

# QUALITY MANUAL SUPPLIERS

## **1. QUALITY POLICY**

The top management of Unicar Mexicana has established its quality policy, with the aim of providing a general frame of reference, as well as for the establishment and the review of the strategic objectives of the organization, and of the quality management system including in it the commitment of our suppliers to establish, maintain and improve its effectiveness continuously.

## 2. TARGET

The suppliers of materials, products and services that are part of our organization contribute to completing the strategic objectives and the good performance of our company in general.

Unicar Mexicana seeks to develop solid long-term relationships, based on respect, trust and reliability, which allow the organization and its suppliers to operate under adequate conditions of cost effectiveness, complying at all times with the requirements of the final customers of the company.

This Quality Manual for Suppliers establishes the minimum requirements that must be covered by all suppliers of raw materials, products and service which are supplied to Unicar Mexicana S.A de C.V and is constituted as the framework that regulates the commercial and operative relations between the company and its suppliers.

The requirements of this Manual, are complementary to the terms and conditions established in the commercial documentation (Purchase orders, trade agreements, Logistical arrangements) and technical information (drawings and designs, technical material sheets and / or specifications of Unicar Mexicana or its clients) provided by Unicar Mexicana, so it is replaced or modified in some way.

This manual, as a general agreement, establishes a general policy and guidelines of mandatory compliance for all suppliers of Unicar Mexicana; however, when it's requested, suppliers may receive additional information through the departments involved in the purchase process of a material, product or service: engineering, quality, logistics and sales, through formal written communications which will be linked as if they were part of this Manual and documents to which reference is made.

For the correct interpretation of the specifications and requirements of Unicar Mexicana, the following order of precedence must be applied:

- Purchase Orders
- Releases of Purchases
- Agreements, Contracts and / or Trade Agreements
- Technical documentation (Drawings, rules, standards, technical material sheets)
- Supplier Quality Manual
- Written formal communications

## 3. SCOPE

Applies to all suppliers of raw materials, products and services that are supplied to Unicar Mexicana.

Also, Unicar Mexicana suppliers should ensure that their own suppliers are aware of the scope and contents of the provisions and requirements of this manual, and throughout the supply chain.

## **4. TERMS**

**4.1 APQP:** Advanced Product Quality Planning (APQP) is a structured process to produce a quality plan to support the development and production of a product that satisfies the client.

**4.2 Critical Failure:** We consider a dimension, property of the material, physical characteristic, etc. if it is not in the specifications; it can be a security risk or indeed will cause an operational failure.

**4.3 Non-Critical Failure:** Are those incidents that do not affect the quality of the product not the sequence of the process, for example, time of delivery, documentation, etc

**4.4 PPAP:** Production Parts Approval Process (PPAP) is the process used to ensure that new or modified components, ad changes in production process, meet the quality requirements

## **5. RESPONSIBILITIES**

The departments od Logistics and Quality of Unicar Maxicana are responsible for the application of the provisions contained in the Quality Manual for suppliers, and are to demand that all suppliers comply with those requieremnts.

The verification and approval of the facilities, systems, supplier records and products by Unicar Mexicana, do not release the supplier from its obligation to supply a product conforming to the specifications, technical requirements and quality, nor of the responsibilities that are derived in case of any rejection by the final client or by Unicar Mexicana.

## **6. REQUIREMENTS TO THE PROVIDER**

### **5.1 GENERAL REQUIREMENTS**

Unicar Mexicana considers it convenient and desirable, that all its suppliers have a certified quality system, based on one of the following rules

- ISO 9001:2008
- TS-16949:2009

Unicar Mexicana, will give preference to new projects to those suppliers whose quality management systems are certified in any of the systems mentioned.

