{}

No.1 Huazheng Street,

Suzhou,

CN

2019-08-19

**Nomination Letter for project**

### Assumptions

The project documents have to be considered in the following order of priority:

1. This Nomination Letter
2. Delivery regulation for order processing between and dated
3. Tool contract between and dated
4. Framework Supply Agreement for the procurement of manufacturing materials between and dated . (the “Framework Supply Agreement”)
5. If necessary, quotation(s) (incl. Cost Break Down) dated
6. If necessary, inquiry documents dated
7. Logistic Data Sheet dated (signed)

In case of no Framework Supply Agreement existing between the parties, the “General Terms of Purchasing of Hella KGaA Hueck & Co.”, which are valid at the time, shall apply exclusively. The General Terms of Purchasing can be viewed on the Internet under [www.hella.de/ekb](http://www.hella.de/ekb) (German) and [www.hella.com/gtc](http://www.hella.com/gtc) (English).

The supplier's General Terms of Sale are hereby expressly rejected.

**Preamble**

Based on our previous discussions and negotiations, we will place continuous orders, incl. needed equipment with for the components listed below in section 1. Component(s). The components’ delivery is subject to the following conditions:

Internal Comment

Nomination Roadmap ID:

### Component(s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pos.** | **HELLA part number** | **Part description** | **Rev. / Index** | **Index Date** |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |

### Forecasted quantities

The supplier,, shall confirm orders up to 130 % of the forecasted quantities by HELLA.

SOP date:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Part**  **Number** | **2017**  **quantity**  [k pcs] | **2018**  **quantity**  [k pcs] | **2019**  **quantity**  [k pcs] | **2020**  **quantity**  [k pcs] | **2021**  **quantity**  [k pcs] | **2022**  **quantity**  [k pcs] | **2023**  **quantity**  [k pcs] | **2024**  **quantity**  [k pcs] |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

Specifically, this means that production capacities and flexibilities are confirmed (contracted) by the supplier as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Part**  **Number** | **2017**  **max. qty**  **per week**  [k pcs] | **2018**  **max. qty**  **per week**  [k pcs] | **2019**  **max. qty**  **per week**  [k pcs] | **2020**  **max. qty**  **per week**  [k pcs] | **2021**  **max. qty**  **per week**  [k pcs] | **2022**  **max. qty**  **per week**  [k pcs] | **2023**  **max. qty**  **per week**  [k pcs] | **2024**  **max. qty**  **per week**  [k pcs] |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

Basis:

|  |  |
| --- | --- |
| **Shift operation** | shifts per day |
| **Shift duration** | hours |
| **Calendar days / week** |  |
| **Weeks / calendar year** |  |
| **OEE (%)** | % |

has to ensure that sufficient capacity is available to cover the ramp-up curve, i.e. that the demands will get higher during the year and cannot be split evenly until peak volume.

The planned project duration is years after start of production (SOP).

These forecasted quantities shall not be construed as an early order by HELLA.

Orders will be placed by HELLA by either single purchase orders or delivery plan call offs.

* 1. **Flexibilities**

1. flexibility is based on the above confirmed demands per year
2. +/- % flexibility for weeks with a pre-announcement of weeks in advance
3. further flexibility needs to be checked individually based on the confirmed demands per year
4. frozen zone of capacity changes for weeks
5. **Tooling information**
   1. **Tool Data and Tool Costs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pos.** | **Hella**  **Part No.** | **Tool type** | **Tool configuration**  (# of cavities) | **Cycle time**  (in sec) |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pos.** | **Hella**  **Part No.** | **Output quantity**  (over lifetime)\* | **Output quantity**  (per week) | **Output quantity**  (per calendar year) |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |

\* o.k.-parts of one tool: The parts meet all mutual agreed technical requirements according to the drawing and specifications provided by HELLA.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pos.** | **Hella**  **Part No.** | **Tooling costs**  [] | **# of needed tools**  (over lifetime) | **Follow-up tooling costs**  (over lifetime)  [] |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |

The tooling costs as listed above are 100% of the respective tool costs.

|  |  |  |  |
| --- | --- | --- | --- |
| **Pos.** | **Hella**  **Part No.** | **Tooling leadtime**  (first tool set) | **Replacement time**  (follow up tools) |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Pos.** | **Hella**  **Part No.** | **Further needed invest**  (description) | **Invest costs**  [] |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |

|  |  |  |
| --- | --- | --- |
| **Pos.** | **Hella**  **Part No.** | **Tool Owner** |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |

(Supplier, Hella, Customer)

* 1. **Tooling referred agreements**

1. The tools, incl. all relevant 2D / 3D data, have to be listed in the appendix to the concluded Tool Contract .
2. The lettering and marking of the tools, jigs and / or further manufacturing equipment will be performed free of charge for HELLA.
3. Final payment will be made following the ISIR approval, signing of the appendix of the tool contract and presented pictures of the tooling, representing the transition of the entire ownership to HELLA.
4. Tool development documents shall be provided to HELLA as requested.
5. **Design adaptations**

Changes may be requested by HELLA to the tool’s product’s design until the planned tooling manufacturing.

