Quality Assurance Agreement for Suppliers and Service Providers to DIHAG-Unternehmensgruppe

— hereinafter known as the “Customer” —

and

Suppliers and Service Providers

— hereinafter known as the “Supplier” —

The following agreement is hereby concluded between the above parties:

Last revised: May 2017
DIHAG HOLDING GmbH

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Preamble

The Customer develops, produces and sells highly complex casting components used in a broad range of industries and on national and international markets.

The Customer's competitiveness and position on national and international markets is decisively influenced by the quality of its products. The faultless condition and reliability of the products purchased from our suppliers (raw materials and supplies) and services have a direct impact on the quality of the Customer's products.

Quality and reliability are the decisive criteria for good and long-term cooperation between suppliers and customers in national and international competition.

A high value is placed on product quality in the competitive environment and on the aspects of product safety, customer satisfaction and the avoidance of costs. The resultant necessity for quality inspection of goods procured by the Customer leads to actions and costs for the Customer that would be avoided by the Supplier conducting quality inspections throughout the production process, including an outgoing goods inspection and the appropriate documentation of the inspection results by the Supplier. For these reasons, the Customer wishes to procure from the Supplier solely products that are of faultless quality and that the latter has inspected. This requires ongoing quality inspections based on a qualified quality assurance system by the Supplier. Our common goal is the achievement of a zero-error quality level.

1.0 General Agreements

The Customer uses large quantities of parts manufactured by its suppliers for the manufacture of its own products. The faultless condition and reliability of these products decisively influence the quality of the products manufactured from these parts.

If these requirements are to be met in the middle and long term as well, it is necessary to assure the condition of the products and services in cooperation with competent, reliable partners who have a strong awareness of quality.

Major criteria for our awareness of quality are these:

- **Quality planning:**

  ⇒ i.e. systematic risk analysis in advance of series production for products and processes (prevent rather than inspect for errors)

- **Statistical process control:**

  ⇒ i.e. continuous monitoring of the quality level and immediate initiation of corrective actions

- **Continuous improvement process:**

  ⇒ i.e. quality and productivity must be continuously improved to ensure economic efficiency and to secure market position

The quality of the delivered products and services, the quality competence and the reliability of our suppliers are consequently decisive aspects for the Customer when making a decision to buy.

This quality assurance agreement (QAA) defines the framework for technical and organisational conditions and processes that are used by the Customer and the Supplier and that are required for the mutually desired achievement of the quality objective.

It describes the minimum requirements for the Supplier's management system and regulates rights and obligations related to the quality assurance of the products and services that will be supplied.

In particular, the standards that are to be applied to the release procedures for the products and the production processes are set forth in the quality assurance agreement (QAA).

The Supplier is obliged to create the technical and organisational preconditions that will enable the manufacture and supply of the products in faultless quality.

The Supplier covenants to establish, maintain permanently and evolve a quality management system building on the international standards DIN EN ISO 9001 — as most recently revised — and, as agreed in specific cases, additionally on DIN ISO TS 16949, including the obligation to set a target of zero errors and the continuous improvement of its performance. DIN ISO 9001 and, if and when agreed, DIN ISO TS 16949, each as most recently revised, are integral components of this agreement.

2.0 Target Range and Scope of Application

2.1 The objective of this agreement is the creation of preconditions for continuous improvement in quality of the materials and services delivered by the Supplier to the Customer, taking into account the requirements of DIN ISO 9001 and DIN ISO TS 16949, each as most recently revised, and in orientation to the zero-error principle.

2.2 This agreement is therefore the foundation for any and all future purchase and supply transactions between the Customer and the Supplier and is an indispensable component of any contracts concluded for such transactions.

2.3 Unless deviating regulations have been agreed, this agreement applies in conjunction with any and all supply contracts concluded between the parties. This agreement applies to any and all current and future contracts between the Supplier and the Customer. In the event of conflicts, the terms and conditions of this agreement have priority. The regulations of this quality assurance agreement apply as well to the contractual relationships between the Supplier and the Customer's affiliated companies that may be involved either directly or indirectly.

2.4 If and when special requirements must be given consideration, specific modifications may be agreed as supplementary annexes to this quality assurance agreement (QAA).

2.5 The rights and obligations of the parties arising from purchase and supply transactions, in particular, but not limited to, the delivery prices and the terms and conditions of payment, will be agreed between the parties in separate documents.

3.0 Environment, Occupational Safety and Health Management System

The Customer records, analyses and assesses environmental impact with the intent to reduce environmental pollution. The Supplier covenants as well to comply with all legal regulations pursuant to ISO 14001 Environmental Management.

