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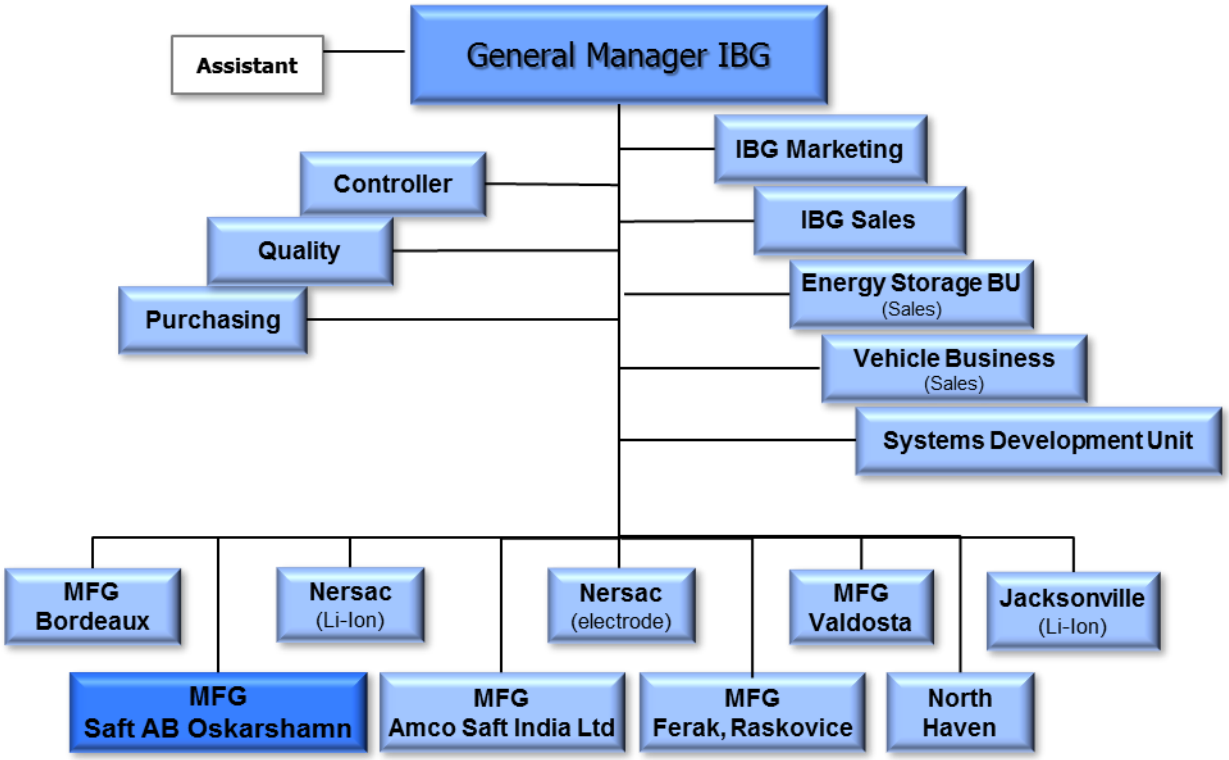
QUALITY MANUAL SAFT AB

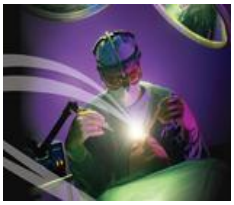


Rail & Mass Transit

Space

Aviation

Defence



Medical

Marine

Road Transportation & Infrastructure

Building & Industrial Plants

Professional Electronics & Security Systems

Emergency Lighting

Telecommunication

BUSINESS CONCEPT (external)

Saft AB develops and manufactures world-leading stationary Ni-Cd batteries.

We air aiming for customers (and their system builders) with advanced applications who cannot tolerate interruptions or disruptions in their electricity supply, and who therefore have a critical need for reliable backup power systems or customers who benefit from electricity storage.

We create customer satisfaction by providing a high level of service for our high-quality batteries which can handle extreme environments, and by focusing on cost and resource efficiency, including environmental concerns and battery recycling.

QUALITY POLICY

Saft AB is a world-leading supplier of high-quality nickel cadmium batteries.

In our quality management, we use the principle Continuous Improvement. In combination with a long-term environmental strategy, this ensures that we always adopt our operations to the changing demands of the world around us.

The objective for Saft AB is that our products and services will always satisfy customer needs

Our principles are:

- Continuously to develop and manufacture the most cost-efficient and reliable Ni/Cd industrial batteries on the market. This must be done in an environmentally sound way, from development to recycling.
- Our products must always meet the requirements of their respective applications.
- By doing it right the first time we save resources.
- High quality, reliable delivery times and a high level of service together make up our main competitive advantage.

Our quality management system is built up according to the principles in ISO 9001:2008.

We have the same demands on products and components from our sub-tier suppliers as on our own produce.