Every supplier of Unicar Mexicana must:

- To know, review and accept the requirements of the purchase order issued by Unicar Mexicana. Acceptance of the purchase order means that the supplier understands its terms and conditions, as well as the requirements of this manual and specific requirements defined for materials, products and services to be provided contained in the technical specifications provided.
- To supply materials of optimum quality, delivering the required amount, on the required date, and in the defined package.
- Implement efforts and initiatives to improve the quality of materials, products, services and the conditions and manner in which they are supplied to Unicar Mexicana, in a continuous and permanent manner.
- Provide Unicar Mexicana with technical and field support in order to correct and eliminate any nonconformities that may occur in the materials, products and services provided.
- Assume the expenses derived from any failure of quality of the material, product or service supplied, as well as its performance related to the supply of the same. These expenses include, but not limited to, the charges applied by the end customer derived from poor performance and / or non-compliance with quality requirements and specifications, those incurred in Unicar Mexicana for contention, re-certification, re-work, extraordinary freight, supervision, administrative expenses, etc.
- Design, implement and maintain a control system, to ensure the compliance of the purchase order requirements, specifications and quality requirements, through its processes and the processes of its suppliers.
- Carry out required inspections and tests to verify the conformity of the materials, Products and services according to the requirements of the purchase order, specifications and technical drawings provided.

Enable system audits, process and product, in the domicile, with respect to the critical products and processes that are supplied to Unicar Mexicana. These audits may be based on the requirements of ISO 9001: 2008, TS16949: 2009 and / or VDA 6.3.

## **6.1. ADVANCED QUALITY PLANNING AND PROVAL OF MATERIALS AND PRODUCTS PRIOR TO SUPPLY FOR SERIAL PRODUCTION**

Every supplier to Unicar Mexicana must:

- Demonstrate the use of methodologies of Advanced Quality Planning (APQP) for every launch of a new product, changes in material or parts, in order to ensure with this the prevention of the occurrence of nonconformities during the supply for the series production in Unicar Mexicana.
- Prepare and deliver a PPAP package for any new product and / or material, when any change is made to a product that is supplied to Unicar Mexicana, which shows the conformity of the same with respect to the requirements and technical specifications provided.

This package, must be reviewed and approved by Unicar Mexicana before the product is shipped for series production. In another way the supplier must request and obtain temporary approval for the supply of parts and materials for the production in series, by Unicar Mexicana

Unicar Mexicana's suppliers must obtain complete approval in the following cases:

- A new part or product (component, raw material, master batch)
- Correction of a discrepancy in a previous issue of a PPAP of a part, material or component
- Modification of a product, material or component resulting from engineering changes, specifications or materials.

All PPAP prepared and delivered by a supplier of Unicar Mexicana, must comply with the requirements established in The Checklist of Approval of New Parts for Production (Annex 1), in accordance with the requirements of the PPAP manual of the AIAG in its latest version.

## **6.2 IDENTIFICATION AND TRACEABILITY**

Every supplier of Unicar Mexicana must:

- Establish a system or procedure for identification and traceability for all materials and products supplied, that provide a positive identification of the product and its components through its manufacturing process, and to ensure by assigning a lot number and single part number, that its status of quality, quantity supplied and date of manufacture, is clearly identifiable on all material packages.

### **6.3 VERIFICATION OF THE PURCHASED PRODUCT**

Unicar Mexicana reserves the right to verify the quality of the material purchased from the supplier, and to make a claim for non-compliance not detected, even if the material or product has been previously identified as accepted by the company.

The payment of the products, materials and services delivered should not be considered as acceptance of them. Unicar Mexicana reserves the right to inspect the products, materials and services within thirty (30) days after delivery, but such inspection does not release the supplier from its obligations in accordance with this Quality Manual.

Unicar Mexicana has the right to reject all and each of the products, materials and services that are defective or are not in accordance with the specifications, requirements, quantities established, supplied in advance or late, or are labeled incorrectly and will be returned to the supplier at his own risk.

Unicar Mexicana may charge the supplier for all unpacking, revision, re-packaging and re-shipping of products, material and defective or non-conforming services.

If Unicar Mexicana receives products, materials or services whose defects or specifications have not been respected, the company reserves the right to request the replacement of these to the supplier, as well as payment for damages within a period of one hundred eighty (180) days after delivery.

