

## GENERAL QUALITY REQUIREMENTS FOR PURCHASED PARTS

The following requirements shall apply to all the suppliers of the associated companies of SELCOM GROUP S.p.A., referred as “SELCOM GROUP” in the “General Purchase Terms and Conditions of SELCOM GROUP”; the associated companies shall be any company controlled by or in common control by SELCOM GROUP S.p.A..

### 1) Purpose

The purpose of this agreement is to define the general conditions of quality for those goods that are manufactured in compliance with the specifications provided by SELCOM GROUP or SELCOM GROUP’s customer and for commercial/catalogue parts.

### 2) Quality goals

SELCOM GROUP and Supplier’s goal is to achieve and maintain a zero-defect level. Where the zero-fault objective cannot be achieved in the short term, SELCOM GROUP may define temporary upper limits with the Supplier for failure rates as intermediate targets (e.g. separate product tailored “ppm agreement”).

If the Supplier realizes that the defined targets will not be achieved, he is obliged to submit concrete action plans to SELCOM GROUP.

Obtaining levels lower than the agreed upper limits do not release the Supplier from his obligation to deal with all complaints and to continue with the process of continuous improvement.

### 3) Order of Precedence

If a conflict arises between the requirements of this document and other SELCOM GROUP documents, the following order of precedence shall apply:

- 3a) Purchase Order
- 3b) Engineering drawings and specifications
- 3c) SELCOM GROUP Master Supply Agreement (if any)

Note:

the terms of the Master Supply Agreement will take precedence over the purchasing terms and conditions of each Purchase Order. If a clause or a part of the present General Conditions are in conflict with other written “Master

Supply Agreement of Selcom Group ” or with a written agreement of the same importance, the “Master Supply Agreement of Selcom Group” or the other Agreement aforesaid shall be applied, but the other part of the General Conditions not involved in the conflict remains in force.

#### **4) General Requirements**

4a) Unless otherwise specified and approved by SELCOM GROUP, Supplier is required to have an applied Quality Management System (QMS) in place that is operated in accordance with and accredited by a third party certification body in compliance with to the current version of the standard such as ISO 9001, ISO 14001.

Accredited certification is to be furnished to SELCOM GROUP.

4b) The supplier requires their sub-suppliers to establish and maintain a comparable quality management system which will ensure that the product (e.g. parts, material,...) which he buys and/or externally processed products are free from defects. SELCOM GROUP can demand documented proof from supplier that the supplier has convinced himself of the effectiveness of the quality management system operated by his sub-suppliers. If quality problems arise and these are caused by subcontract product (e.g. parts, material,...), the supplier will provide SELCOM GROUP with the opportunity to conduct an audit at their sub-supplier (if necessary with the support of SELCOM GROUP).

Supplier shall ensure that:

4c) All goods comply with relevant technical specifications; either the specification provided by SELCOM GROUP or if no specification is provided by SELCOM GROUP, Supplier’s or manufacturer’s own specification.

4d) Supplier shall provide all appropriate product Certificate of Conformance (COC) at Supplier’s expense.

4e) Unless specified otherwise and where applicable, Supplier shall be in compliance with the latest revision of applicable standards including but not limited to JEDEC, IPC, ANSI, and SAE.

4f) Supplier shall maintain a first-in, first-out (“FIFO”) inventory control system to ensure that non-conforming Material or prior Product versions is not inadvertently shipped to SELCOM GROUP.

- 4g) It is Supplier's responsibility to install any additional processes, tests, or methods in order to fulfill customer requirements.
- 4h) Supplier shall maintain and execute internal audits of its operation to insure compliance with written processes, procedures, standards, and agreements.
- 4i) Supplier shall ensure that all goods which are identified as requiring manufactured date codes, carry manufactured date codes that do not predate the date of shipment to SELCOM GROUP by more than twenty four (24) months or as otherwise specified in the Selcom Specifications / Purchasing Order.

## 5) Audit

The Supplier gives SELCOM GROUP permission to establish whether their quality management measures meet the requirements of SELCOM GROUP by using audits. An audit can be conducted as a system, process or product audit and the appropriate notification will be given.

The Supplier grants SELCOM GROUP access to all operational facilities, test centers, warehouses and neighboring areas and inspection of quality-relevant documents. In such cases appropriate restrictions imposed by Suppliers to safeguard their business secrets will be accepted.

SELCOM GROUP will inform the Supplier of the result of these audits. If, in the view of SELCOM GROUP, corrective action is required, the Supplier is obliged to create an immediate plan of action, implement it within period prescribed and inform SELCOM GROUP about the results.

System, process or product audits from other customers and certificates can be accepted.

For emergencies Supplier shall permit to enter Supplier's facilities upon 24 hours notice.

## 6) Information and documentation

If it becomes evident that agreements made such as e.g. for quality characteristics, deadlines, delivery quantities cannot be adhered to, the Supplier will immediately inform SELCOM GROUP about this. The Supplier also informs SELCOM GROUP immediately about known variances after the deliveries. In the interests of a quick solution the Supplier will reveal the necessary data and facts.

### **7) Quality Recording Keeping**

Supplier will comply with obligations to retain documents extends for five years. Features requiring special archiving will be defined by SELCOM GROUP and the Supplier.

The Supplier grants SELCOM GROUP inspection of the documents on request.

### **8) Quality Acceptance, identification of products, traceability**

SELCOM GROUP and Supplier's goal is to achieve and maintain a zero defect level.

Supplier shall use statistical process controls and a supporting process capability analysis to achieve continuous quality improvement and failure rate reductions.

For process malfunctions and quality variances the Supplier will analyze the causes, initiate improvement measures and check that they are effective.