Everyone at Saft shows respect for the quality management in our business management system and acts in accordance with the processes described therein.

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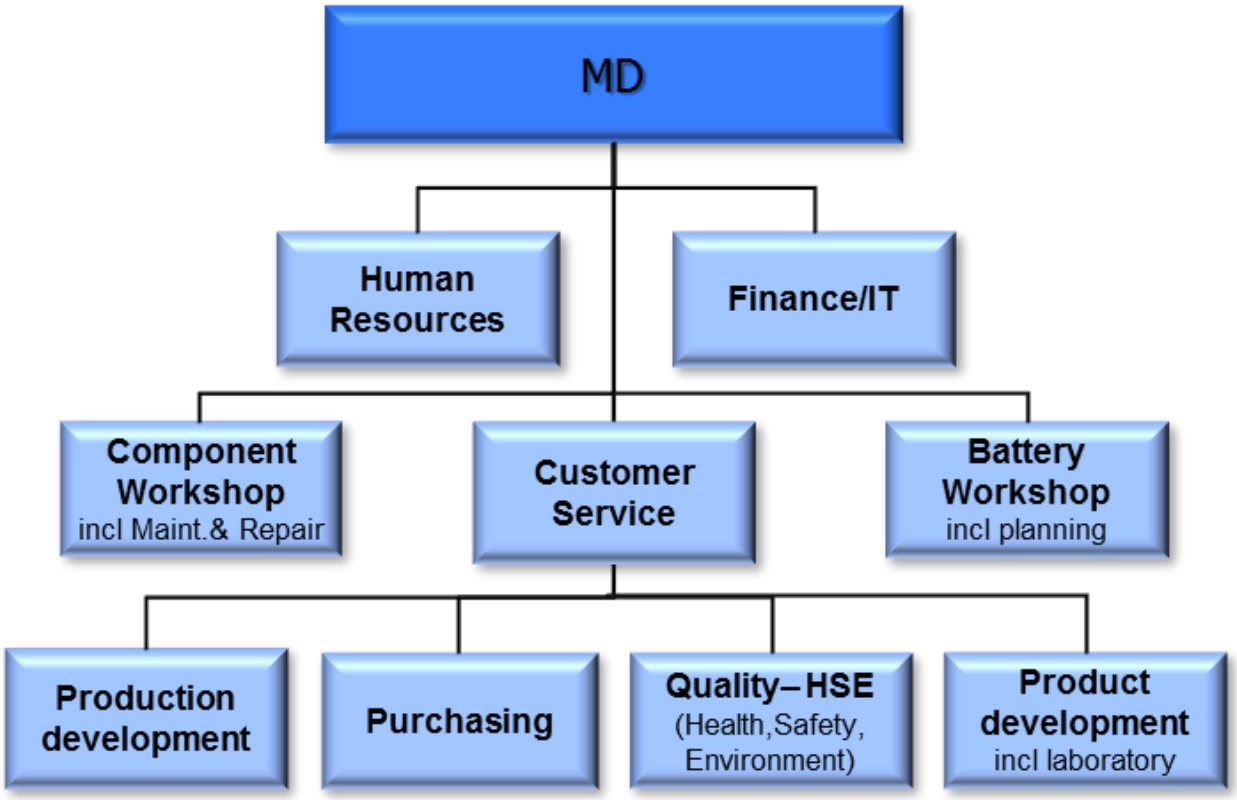
1 Objective

This quality manual, which is also intended for external use for customers or other interested parties, is a summary of our quality management system. This management system is structured in accordance with the international standard SS EN ISO 9001:2008.

The purpose of this quality manual is:

- ✓ To describe the company's management system.
- ✓ To define and set rules to ensure the durability, development and application of the quality system at Saft AB, Oskarshamn.
- ✓ To communicate the company policy, business concept and commitment to customers.
- ✓ To raise and maintain a high level of quality and cost efficiancy and thereby make the best possible use of our technical and human resources.
- ✓ To maintain and further develop high customer satisfaction so as to keep long-lasting business relationships with our customers.

2 Presentation Saft AB



Details of the organisation are found in BMS0021.