### **7. PACKAGING, PACKAGING AND TRANSPORTATION**

The materials and products supplied to Unicar Mexicana must be packed so that they do not suffer any damage in their transportation and handling, so that they arrive at the premises of the company, clean and free of contamination.

The supplier must ensure that the transport used for the shipment of products and materials to Unicar Mexicana, are in adequate condition and that do not cause deterioration or damage in said products and materials.

All shipments are Libre A Bordo Destino, as well as include all the necessary documentation defined for its reception, basically documentation that covers the material delivered; Invoices, and quality certificates by part number.

### **8. ANALYSIS AND SOLUTION OF PROBLEMS, CORRECTIVE AND PREVENTIVE ACTIONS**

Every supplier of Unicar Mexicana must:

- Establish a basic system of quality assurance that guarantees:

Prevention: that the manufacturing processes do not produce no conforming materials and products

- Protection: that in case the manufacturing processes produce nonconforming materials and products, they are contained and are avoided sending them to Unicar Mexicana.

In case that for any reason, noncompliant products or materials are sent or detected by Unicar Mexicana and the supplier does not detect this situation, it should immediately report this situation to the company and provide at least the following information:

- No. Part or Lot No. of material not conforming
- Amount suspected or identified as non-compliant
- Date of dispatch or Date of receipt (actual or estimated) of the nonconforming material in Unicar Mexicana
- Containment measures to be implemented in Unicar Mexicana
- Immediate reaction measures to be executed by the supplier in order to ensure the continuity of operations at Unicar Mexicana

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Unicar Mexicana will notify the supplier when there is a non-conformity in the material or product supplied, by means of an electronic mail appending the format "Failure Report".

For the attention and solution of nonconformities incurred by a supplier, the supplier must:

Establish and maintain documented or instructive procedures to develop a plan of action when the failure is not critical, if the fault is critical or relevant should define, implement and verify the effectiveness of corrective and preventive actions, based on the methodology of analysis and solution.

Of problems known as 8D's, or the methodology that applies, which should at least consider the following

Of problems known as 8D's, or the methodology that applies, which shall consider at least the following:

- Supplier contact person information, analysis leader and non-compliance solution.
- Description of the problem
- Containment actions at Unicar plant and supplier
- Analysis and Determination of Root Cause of Nonconformity (5 whys, Ishikawa, Pareto of Defects)
- Corrective actions defined including responsible and date of execution.

- Preventive actions, including impact on materials and processes with the same characteristics or conditions (Drill Deep / Drill Wide)
- Short-term and long-term verification of the effectiveness of actions taken
- Approval and final closing of Unicar Mexicana

The supplier must act immediately from the notification of a report of rejection or non-conformity of which a charge of 100.00 Dls. For administrative expenses for lifting the NC and must send the containment actions within a period of no more than 24 hours to ensure the continuity of operations at Unicar Mexicana.

The 8D's report or action plan for the full quality claim must be submitted by the supplier within no more than 8 business days of notification of a rejection report.

The proposed analysis and solution of the quality problem reported in the supplier's 8D should include adequate details and supporting information to assure Unicar Mexicana that the true root cause of the problem was detected and that corrective and preventive actions are adequate to prevent re-occurrence of the problem.

Any corrective action may be considered closed only when Unicar Mexicana reviews, analyzes and validates that the cause has been eliminated, and that for a period of time defined by Unicar Mexicana as of the implementation of said action, non-compliance is not presented.

## **9. LOGISTIC REQUIREMENTS**

### **8.1 RECEPTION OF MATERIALS, PRODUCTS AND SERVICES**

The supplier shall deliver the products, materials and services required by Unicar Mexicana, in quantity, with the quality and just on the date required in the Order of Purchase, Purchase Release and / or Purchase Requisition in force, issued by Unicar Mexicana, In the raw material store of Unicar Mexicana, in the schedule defined by the company, and invariably accompanied by the original invoice that covers the delivery of the product, material and / or service, a copy of the purchase order and the purchase release Valid, and / or current purchase requisition, as applicable, as well as a copy of the quality certificate that evidences compliance with the established quality requirements.