The protection of our employees' health is an important element of our corporate philosophy. The Customer ensures the enforcement of, and compliance with, legal requirements for health protection and occupational safety. We expect the same from our suppliers. They affirm their commitment to health protection and occupational safety in accordance with all relevant regulations and any other provisions applicable to them to ensure product safety for customers, consumers and employees.

If and when the Supplier performs services on the Customer's operating premises, it will comply with the Customer's regulations for third-party contractors and follow any instructions regarding conduct on the site given by the Customer's personnel.

4.0 Customer-Specific Requirements

In addition to the requirements pursuant to DIN EN ISO 9001 as most recently revised and/or DIN ISO TS 16949 as most recently revised, the Supplier accepts the following requirements.

The Supplier will designate in writing a quality management officer and a representative who shall coordinate the performance of this agreement and make or obtain any decisions related

to its performance. Any change in the Supplier's quality management officer shall automatically be reported to the Customer's relevant purchasing organisation in conjunction with appropriate verification.

The following additional requirements apply as well:

- Production process and product approval procedure PPA ("Production Process and Product Approval") and PPAP (Production Part Approval Process)

- Conduct of a risk assessment (FMEA) and derivation of a product control plan in accordance with a jointly agreed methodology

- Advanced quality planning in accordance with APQP (Advanced Product Quality Planning) in consultation with the Customer's competent quality engineer

- Solution of problems using 8D methodology

- Implementation of a supplier management system in accordance with ISO 9001:2015

- The Supplier covenants to establish and maintain permanently a management system for occupational safety pursuant to OHSAS 18001, for environmental management pursuant to DIN ISO 14001 and for energy pursuant to DIN ISO 50001

- The Supplier shall appoint a product safety officer (PSO) and notify the Customer's purchasing organisations of the appointment. Among other points, the PSO's duties and responsibilities include the elimination of errors and incidents of all types relevant for safety. The product safety officer should report directly to senior management, plant management or quality assurance management. The Supplier will obligate its subsuppliers to equivalent compliance with the requirements arising from this agreement.

  If and when the Customer provides production and test equipment, in particular, but not limited to, materials and equipment related to the procurement of supplies, any such materials and equipment must be included by the Supplier in its quality management system with the same status as its own production and test equipment.

- The Supplier shall notify the Customer without delay of any and all changes in the management system, certification status and competent contact partners.

5.0 Subsuppliers' Quality Management

5.1 The Supplier covenants to negotiate the obligations it has assumed pursuant to this agreement with any of its subsuppliers who perform services relevant for quality and to seek to conclude an equivalent agreement with them. In particular, the Supplier covenants to seek to conclude an agreement with its subsuppliers that permits the Customer, the Customer's customers or third parties engaged by the Customer to conduct an audit pursuant to Section 6.0 of this agreement.

5.2 If and when the Supplier procures products or services from subsuppliers with whom it has been unable to conclude an equivalent agreement, it shall notify the Customer of the circumstances and obtain the Customer's consent for procurement from these suppliers.

5.3 The Supplier is authorised to change subsuppliers solely with the Customer's prior written consent. If and when subsuppliers are engaged without written consent, the Customer is entitled to cancel the corresponding order. The Supplier bears any costs incurred by the Customer because of an unapproved change in subsuppliers. Postponements in dates and periods will not be accepted. Any quality certifications previously agreed in this context must be reverified.

6.0 Audits

6.1 The Customer is entitled, subject to prior appropriate consultation, to conduct audits to determine whether the quality assurance measures of the Supplier and its subsuppliers ensure that the requirements of the Customer and of its customers are met. The audits may take the form of system, process or product audits. For this purpose, the Supplier will grant to the Customer, the Customer's customers or parties engaged by the Customer unhindered access (subject to prior agreement) during usual hours of operation and business to any and all relevant departments as well as inspection of any and all documents relevant for quality, in particular, but not limited to, the failure mode and effects analyses (FMEAs) that must be prepared by the Supplier. The auditor is entitled to make copies of the documents relevant for quality (with the exception of the FMEAs) after consultation with the Supplier/subsupplier and to take the copies from the premises. Reasonable restrictions imposed by the Supplier to ensure the confidentiality of its operating secrets will be accepted. Unless otherwise agreed, the auditing system used for the initial approval of the Supplier is the analysis of potential pursuant to ISO 9001 (as most recently revised) and DIN ISO TS 16949.