3 Quality Policy

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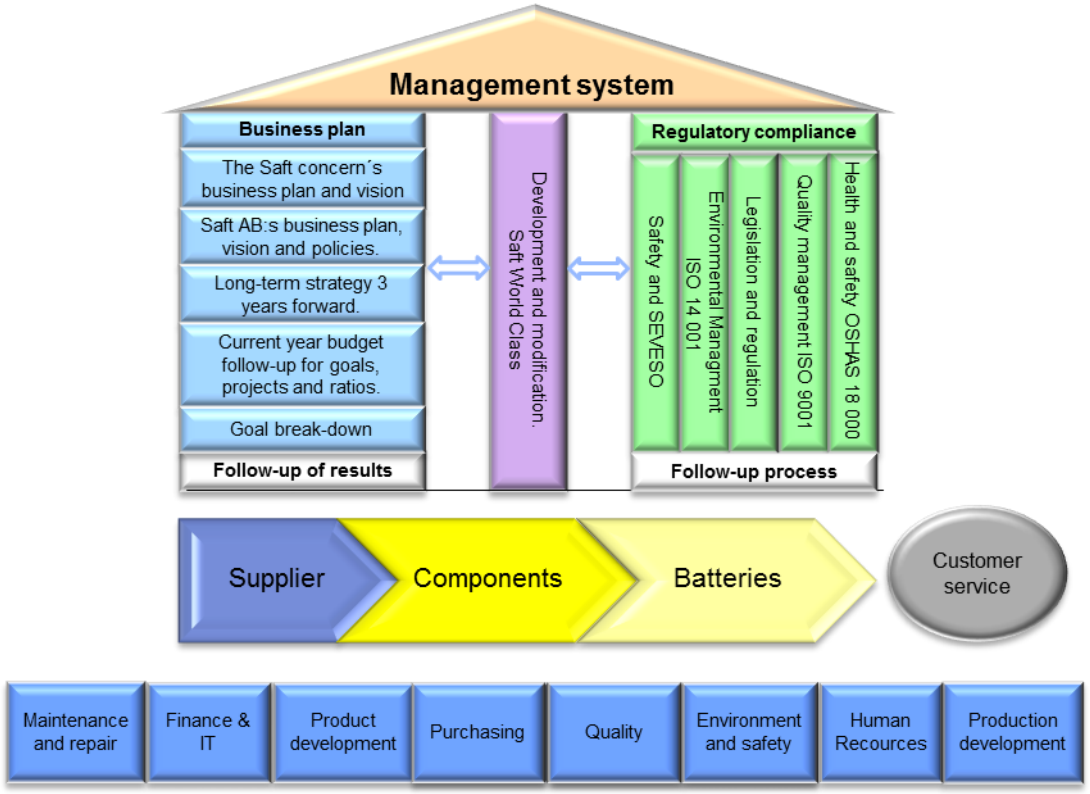
4 Quality Management System

4.1 General Requirements



The company management system uses a railway station as a symbol, and the arrow represents a fast train. The train stops at regular intervals at the station for monitoring.

The station symbolizes the commercial and legal requirements which the operative part must meet, as well as the process of change which it constantly must undergo.
The roof of the station holds our BMS (Business Management System) together and it is there we find its purpose and what we want to achieve.

The station has three columns:

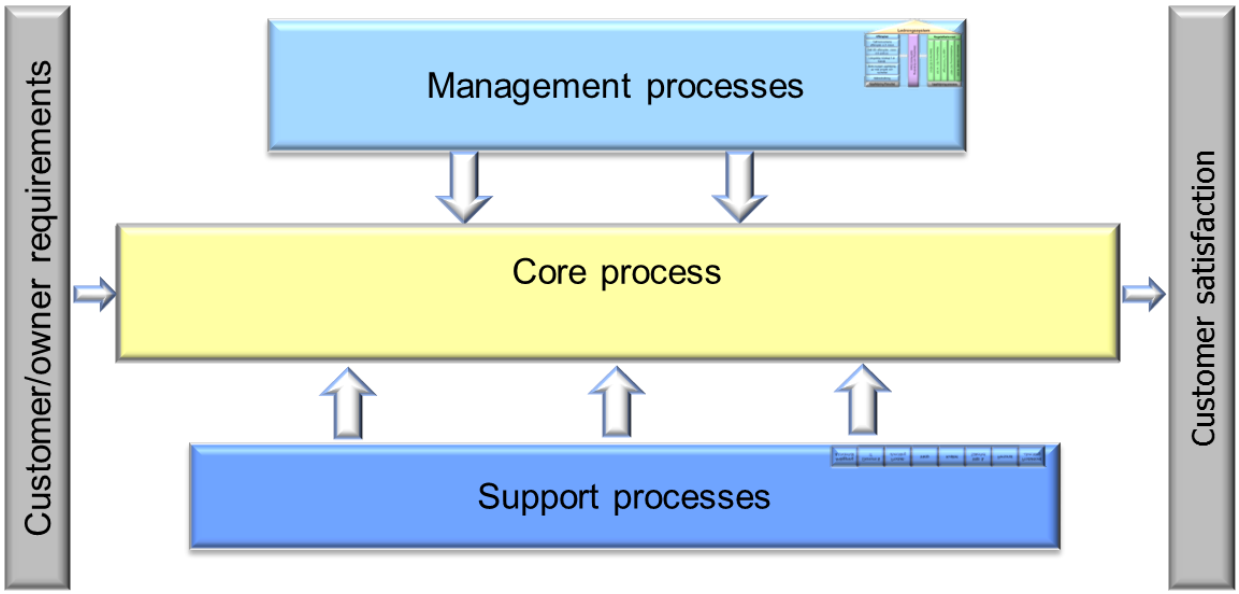
I. **The business plan** which includes visions, objectives, strategies and key performance indicators for the short and long term.
II. The procedures for **improvement** and **change** we work with in the factory.
III. **Rule-compliance**, including compliance to the standards and legal requirements which apply to our operations.