The invoice must:

- To be issued with date of the day the material is delivered or subsequent to such delivery
- To agree with the purchase order data: Purchase Order No., Supplier No., Unit Price agreed and in force at the time of delivery , Quantity delivered, Identification and Description of the type of material, product and / or service delivered
- Invariably issued in the name of: Unicar Mexicana SA de C.V.

If the invoice original is not delivered by the supplier, for any reason, together with the material delivered, it must be sent via messaging or email to Unicar Mexicana S.A. de C.V. The same day of delivery of the material with attention to the Accounting Department.

In all cases, the agreed payment period will begin to count from the receipt of the original invoice in the Accounting Department of Unicar Mexicana.

## **10. PRICE REVIEWS**

The price agreed for any material, product and / or service between Unicar Mexicana and the supplier, shall remain in force until there is a prior written agreement between the two parties that modifies it.

As part of Business Ethics, values and business philosophy of Unicar Mexicana, the company does not practice or use negotiation tactics that seek to harm profitability or that jeopardize good performance and the continuity of operations or the supply of its suppliers, or unnecessarily or unnecessarily delay the modification of the agreed price of a material, product or service.

With this in mind, Unicar Mexicana undertakes to conduct price revisions in a professional and expeditious manner, from solid information, Reliable and sufficient provided by the supplier that evidences the necessity and / or convenience of making an adjustment in the agreed price.

Under no circumstance, Unicar Mexicana will accept changes in the price agreed for a material, product or service, under the scenario of interruption in the supply of said material or product, or the provision of the service

Under any circumstances Unicar Mexicana will accept modifications in the prices of materials, products and / or services that are reflected in the invoices of said supplies, and that have not previously been agreed, nor the retroactivity of the application of a change in a price when This situation has not been previously agreed between the parties.

Any request for revision or modification of an agreed price for any material, product and / or service between Unicar Mexicana and the supplier shall be made in writing to the company and shall be accompanied by solid, reliable and sufficient information justifying the need or Convenience of making the requested adjustment.

Unicar Mexicana reserves the right to accept or reject at any time any request for revision or modification of a price agreed for any material, product and / or service.

## **11. REVISION OF INVOICES AND PAYMENT**

The original invoices can be received at Unicar Mexicana from Monday to Friday, during office hours, however, the official day of payment of invoices under review by the Accounting Department of Unicar Mexicana on Friday.

The payment of invoices received for review and that comply with the information requirements indicated in this Quality Manual will be made in accordance with the following provisions:

- For security reasons and in order to comply with the legal and tax provisions of our country, all invoice payments made by Unicar Mexicana to a supplier will be made through a wire transfer
- Therefore, it is essential that the provider provides the correct and complete data of your bank account in which the corresponding payments will be made.
- If the account provided by the supplier corresponds to an account opened with BANCOMER, payment and payment corresponding to your invoices, will be made according to the terms and terms agreed on Friday between 16:00 and 17:30 hrs.
- If the account provided by the provider corresponds to an account opened with any other credit institution, the payment and payment corresponding to your invoices will be made according to the terms and terms agreed on Monday, between 12:00 and 14: 00 hrs.  
In this case, the deposit will be paid the day after the transfer.
- The provider is responsible for providing your bank details including CLABE for electronic transfers to the Accounting Department, and for ensuring that these are correct.
- Payments can only be made, without exception, in the name of the company name and tax data corresponding to the invoice provided by the supplier.
- Proof of payment, proof of transfers issued by the bank, will be sent only by email, for which the provider is required to provide the name of the contact and his corresponding email address.

## **12. COMPLIANCE WITH LEGISLATION, PROVISIONS AND REGULATIONS**

The supplier declares and warrants to Unicar Mexicana that it is in compliance with all applicable laws and regulations and that the products, materials and services to be provided herein shall be manufactured and supplied in accordance with the relevant laws and regulations, including, but not limited to, all laws and regulations relating to environmental protection, public and employee safety and health, labor laws, including

employee hiring and equal opportunity and licensing, and Applicable permits, etc. As required, be they municipal, state or federal, depending on the domicile of the operations of the supplier.