Before shipment, our Suppliers are required to perform a Ship Lot Audit by randomly selecting a representative sample of finished goods and inspecting if they are in compliance with the SELCOM GROUP Specifications.

For commercial/catalogue parts the Supplier is required to verify that the correct part number is being sent in the required packaging.

If, in exceptional circumstances, the Supplier cannot supply any product which meets the specification, he must obtain special release from SELCOM GROUP before delivery. In this case SELCOM GROUP is authorized to demand a price reduction.

Supplier shall, upon request, provide SELCOM GROUP evidence of such process controls and capabilities, including all supporting documentation.

The Supplier undertakes to ensure the traceability of the products that he has supplied. Where a defect is identified there must be a guarantee that the harmful parts/products/batches are isolated.

### **9) Delivering and packing**

The Supplier will deliver the contract products using suitable transportation resources and packing, in order to avoid damage and reduced quality (e.g. soiling, corrosion, chemical reactions,...).

Material packaging shall not negatively influence Material quality or include any impurities.

Moisture Sensitive Devices as identified by Supplier shall be labeled and packaged in an ESD Moisture Barrier Bag (MBB).

## 10) Notification of change

Supplier will provide SELCOM GROUP with ninety (90) days written notice prior to the introduction of any change that may affect form, fit, function, quality, reliability or safety of the relevant goods. Supplier will advise SELCOM GROUP in writing with the description of the change and the intended date code of the implementation of the change. All changes must be notified by SELCOM GROUP in writing.

SELCOM GROUP has the right to refuse any change required by Supplier.

The types of changes requiring notification include, but are not limited to:

- Changes in components (die shrink, etc.)
- Any change of a product (e.g. parts, material,...) relevant to functions/processability and safety, including a change of subcontract Supplier
- Reduced inspection and/or testing
- Changes of test processes/equipment
- Manufacture site changes
- Changes in packing, shipping and labeling of Product or containers
- Changes in Supplier or Manufacturer part number or name

All changes will be documented by the Supplier and handed over to SELCOM GROUP for approval; proof of quality has to be undertaken in any event by the Supplier and handed over to SELCOM GROUP for approval.

Supplier shall get approval from SELCOM GROUP before implementing any changes for those goods that are manufactured in compliance with the specifications provided by SELCOM GROUP or SELCOM GROUP's customer and for commercial/catalogue parts.

## 11) Product Discontinuance

Supplier shall provide written notice of planned product discontinuation to SELCOM GROUP as follows:

- 6 months minimum before the last order date
- 12 months minimum before the final shipments date

## 12) Product Quality Alert

Supplier shall immediately send a written quality alert to SELCOM GROUP whenever the Supplier suspects that non-conforming product has been shipped to SELCOM GROUP.

### **13) Expectations When Failures Occur - Failure Analysis and Correction Action**

SELCOM GROUP will notify to the Supplier of the non-conformity via an “8D Non Conformity Report”.

- 13a) Supplier is expected to address to the following when an “8D Non Conformity Report” is issued for resolution:
- Initial Problem Definition and Verification
  - Containment Action
  - Defect Verification
  - Definition and Verification of the Root Cause
  - Permanent Corrective Action
  - Corrective Action Verification
  - To verify if possible to apply Corrective Action even to other similar products which the Supplier supplies to SELCOM GROUP
- 13b) The overall response time line is 9 calendar days for urgent and 23 calendar days for standard.
- 13c) SELCOM GROUP may use its reasonable discretion to identify any issue as an urgent issue. Urgent or standard priorities will be communicated in the formal “8D Non Conformity Report” to Supplier at the time of issuance.
- 13d) In any case Supplier is also required to provide details on the actions of containment within this 48 hour.
- 13e) Supplier shall have a written corrective action procedure in place that responds to complaints received from any SELCOM GROUP personnel.
- 13f) When a non-conformance is identified, SELCOM GROUP will require that a thorough, documented root cause/corrective action plan is promptly implemented.
- 13g) Supplier is expected to provide support as required by SELCOM GROUP including but not limited to on-site representation for failure analysis, to assist in the isolation, diagnosis, and resolution of high severity issues in the field, factory, or development facility, and new Product introduction support.
- 13h) SELCOM GROUP is not obliged to carry out a detailed examination upon arrival. The event that non-conforming Material could be discovered at any state in the process or in the field. On a lack of conformity of the goods the SELCOM GROUP will give notice to the Supplier by “8D Non Conformity

- Report” specifying the nature of the lack of conformity within a reasonable time after he has discovered it or ought to have discovered it.
- 13i) SELCOM GROUP’s payment for any non-conforming Materials will not constitute acceptance by Supplier, and will not limit or impair SELCOM GROUP’s right to exercise any rights or remedies, or relieve Supplier of its responsibilities for the non-conforming Materials.
  - 13l) Material identified as non-conforming Material shall not be reworked and sold to SELCOM GROUP as new Material unless prior written authorization has been granted.
  - 13m) Supplier shall perform Failure Analysis on all returned non-conforming Material and when requested shall provide results to SELCOM GROUP. Supplier shall collect the data resulting from returned non-conforming Material failure analyses and evaluate trends and recurrences for continuous improvement.
  - 13n) Supplier is required to furnish a Return Material Authorization (“RMA”) for the return of non-conforming product within 48 hours of the request. For issues requiring correcting action Supplier is required to provide an RMA within 24 hours of the request.
  - 13o) Any remedy or economic compensation shall be regulated by the applicable law.

#### **14) Language**

This “General Quality Requirements for Purchased Parts” shall be interpreted in English.

Castel Maggiore - Italy: August 1, 2017