The station building describes how activities are controlled on the basis of the requirements of the outside world and of our customers. Here our management processes are described.

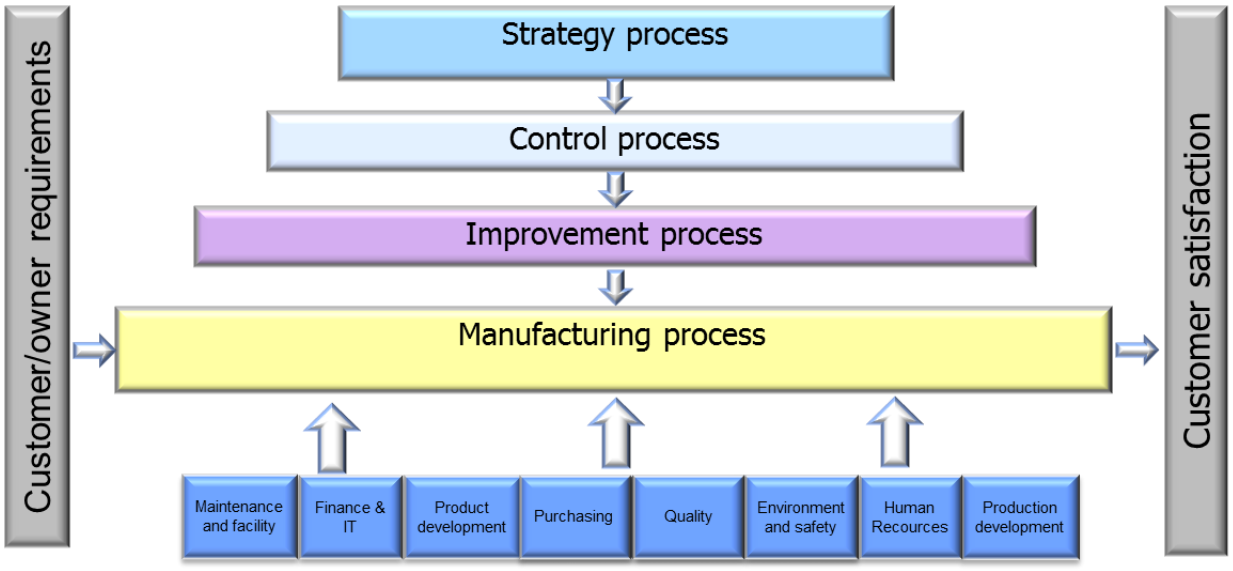
The arrow (=the fast train) symbolizes our operational activities, which for us means “manufacturing and delivering high-quality products”. The manufacturing process is also one of our core processes.

Support processes: Our support processes act as support and expert help for our operational activities (the fast train). Development, Quality and Environmental Assurance, Production Development and Maintenance, Human Resources, Finance and Purchasing etc.

4.1.1 Process Map Saft AB



Overall processes



Overall sub-processes

This quality management system is based on the requirements in SS-EN ISO 9001:2008. This system includes customer satisfaction and continuous improvement.
Sub-processes are described further in 7.5.
Our Management manuals and operational manuals describe how the processes interact and ensure that they are controlled as intended.

4.2 Documentation requirements

4.2.1 General

Saft's controlling documents can be divided into four levels.

1. **Business plan**
   Including visions, objectives, strategies, key performance indicators for the short and long term.

2. **Management manual**
   The control manual is divided into chapters (Safety, External environment, Finance, HR etc.) and contains summaries for areas with common procedures and rules for all departments.

3. **Operational manual and area manual** The Company's objectives and visions adapted to the operations of each function. Clarifies responsibility and authority and makes the interface between departments clear. Clarifies how each department must work and organize itself in order to reach the company's overall goals. Describes which documents control the operations.

4. **Procedures and other controlling documents** referred to by the control and operational manuals.

   Our controlling documents contain detailed requirements and regulations. The most central are:

   - ✓ Procedures – General regulatory framework for operations.
   - ✓ Instructions – In slightly different forms depending on the need for detail. From detailed tempo instructions to brief check-lists.
   - ✓ Specifications – States requirements for the product before and after the process step.
   - ✓ Technical regulations – Describes the product requirements and how the product is dimensioned/ designed.
   - ✓ Drawings

4.2.2 Quality manual

This quality manual describes the methods Saft AB, Oskarshamn uses to develop, produce and service Ni/Cd industrial batteries and how the recycling of Ni/Cd batteries is done.