The provider assumes all labor responsibility in accordance with applicable labor laws for all its personnel and agrees to strictly comply with all of its obligations as employer in relation to such personnel in accordance with the Federal Labor Law, the Mexican Institute Law Social Security, the Institute of the National Fund for Workers' Housing, and all regulations and ordinances issued in accordance with applicable law. Likewise, it agrees to indemnify and hold Unicar Mexicana, its employees and employees in peace and safe in the event that any claim presented by any of its employees or employees, as well as any claim presented by the Mexican Social Security Institute or the Institute of the National Fund for Workers' Housing due to lack of payment of wages, benefits in cash or kind, or the respective quotas to the social security institutions of the country.

The supplier agrees to carry out the production and supply of the materials, products and services required by Unicar Mexicana as herein provided, without causing any contamination, spillage or illegal disposal of any substance, hazardous waste and / or materials or wastes that are Considered as dangerous by the General Law of Ecological Equilibrium and Environmental Protection, its Regulations and all other laws of the applicable Mexican Official Standards. The supplier shall indemnify, defend and hold harmless the company in the event of any loss or damage caused by any lack of permits, licenses or authorizations applicable to the Products / Services to be supplied, or as a result of any contamination that may Have been generated as a result of their operations.

In the event that any material classified as hazardous according to the classification of restricted or limited use substances RoHS Directive 2002/95 / EC or its equivalents around the world, is used in the manufacture and / or supply of products or materials for Unicar Mexicana, The supplier must report this situation to the company, prior to the start of the supply of samples, products or material for limited manufacturing (pilot) or the start of series production, and must complete and send Annex 3 of this Manual, send with Each shipment the Material Safety Data Sheet (MSDS) and should label the packaging or containers of the product as required (safety diamond).

It is the responsibility of the supplier to inform Unicar Mexicana immediately of any change in the dangerous status of the delivered material. The MSDS for hazardous materials must be in force, and must be periodically delivered to the Unicar Mexicana Purchasing area and controlled by the Environment Department.

### **13. CONFIDENTIALITY**

All information or data provided by Unicar Mexicana to the supplier in relation to the products, materials and services to be supplied, contained in technical specifications,

drawings, CAD files, electronic files, information for the manufacture of parts, products and materials, Packaging standards, test methods and tools, purchase orders, purchase releases, to mention the main ones, are the exclusive property of Unicar Mexicana and / or its customers.

Such information and data are provided for the sole purpose that the supplier has the elements to meet the quality requirements and ensure the timely and sufficient supply of the products, materials and services required by Unicar Mexicana, under the express condition that said information And data shall not be disclosed to others or used for any other purpose without the prior consent of Unicar Mexicana.

All information and data provided for this purpose to the supplier by Unicar Mexicana, must be returned immediately upon presentation of a written request to the supplier. In addition, the supplier agrees not to disclose to third parties, without the prior written consent of Unicar Mexicana and / or its customers, any information regarding prices, payments or other financial agreements between Unicar Mexicana and the supplier, nor the content or the Existence of the Quality Manual, except to the extent that such disclosure must be made in accordance with applicable law or made in a court of law or arbitration procedure involving Unicar Mexicana and the supplier.

#### **14. BUSINESS ETHICS**

The values and policies of Unicar Mexicana prohibit company employees from accepting gifts, gratuities or other benefits that go beyond the courtesies normally related to business practices by any supplier or potential provider of Unicar Mexicana, and that In the judgment of the company exceed a symbolic or nominal value.

The supplier agrees to adopt and implement all the measures and guidelines that Unicar Mexicana has provided in relation to business ethics and to comply with the law regulations applicable to the nature of their operations, and acceptable business practices and industry standars.