The costs necessary for minor changes are fully included in the tooling costs.

Start tooling manufacturing:

1. **Prices**
   1. **Sample prices**

The following parts prices are agreed for the project phase up to SOP:

|  |  |
| --- | --- |
| 1. / B- samples | according to quote () |
| ISIR parts | free of charge |
| FOT parts up to and incl. C-samples | series pricing |

* 1. **Series production prices**

The following parts prices are agreed for series deliveries: in for 100pcs

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **HELLA**  **Part Number** | **Jun 1st**  **-**  **May 31st** | **Jun 1st**  **-**  **May 31st** | **Jun 1st**  **-**  **May 31st** | **Jun 1st**  **-**  **May 31st** | **Jun 1st**  **-**  **May 31st** | **Jun 1st**  **-**  **May 31st** | **Jun 1st**  **-**  **May 31st** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

The above mentioned prices are excl. the statutory VAT.

If the material purchasing prices for the preliminary material / energy costs / transport costs increase, there will be no adaptation of the above mentioned parts prices during the product lifetime.

*Remark for electronic / electro-mechanic components:*

*We reserve the right to consider the above mentioned part number(s) in our annual negotiation.*

* 1. **Price of service parts after EOP**

1. Service parts have the same pricing structure as series parts, under the pre-condition that the required service parts’ quantities meet or exceed the average weekly quantity purchased the year before EOP.

OR

1. Service parts are not allowed to exceed more than % of the last valid series prices on the year of EOP

(choose variant a or b after agreement with MGM and Series Purchasing and delete the not applicable variant)

1. **Delivery time and rounding value for parts**

The following timing for deliveries within series production is confirmed as well as the given rounding value (acc. to Packaging Data Sheet).

|  |  |  |  |
| --- | --- | --- | --- |
| **Pos.** | **HELLA Part Number** | **Delivery time in**  **series production**  [working days] | **Rounding value**  [k pcs] |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |

1. **Follow-up tooling**

confirms the following timing for setting up follow up toolings (if needed during project lifetime) in time.

|  |  |  |
| --- | --- | --- |
| **Pos.** | **HELLA Part Number** | **Delivery time** [working days] |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |

* 1. **PPAP in a timely manner**

has the obligation to review the forecasted quantities continuously and ensure that the tool status & and the remaining amount of shots is sufficient at all time and shall not exceed the agreed amount of shots.

PPAP documents and samples have to be provided in a sufficient time that HELLA validation process will not exceed the life time of the existing tool. [the timing mentioned under 7.2. has to be considered accordingly]

* 1. **HELLA validation time**

|  |  |  |
| --- | --- | --- |
| **Pos.** | **HELLA Part Number** | **Validation time\*** [working days] |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |

*\* To be filled by Hella SQA-TtM*

The stated validation time is conclusive for in order to calculate the needed timing to provide the requested PPAP documents and samples for new toolings.

If provides the requested documents & samples not in time they are responsible for all quality related costs which might occur due to the overshot tool.

Remark:

The manufacturing and validation time is based on the current tool status.

If technical changes (e.g. a different tool concept) occur, the manufacturing and validation time has to be evaluated new on the new status and the Nomination Letter has to be updated accordingly.

Any planned changes have to be notified and communicated on time by to HELLA Purchasing and Quality department.

* 1. **Special release for overshot tools**

A possible enlargement of the tool life time by refurbishment has to be discussed with Hella Purchasing and Quality department in advance.

1. PU / Program Purchasing and Material Group Management (Specialist)
   * Potential pricing impact
   * Temporarily paused amortization (if negotiated and settled in advance)
2. SQA-OtD / SQA-MGM/S

* Technical pre-conditions to be discussed
* Agreement of potential additional number of shots (without risking any quality issues with the parts)

Remark:

The quality of the delivered parts as well as the delivery of the parts itself has to be ensured by at all times.

* 1. **Tool data and tool costs**

All information mentioned under 3.1. also have to be provided for any follow up tool.

These information will be stored as further attachment to this Nomination Letter.

1. **Terms of payment**
   1. **Tools**

Payment shall be made net within 30 days following the release of the tool (ISIR) by HELLA.

(further pre-condition see 3.2. c)

1. **Terms of delivery**

DAP (ordering Hella location) (Incoterms 2010), including packaging.

The costs of return transport for reusable packaging from the HELLA location to production location must be borne by .

1. **Packaging**

The packaging has to be conform with the HELLA logistic guideline HP-C-516.

* 1. **Packaging execution**

Execution according to packaging data sheet (see appendix to this Nomination Letter).