The quality manual, other strategic documents and the Management manual are finalised by Saft AB's management team (senior management). The QA-manager co-ordinates, publishes, distributes, maintains and is responsible for the quality manual.

The quality manual is a registered document. The original is in electronic form in our document management system.

4.2.3 Control of documents

Controlling document types are administered in a document managing system in which procedures for review and approval are clearly stated and where all distribution can be followed, as described in ROU0094. This also ensures that every modification and each version is searchable and preserved.

A small number of documents are still handled manually outside our document managing system. These documents are reviewed and distributed according to a manual procedure.

Amendments and changes of controlling documents shall be initiated by the person who considers this necessary. For each type of document there is an established order for review, approval and release.

4.2.4 Control of records

Records reflect the results from processes, for example tests or decision-making meetings. As a rule, records are filed in our document managing system. Records of completed inspections are saved in computers in the workplace and in certain cases in binders. Control of records from our production processes is described in the controlling documents for each process, and also in ROU0094.

5 Management responsibility

5.1 Management commitment

The management has undertaken to develop, implement and maintain a management system and continually to improve its effect. This is in harmony with the SAFT Group's central improvement program, Saft World Class.
This is done by:

- **a.** Having an updated and communicated operations management system in which the company's overall vision and objectives are described. BMS0001-BMS0020.
- **b.** Establishing a quality policy, BMS0006
- **c.** Ensuring that necessary objectives and results are communicated, ROU0054, ROU0099
- **d.** Carrying out the management review, ROU0080
- **e.** Ensuring that necessary resources are available, see chapter 6.

5.2 Customer focus

In order to increase customer satisfaction, regular customer surveys are carried out. All complaints are collected and investigated according to INS0344

5.3 Quality policy

The quality policy, BMS0006, is reviewed and evaluated yearly to ensure it is up-to-date and is communicated to all staff.

5.4 Planning

In planning the quality management system, the management have established that it must meet the following requirements:

- The principles for quality management are described in the management manual and the operations manual.
- Overall quality objectives are established by the management team, which are later broken down to departmental level. The objectives are revised at the management review.

5.5 Responsibility, authority and communication

Responsibility and authority are defined within the framework of the company's operational management system, for example in organisation charts, job descriptions, work specifications and competency matrices.

In SAFT AB every manager is responsible for the application of the quality system in his or her area of work. Any employee discovering quality defects in raw materials or products is expected to take such measures that the defects and the consequences thereof are limited, see also 8.3.

In order to ensure that the processes necessary to the quality system are established and maintained and in order to promote the function of the management system, the management have appointed a "Management representative", the quality manager, who is a member of the management team. To ensure that results and objectives are communicated, a routine has been established, ROU0054.

5.6 Management review

The management review quality, environment, work environment and safety twice a year. This is described in more detail in ROU0080.

6 Resource management

6.1 Provision of resources

In connection with work on the budget, a resource budget is made for the company. Each department manager makes a departmental budget on the basis of the goals and improvements which have been planned, both as regards economy and staff resources. Priorities are governed by the strategic areas and priorities in the business plan. A so-called GU-meeting is held each month, where priority in resources is allocated to the larger projects. An allocation meeting is held each week, where the order situation is the basis for the allocation of resources in the short term. For “daily management” the production management solves the need for temporary resources.

6.2 Human resources

Training and instruction for new staff as well as supplementary training for existing staff are important elements in quality work. We strive continually to raise competence and quality-consciousness and to elucidate our goals. Competence levels are assessed yearly and training plans are drawn up. A description of this work can be found in ROU0004.

6.3 Infrastructure

The review of infrastructure is a component of the day-to day improvement and project work. Examples of monitoring include monthly project follow-up meetings and budgeting.

6.4 Work environment

The work environment is constantly reviewed to ensure compliance with product requirements and external requirements. The organisation has scheduled supervision tours every month. These are centrally coordinated at the meetings of the Health and Safety Committee.

7 Product realisation

7.1 Planning of product realisation

Product realisation is planned with regard to market requirements, product requirements, legislation, regulations and profitability as well as other requirements in force from the outside world and from stakeholders. This also concerns products in the form of services provided by the factory.

Information from the market is obtained from the central marketing department (MPDP), the Product Council, the Sales Organisation, Pre-sales dialogue with customers, activities in the after sales market, follow-up from complaints and from Customer Service.

7.2 Customer-related processes

7.2.1 Determination of requirements related to product

Products manufactured according to the Product Programme PP1, BMS0020, as well as after sales market services, are offered to the market through sales offices and agents.
In the case of deviations from the Product Programme, the matter is handled by the department for Product Development after review and decision by LG-AU and PRM
Project-based enquiries are administered by Customer Service together with the functions concerned in order to ensure that all requirements are taken into account.
Customer requirements connected to after sales market services are administered by the After Sales Manager according to procedure ROU0124.