6.2 The Customer and its customers are entitled to examine and assess the Supplier's quality assurance and planning measures and to request appropriate collaboration in such actions (auditing, process validation related to product launches).

6.3 If and when quality issues caused by services and/or products from subsuppliers occur, the Supplier shall, upon request of the Customer or its customers, arrange for the conduct of a joint audit at the subsupplier's place of business for the purpose of clarifying and permanently eliminating the quality issues. The Supplier will notify the Customer of the results of the audit.

6.4 The Supplier must know, understand and apply in particular customer-specific requirements for the auditing of products and processes. The relevant information can be found in the technical requirements and/or drawings or may be obtained from the Customer.

6.5 The Supplier appoints an employee to be in charge of the preparation and conduct of the audit; the employee must be present throughout the entire audit and in the subsequent consultation meetings. The competent employee represents the Supplier during the audit, and the Supplier will grant to the employee any and all authorisations required for this purpose.

6.6 Following every audit, the impact of the audit results and the subsequent measures will be defined in a consultation meeting, which must be convened by the Supplier with a reasonable period set by the Customer.

6.7 The Customer may at any time, even apart from a formal audit, request information, quality records and other documentation about the product and/or production processes that could be the subject of an audit. The Supplier is not entitled to refuse performance with respect to these quality records and other documentation.

6.8 The Supplier will also conduct the required auditing of its subsuppliers on its own responsibility within the framework of its deliveries.

6.9 The conduct of the audit does not release the Supplier from its obligations to secure consistent quality of the materials and services it provides.

6.10 The costs for audits and process validations that must be repeated owing to the Supplier's fault shall be borne by the Supplier.

7.0 Technical Features/Feasibility Assessment and Technical Documents

7.1 The Supplier receives from the Customer technical documents (e.g. drawings, test requirements, standards and/or procedural, processing, work or test instructions) along with the query. The Supplier is obligated to review all technical documents from the viewpoint of secure production, taking into account its own production facilities ("feasibility").

The features relevant for quality and tolerance requirements with which the Supplier must comply will be designated in the order standard or technical documents, which are a component of the purchase contract. Technical documents are the drawings, patterns, delivery requirements, standards or similar information stipulated by the Customer. The Supplier ensures that the products are manufactured, tested and delivered at all times in accordance with the most recently revised order standard or the technical documents in its possession.

7.2 In-house production drawings, production and test schedules and guidelines shall be prepared by the Supplier in the required scope on the basis of the order standards or the technical documents.

7.3 Every contract, including any and all annexes and other applicable documents, shall be reviewed by the Supplier to ensure that:

- The contract requirements are appropriately documented;
- Any requirements deviating from the technical documents or other specifications or agreements have been clarified;
- The Supplier is capability of meeting any and all contract requirements.

7.4 The feasibility is assured if and when the requirements in the technical documents can be met in accordance with the provisions of the contract, including any and all annexes and other applicable documents, and of the quality assurance agreement. The Supplier confirms the feasibility by submitting a quotation.

7.5 In the event that technical documents are unclear, missing or contain errors, the Supplier is obligated to notify the Customer automatically of these circumstances. The Customer will in response issue appropriate written instructions or provide modified/additional documents. The above provision applies as well if and when the product requirements and text procedures can be replaced by more suitable, more economical and more effective requirements or procedures.

7.6 The Supplier ensures that any and all of its pertinent departments have at their disposal at all times the most recently revised technical documents provided by the Customer.

7.7 The Supplier covenants to document in writing to the Customer the feasibility no later than at the moment of the submission of the final quotation and to analyse and assess the risk of realisation of all requirements for the product and process as well as any other legal or systemic requirements. The analysis and assessment must be documented.

8. Machine and Process Capability

8.1 The examination and assessment of the machine and process capability are carried out on the basis of the quality standards agreed between the parties.

8.2 The Supplier must verify the suitability of the manufacturing process used for important product/process features. Important product/process features are in particular those that may have effects on safety or compliance with official requirements, the fit, the function, the performance or the further processing of the product. Irrespective of any product/process features expressly designated as important in the drawing or technical specifications, the Supplier is itself obligated to designate such features.

8.3 If the key capability values are not achieved, the Supplier shall carry out and verify in writing a suitable full and complete test of the required features until such time as its processes have been optimised.

8.4 The Supplier is responsible for the determination and proper specification of the features that must be tested, the appropriate test methods and the appropriate optimisation of the manufacturing equipment. The test features defined in the drawing shall be deemed the minimum specification. The Customer reserves the right to view at any time the documentation of the results concerning the testing of important features.