It is strictly forbidden any payment of cash or cash equivalents (gift certificates, etc.) from a supplier to a Unicar Mexicana employee. Likewise, if a Unicar Mexicana employee requests a payment or an inappropriate gift from a potential supplier or supplier, the supplier must immediately report this violation to the employee´s immediate supervisor and the company´s Human Resources manager

It is expected that all Unicar Mexicana personnel will avoid any investment, participation or association that interferes, could interfere or could be thought to interfere with the independent exercise of the employee's judgment in the best

interests of Unicar Mexicana. There may be a conflict of interest when the employee, a family member, or a close personal relationship:

- Has a significant direct or indirect financial interest in, or obligation to, a competitor, supplier or customer (actual or potential) of the company
- Is an employee or representative of a supplier or customer with whom the employee does business on behalf of Unicar Mexicana
- Accepts gifts that have a greater symbolic or nominal value from a competitor, supplier or customer (actual or potential).

Unicar Mexicana employees must disclose any potential conflicts of interest to the company's senior management or to the Human Resources manager. Likewise, suppliers must disclose any potential conflict of interest to Unicar employee (s) Mexicana with whom they are negotiating, or, if the possible conflict involves such persons, the General Directorate or the person responsible for Human Resources.

## **15. TERMINATION OF THE QUALITY FRAMEWORK AGREEMENT**

In the event that, for any reason, the commercial relationship between Unicar Mexicana and the supplier terminates, arising from the cancellation of the purchase agreement and / or purchase orders between the supplier and Unicar Mexicana, this Agreement will be terminated, without prejudice Of the supplier's obligations arising from it while it was in effect.

## **16. EVALUATION AND MONTHLY QUALIFICATION OF THE SUPPLIER**

Suppliers of materials, products and components that are integrated into the mass production of the products supplied by Unicar Mexicana to their customers will be evaluated quarterly, independently, by Quality and Logistics areas of Unicar Mexicana.

The quality performance of the suppliers will be evaluated and reported using the following criteria:

LOGISTICS EVALUATION	
Element	Weighing
Weighting Delivered on Time and Completed on requested date and complete documentation	30.00%
Timely, Complete and Complete Delivery Documentation	10.00%

### PERFORMANCE LEVEL

The quality goal of Unicar Mexicana for all its suppliers is ZERO DEFECTS. In pursuit of this goal, the following levels of performance have been defined as acceptable to any supplier:

- Maximum of 100 PPM'S per year.
- 0 Incidents in materials receipt
- 100% on-time deliveries and approvals at the first PPAP attempt

The performance of suppliers in the logistics area will be evaluated and reported using the following criteria:

PPM'S	PPAP	Receipt and Inspection	Deliveries	Delivery Documentation	Monthly Rating
30.00%	10.00%	20.00%	30.00%	10.00%	100.00%

The goal in the logistics evaluation of Unicar Mexicana for all its suppliers is 100% compliance. In pursuit of this goal, the following levels of performance have been defined as acceptable to any supplier:

- Deliveries on Time and Completions regarding the delivery program (purchase release): 99.0%
- Delivery of Documentation in Time, Correct and Complete: 99.0%

The integration of the monthly qualification of the quality assessment And logistics of a supplier will be made according to the following table:

The minimum qualification expected in the quarterly evaluation of all suppliers is 91.0% for suppliers. Vendors with a rating of 80-90% will be rated with level B. Vendors below 80 will be rated with level C.

Suppliers who do not achieve a satisfactory quarterly performance evaluation (level B) should define and implement improvement plans following the 8D methodology prescribed in this Manual (see section 7.0), or generate an action plan if the failure is not critical, Which must be sent for review to the purchasing area and / or quality of Unicar Mexicana. The progress made in implementing the improvement actions and the effectiveness of the actions already implemented should be reported on a monthly basis. In the case of non-compliance and for suppliers listed at level C, an on-site audit can be scheduled and its replacement or replacement contemplated. We have reviewed, understand and agree with the guidelines, policies, procedures and goals set forth in this Supplier Quality Manual.

Provider's name: \_\_\_\_\_

Provider Number: \_\_\_\_\_

Legal Representative / Supplier Quality

Name:

Job:

Date