7.2.2 Review of requirements related to product

All in-coming orders are examined by Customer Service in order to ensure that the order is complete with respect to the customer's wishes. INS0393.
Customer requirements are examined with respect to commercial objectives, delivery times and specific customer requirements and are given priority thereafter.
After sales market services are examined by the After Sales Manager according to procedure ROU0124

7.2.3 Customer communication

The Customer Service department handles the entire process from order to invoicing. This includes order processing, shipping matters, drawings, inspections, certificates, technical support and complaints.
Instructions for amending orders are found in INS0393. Test results from the final control are reported to the buyer if such an agreement has been made, see SPE0010.
Documents and data (customer orders, correspondence, battery specifications, offer if any, and order amendment if any) are filed as order material in number order by the order department.
Complaints are handled according to procedure ROU0058.

7.3 Design and development

Design and development at Saft AB is market-driven. Various forms of development activities exist:

- Development
  - Research and development: New technologies, new processes for active material etc.
  - Product development: Application of known technology, new product series, modification of existing products etc.
- Design
- Made-to-order design

Development projects are carried out in close collaboration with other development functions within the Group according to centrally established procedures.

7.3.1 Design and development - planning

All projects for design and development are planned and carried out in a structured way according to our project procedure ROU0103. A schedule is drawn up with plans for design reviews, verification and validation activities. The plan is updated during the working process. All relevant data and results are documented and preserved in a given structure. All product modifications are controlled by ROU0091, which defines which levels within the company or the Group which need to be involved, depending on the size of the modification. Release is determined by ROU0094.

7.3.2 Design and development inputs

Requirements which constitute inputs for design and development are identified and documented, including requirements according applicable standards, laws and regulations as well as various environmental aspects.

7.3.3 Design and development outputs

Outputs from design and development work are documented and presented in such a way that they can be verified and validated in relation to design requirements in the form of the original acceptance criteria with agreed modifications.

7.3.4 Design and development review

Formal, documented reviews are planned and carried out after each phase during the course of the design and development process. Representatives of the functions concerned by the review should be present.

7.3.5 Design and development verification

Verification of the results from design and development are carried out at appropriate stages during the course of the work, in order to ensure that the results meet the requirements for the stage in question. A test plan is used to document the tests. Results of the verification are documented and presented during the design review.

7.3.6 Design and development validation

Validation of the design is carried out when the work on design and development is completed. If possible, the validation is done in the prospective application or application profile in a laboratory environment. A test plan is used to provide a controlled validation.

7.3.7 Control of design and development changes

For the design of new products or when new processes are introduced, a synthesis report, signed by the manager responsible, is required. Responsible for changes in products is the Manager for Product development, for changes in processes is the Quality Manager and for changes in the Quality Management System is the QA-manager, ROU0084.

The introduction must be approved by the workshop manager concerned.

Changes to existing constructions are accepted and approved before introduction by the same functions which approve and issue the documentation for the respective designs.(see also 4.3). However, changes which affect the function or safety of the product must be referred to the Product Council and/or PRM for decision.

ROU0084 is also valid for raw materials and purchased parts.

7.4 Purchasing

Saft has procedures for purchasing which aim at ensuring that purchased components and services guarantee the quality of the finished product.

The purpose of the purchasing planning is to create the conditions to receive the right raw material or component, at the right price, at the right time and with the right quality.

The purchasing of frequently used raw materials and components is mainly done by framework agreements and call-offs and is carried out by planners in the production organisation.

At regular meetings there is a review of the contacts between the company and various suppliers.

7.4.1 Purchasing process

The company regularly carries out assessments of all suppliers of raw materials, components or services that have an impact on the quality of the finished product. The criteria used for the choice of supplier as well as supplier assessments are described in ROU0082.
Data used as the basis for the supplier assessments is filed in the company’s document managing system. Older information is still to be found in binders.

