

November' 2021

Dear Supplier

This letter is to inform you regarding the new poor Quality related costs due to causes associated with (but not limited to): Quality complaints, sorting, Quality Alerts, shipping without having PPAP approval, etc . These costs will increase as of February 1st 2022.

Current costs have been maintained for more than 7 years and after a detailed analysis, Auto-Kabel has decided the change to the following rates:

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| 1. Cost of rejected material | \$59 usd |
| 2. Cost p/man-Hr of Administrative personnel | \$23.50 usd / hr |
| 3. Cost p/man-Hr of Operative personnel | \$9.5 usd / hr |
| 4. Technician Cost | \$12 usd / hr |
| 5. Sorting/Rework of finish good material | \$12 usd / hr |
| 6. Shipping material without PPAP approval* | \$60 usd |
| 7. Administrative fee 5% of total cost of Internal Order | |

These costs will be reviewed each year for the inflationary impact.

Cost Recovery mentioned above, are processed through an internal document named Internal Order.

Supplier has to notify to its finance department the approved charges.

Supplier has to provide credit note to AK, and in case of requesting invoice, an extra cost of 31%** from Internal Order will be charged to supplier.

New rates are aligned to Quality Agreement and can be consulted at AK Supplier's Web site.

Auto Kabel encourage to all our suppliers to work under High Quality Standards to avoid quality Incidents that affect performance.

Quality Manager

Purchasing Manager

Finance Manager

**Charge belongs to 21% tax rate of the United States of America plus a 10% markup.