* 1. **HELLA Container / Trays**

The supply of HELLA requested containers and trays needs to be separately negotiated between HELLA and the supplier, , regarding responsibilities and prices.

The signed agreement has to be attached to this Nomination Letter.

The number of containers / trays requested needs to follow the required quantities as calculated in the packaging data sheet.

The HELLA containers must only be used for delivery to Hella and not for the supplier’s internal material flow.

may not mark the containers / trays in any way by lettering or stickers.

Specific trays or other packaging need to fulfill HELLA Norm HP-C-516.

1. **Time schedule**

The supplier agrees to the following deadlines which are absolutely necessary for series production.

|  |  |  |
| --- | --- | --- |
|  | **Arrival at Hella** | **Quantity (pcs)** |
| B-samples |  |  |
| First of Tool  (series tooling) |  |  |
| HELLA line validation  (series tooling) |  |  |
| ISIR / PPAP parts |  |  |
| Run @ Rate |  |  |
| Run @ Rate Hella |  |  |
| First series deliveries (SOP) |  |  |

The parts have to arrive at HELLA on those deadlines.

The has to comply according to standard, level .

In addition a time schedule must be submitted every month (first cw).

The supplier must inform automatically about deviations within the time schedule.

1. **Production location**

The tools are to be produced at the location of in .

The individual parts will be manufactured exclusively at the production location of in .

Assembly of individual parts will take place exclusively at the production location of in .

Changes to the above mentioned locations or a partial or complete re-location of tool production to another location is only allowed with written approval by HELLA.

1. **PPM Target and Quality Requirements**

is supposed to deliver the products, mentioned under 1. Component(s) free from defects (zero-defects-principle) according to the given specifications, also as mentioned under 1. Components, as well as discussed and agreed further requirement specifications.

The PPM-Target-Agreement for the quality of purchased parts has to be signed.

It is valid for all products and can be re-negotiated annually based on current market requirements.

The necessary measures for the achievement of the agreed PPM-Targets have to be defined during the APQP process of every product.

In the case of defective deliveries, the “Regulations of the Framework Agreement” and the “Hella QA Guidelines for Suppliers” shall apply.

The root causes for defects must be analyzed by and eliminated on their own costs.

If the degree of elimination does not satisfy the assessment of HELLA Quality Department, a plan of action needs to be defined in co-operation between and HELLA Quality Department (SQA-TtM) in order to achieve the agreed maximum PPM rate within a defined period of time.

If these measures do still not lead to a satisfying quality result will be put into HELLA supplier escalation process.

Re-qualification according to TS 16949 must be carried out by once a year.

HELLA must be informed automatically of the results every 12 months after the release of the first ISIR.

1. **Declaration of contents**

The contents of the individual parts must be entered in IMDS.

Within the Initial Sample Inspection Report (ISIR) the IMDS ID No. must be quoted.

1. **Project Management**

|  |  |  |
| --- | --- | --- |
| **HELLA** | Name  Email | Phone  +49 (0) 2941 / 38- xxxx |
| Project Management |  |  |
| Industrial Engineering /  Mechanical Design |  |  |
| Quality  SQA-TtM |  |  |
| Production /  Manufacturing Engineer |  |  |
| Purchasing |  |  |

|  |  |  |
| --- | --- | --- |
| **Supplier** | Name  Email | Phone |
| Project Management |  |  |
| Industrial Engineering /  Mechanical Design |  |  |
| Quality |  |  |
| Production /  Manufacturing Engineer |  |  |
| Sales |  |  |

1. **General terms and conditions**
   1. **Reimbursement of costs**

If the order for part deliveries should not be placed, HELLA will reimburse the costs occurred up to that point of time to .

The maximum reimbursement will be the costs listed under section 3, unless is responsible for the order not being placed.

If the order for parts is placed, the binding order will be transferred via SAP.

* 1. **Validity of agreement**

Should any provision of this agreement be or become void, illegal or inevitable, the validity of the remaining provisions hereof shall not be affected thereby.

In such case the parties are obliged to replace the void and/or illegal and/or enforceable

provision by a relative provision coming as close as possible to the economic purpose of this agreement. This shall also apply to any possible omissions in this agreement.

* 1. **Verbal agreement**

No verbal ancillary agreements exist.

Any amendments and supplements to this agreement have to be made in written form. This shall also apply to an amendment and a cancellation of the provision requiring the written form.

* 1. **Applying law**

The laws of the Federal Republic of Germany shall exclusively apply with the exception of the German conflicts of law rules.

* 1. **Legal Venue**

Legal venue for all disputes arising out of or in connection with this Agreement and for all deliveries made in accordance with this Agreement shall be the court at the location of HELLA’s registered office or, for legal actions by HELLA, any other competent court.

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, Head of , Head of

Group Leader Program Purchasing

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

, ,

Program / Segment Purchaser

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

,

Material Group Specialist

Attachments:

1. Attachment tooling contract
2. Packaging Data Sheet