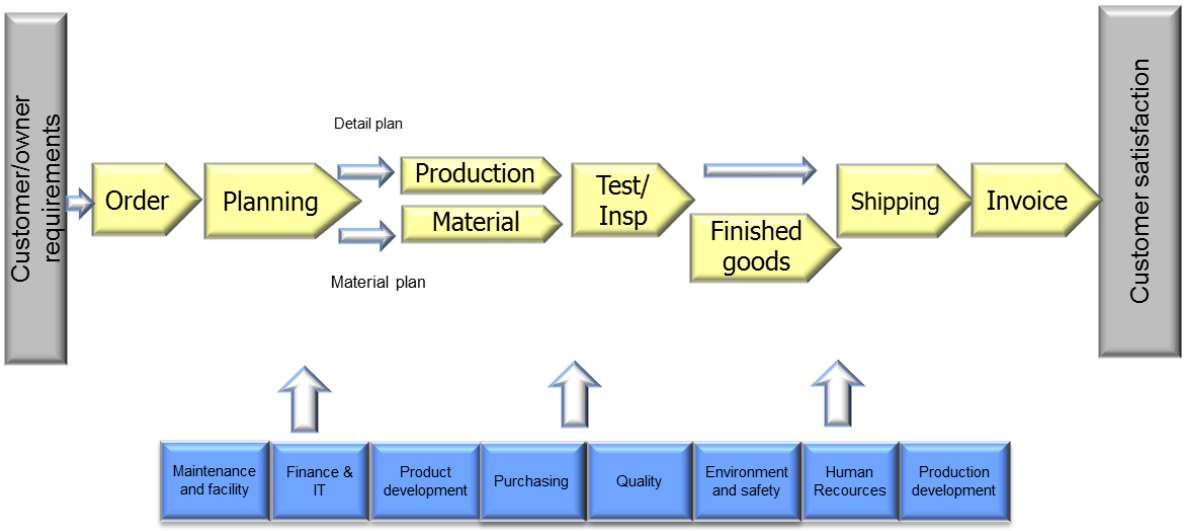
7.4.2 Purchasing information

Approved suppliers are uploaded in our materials management system and it is also their status there that decides which acceptance inspection is to be used. The materials management system also contains all articles for components and services purchased on a regular basis see ROU0083.

7.4.3 Verification of purchased product

Our aim is that as much as possible of the verification should be carried out in connection with manufacturing by the supplier and therefore we wish to involve the supplier in our quality management. For delivery direct to stock/ production the requirements of PQA (Product Quality Assurance) must be met. Delivery validated by certificate is equal to PQA. Deliveries with 100% inspection also occur.

7.5 Production and service provision



7.5.1 Control of production and service provision

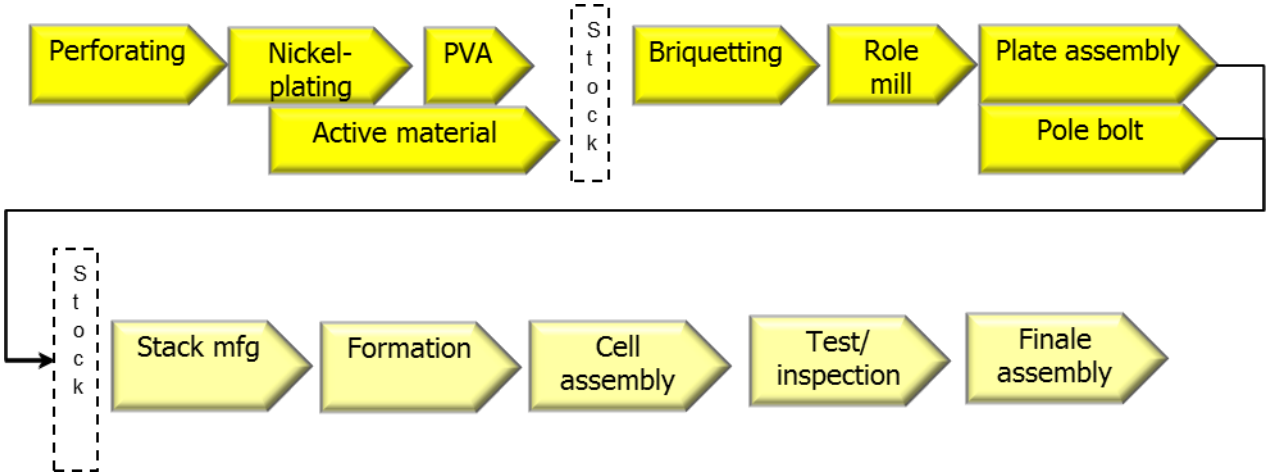
7.5.1.1 Order

See item 7.2.

7.5.1.2 Production planning

Every day a plan is made based on the order situation and human resources. This is described in more detail in the operations manual for planning.

7.5.1.3 Manufacture



Manufacture is divided between two workshops, components and batteries. The key performance indicators for the workshops are followed up every day according to procedure ROU0054.

Product features and quality are regulated by control documentation, see 4.2.1.
The manufacturing processes are monitored so that changes are observed before the quality of the product is affected. Great emphasis is placed on preventive maintenance.

To ensure that the production of batteries is planned and carried out in a controlled situation, instructions and procedures have been established.

- **a)** To specify the features of the product specifications, control instructions and technical regulations have been drawn up. These are sometimes broken down into so-called Tempo Instructions. These are all available in our document managing system.
- **b)** In production the controlling documents are available in computers or in a flip stand.
- **c)** The equipment and aids to be used are defined in instructions.
- **d)** The equipment to be used for monitoring and measuring products is defined in instructions.
- **e)** Verification and measurements are carried out according to the instructions in force.
- **f)** For release of product there are various forms of inspection in the process to ensure the product meets specified requirements, SPE0013.

