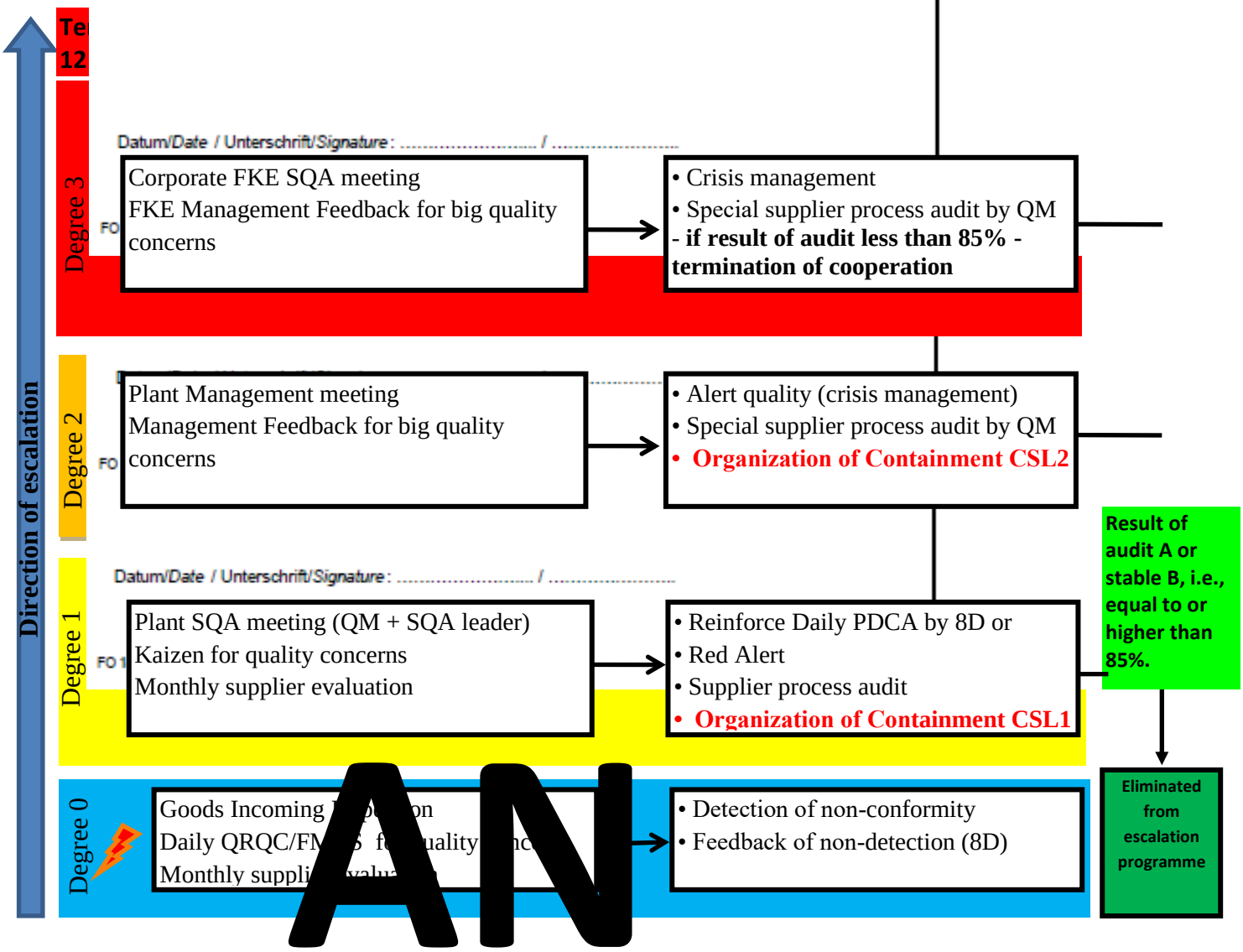
Escalation degree 3
So a The supplier is classified in escalation **degree 3** if the existing corrective actions from escalation degree 2 have not led to resolution of the current problem or the Supplier has not implemented the proposed corrective actions. Classification in this escalation degree persists until the problem is eliminated. The Problem is solving by FKE (FUJI KIKO EUROPE) together with JCS CZ management. For the period of classification of the Supplier in escalation degree 3, the Supplier is excluded from the process of awarding of new business (projects) and termination of the project if the problem could not be resolved within 12 months. See RED ALERT F-QA-052.
Elimination from escalation degree 3 must be performed on the basis of a process audit according to VDA 6.3 with the result A or stable B, which means equal to or more than 85%. Then the Supplier will be de-escalated or eliminated from the escalation programme of JCS CZ.

De-escalation procedure
De-escalation occurs after the effective elimination of a qualitative problem from the monthly supplier evaluation (From level C to levelA) or according to the result of a process audit according to VDA 6.3 at the Supplier. The decision on classification in the individual escalation degrees is taken by the SQA technician of JCS CZ **see RED ALERT F-QA-052** .

ESCALATION PROCESS

We implemented customer's soldering jig to the production.
Soldering WI was changed bz Mr. Bělka.

All problematic parets were produced before jig implementation



Controlled Shipping Level 1 (CSL 1) means that, in addition to the standard inspection scopes, the supplier must carry out a further 100% inspection of the product characteristics defined by JCS CZ prior to each delivery to JCS CZ. The inspected products and the packaging must be specifically marked. The type of this marking must be agreed with JCS CZ SQA dpt.

Controlled Shipping Level 2 (CSL 2 acc. to GP 12) means that, in addition to the standard inspection scopes, the supplier must arrange a further 100% inspection, by an external service provider, of the product characteristics defined by JCS CZ prior to each delivery to JCS CZ. This information, together with the demands on documentation, is communicated to the supplier. The supplier must prepare a sorting instruction for the external service provider, which must be approved by JCS CZ beforehand. The supplier is responsible for ensuring that sorting work is carried out properly, results are documented and the delivered products are of the required quality. The inspected products and the packaging must be specifically marked. The type of this marking must be agreed with JCS CZ SQA dpt.

CSL 1 a CSL 2 withdrawn

JTEKT COLUMN SYSTEMS CZECH S.R.O., Podnikatelská 1144/8, 301 00 Plzeň, Czech Republic, Tel: +420 378 011 111
IČO: 26733561, DIČ: CZ26733561, Firma je zapsána v obchodním rejstříku vedeném Krajským soudem v Plzni, oddíl C, vložka 15492.
Bank connection: UniCredit Bank Czech Republic and Slovakia, a.s., IBAN: CZ9327000000000800879009, Swift code: BACXCZPP

The CSL 1 and CSL 2 status can only be withdrawn by the SQA department of JCS CZ in the written form, base on fulfilment of actions defined by the quality department of JCS CZ and presented by supplier.
See RED ALERT F-QA-052 .

For the JCS CZ:

Place, date General Manager

Place, date Quality Manager

For the Supplier:

Place, date General Manager

Place, date Quality Management Officer / Quality Manager