7.5.1.4 Dispatch

Dispatch is handled by Customer Service, INS0392.

7.5.1.5 Payment

Invoicing is generally done in connection with delivery. In certain cases we demand payment in advance. Continual follow-ups are made by the finance function as regards credit limits and payment.

7.5.2 Validation of processes for production and service provision

In all flow processes inspections are defined for the first piece produced. To ensure the product meets the set requirements, customer testing is carried out. A test sample is taken from orders with customer requirements for capacity and performance test, INS0033.

7.5.3 Identification and traceability

There are procedures for labelling materials, components and products during all stages of operations, from receipt of goods to the dispatch department, ROU0101.

Procedures for labelling and other registration enable the traceability which is considered necessary given the nature of the business. If and to what extent traceability is a specified requirement of the contract/ order, labelling can be carried out which clearlys identifies each single part or single batch.

7.5.4 Customer property

If we receive products from customers, they must be handled as if they were our own. In the event of damage or rejection the customer must be contacted by the order department.

7.5.5 Preservation of product

In the production process there are instructions which ensure that raw materials and other materials are handled so that the product properties are preserved, ROU0104
To ensure that the product can withstand the handling, storing, packing and dispatch, comprehensive tests are carried out. To simulate the transport procedure, tests are made at SP (The Technical Research Institute of Sweden) and for storage and delivery condition long-term tests are carried out in our laboratory.

7.6 Control of monitoring and measuring equipment

Measuring devices and monitoring instruments are inspected and calibrated at fixed intervals, which are documented and filed. Regulations for handling, labelling and responsibility are described in an instruction, INS0021.

8 Measurement, analysis and improvement

8.1 General

The management has decided that the company's processes, products and services are to be the object of measurement, analysis and improvement. This is achieved by:

8.2 Monitoring and measurement

8.2.1 Customer satisfaction

To make sure that our efforts to meet customer's expectations have the right focus, we follow up by means of:

- ✓ Customer surveys at least once every 2 years
- ✓ Interviews during normal customer contacts
- ✓ Follow-up from complaints

8.2.2 Internal audit

To ensure the effectiveness of the quality system, internal audits are carried out.

The audit is carried out in accordance with documented procedures and the results are documented and communicated out to the staff concerned. This is described in the procedure for internal audit, ROU0057.

8.2.3 Monitoring and measuring of processes

Our processes are continually monitored, either manually or by means of a computer-controlled system. Numerical values to monitor the process are produced. Key figures are followed up according to our routines.
In most cases OEE-monitoring is also used to follow up both the technical and quality losses, which together with set targets and follow-ups, form the basis for improvements.

8.2.4 Monitoring and measuring of product

The type of control to be used is governed by SPE0012 and SPE0013 as well as by specific monitoring instructions. The monitoring activities are, as far as possible, preventive, i.e. the manufacturing processes are monitored so that actions can be taken before changes in the process give rise to non-conforming parts. Monitoring and testing are to be done as closely as possible to the manufacturing process and primarily by the operators themselves (self-monitoring).

Manufactured parts or finished products which do not comply with stated requirements are quarantined and dealt with.

To ensure that products sent to customers comply with our specifications, production tests are carried out on our products using a specified sample which is representative of the production, INS0411

8.3 Control of nonconforming product

Any person – irrespective of position, who detects non-conforming goods, quarantines and marks the goods as non-conforming and, where applicable, makes sure that further manufacture is stopped, as described in ROU0079. Non-conformity can be either:

- ✓ Foreseen and approved in advance
- ✓ Detected during or after manufacture.

Non-conformities shall be reported in a non-conformance system in which the case is forwarded to the person in charge. All activities and actions are recorded in the system until the case is closed.

If there is any uncertainty about what action to take, the production department can request that a so-called Q-council is responsible for product development and quality participates.

8.4 Analysis of data

The company gathers and analyses data as a part of the chain of continuous improvements, see 8.2 and 8.3. These make up the foundation for the process of continuous improvement as well as for improvements to the quality system.

8.5 Improvement

The company's aim is continually to improve the quality system, processes and products. This is reflected in:

- ✓ The established quality policy
- ✓ Completed customer surveys.
- ✓ Internal audits
- ✓ Procedure for "daily management", ROU0054

8.5.1 Continuous improvement

All departments work with continuous improvement, which is recorded in action logs following the PDCA-principle. ROU0006

8.5.2 Corrective action

The purpose of reporting quality defects and repeated non-conformity is to be able to initiate corrective and preventive actions without delay. An internal case is sent directly to the department causing the matter, while external non-conformities are sent to the quality department responsible for contact with the supplier.

External remarks or complaints are gathered and evaluated and lead to both corrective and preventive action. This is managed according to procedures in INS0334.

8.5.3 Preventive action

Based on the data gathered, see 8.4, preventive action is taken, from minor improvements at the operator level to major projects and investments, decided at management level.