8.5 Appropriate test equipment shall be selected and its capability in accordance with the AIAG procedure (measurement system analysis) shall be verified for all test features, especially, but not limited to, the features critical for function. Precondition for the performance of capability examinations is the verification of the test process suitability.

9. Risk Analysis, Failure Mode and Effects Analysis (FMEA)

9.1 The conduct of an analysis of potential errors and their consequences is required to prevent the occurrence of any declines in quality and to limit the required inspection efforts to a minimum. The Supplier is obligated to prepare a failure mode and effects analysis (FMEA) for its products and processes and to develop it continuously.

9.2 If the Supplier is in charge solely of the manufacture of a product, but not for its development, the Supplier will prepare a process FMEA for its manufacturing process based on the Customer’s product specifications.

9.3 Appropriate precautions to secure processes must be planned, carried out and documented for any weak points and risks that have been determined.

9.4 The Supplier shall upon request grant to the Customer at any time the opportunity to view the FMEA and the production management schedule.

10. Initial Samples, Process Changes

10.1 The Supplier shall prepare an initial sample inspection report in accordance with agreed quality standards or reference manual PPAP (production part approval process) concerning the initial sample inspection. Unless otherwise agreed in the sampling coordination discussion, initial samples shall in each case by prepared in accordance with the agreed sampling procedures. The most recently revised procedures apply in each case.

10.2 Materials and services that are in conformity with the specifications and have been consistently produced using series processes and under series production conditions shall be used for initial samples.

10.3 Initial samples shall be prepared in particular in these cases:

- Use of new materials and services
- Modification of the agreed specifications (e.g. modification of drawings with new drawing index)
- Change in production procedure
- Relocation of production site/production machinery
- From each tool when manufacture involves several similar tools
- Changes in subsuppliers
- Changes in the raw material base

10.4 The company's production site in charge of the series process and its exact company name shall be used on the cover sheet.

10.5 When initial samples are prepared by trading companies and suppliers who do not have their own production facilities, the manufacturing company and its production site must be clearly designated in the initial sampling documents.

10.6 Until the initial samples prepared subsequent to changes have been released, the Supplier shall produce any and all materials and services by means of the previously released process/procedure.

10.7 The Supplier will be billed a processing fee of €150.00 for any initial sample inspections that must be rejected owing to the Supplier's fault, and their occurrence will be noted in the supplier assessment.

10.8 The Supplier shall maintain parts histories from the commencement of the sample manufacture until the end of the series production so that changes can be traced. Parts history contain any and all information about the product relevant at the moment of the change (part name, identification number, change status of the drawing/part generation status, description of change, commencement date of samples, commencement date of series).

11. Inspection Scheduling and Conduct of Inspections

The Supplier shall conduct the following inspections:

11.1 Quality planning

Quality planning is required within the framework of project management to assure the product quality for all new or modified products.
Focal points:

- Production (machinery, equipment, tools, work procedures, preventive maintenance)

- Capacity and condition (material, machinery, operating and test equipment, subcontractors)

- Handling, storage, preservation, packaging and shipment

- Environmental protection during processes and the recycling of product and packaging

- Analyses of reliability, product safety/feasibility and availability

- Quality planning, e.g. FMEA, SPC, MCE, control schedule, process procedure schedule, measuring equipment capability, annual requalification inspections, inspection schedule

- Features critical for safety

11.2 The incoming goods inspection for raw materials, subcontracted products and purchased parts will be conducted by the Supplier on its own responsibility within the scope of inspection in conformity with DIN EN ISO 9001 and/or DIN ISO TS 16949, in each case as most recently revised. The Supplier may not work or process or install raw materials and products that are a part of the raw material or product to be delivered to the Customer or services to be performed for the Customer until this inspection has been conducted and, in particular, the conformity with the order standards and/or technical documents has been determined by the Customer. The traceability of the material according to production lot must be assured.

11.3 Initial sample inspections. A production part acceptance procedure in accordance with PPAP or other agreement corresponding to the quality standards agreed between the parties must be carried out for each and every product that the Customer has ordered for the first time. Initial samples (as a rule, at least 15 units or a quantity that can be tested according to agreement) must have been manufactured under series conditions. All of the features set forth in the specifications as well as the material and the mechanical properties must be present in the sample.

Additional initial samples are required in the following circumstances:

- After a change of subcontractors
- After modification of the specifications
- In the event of changes in production procedures
- After relocation of production facilities using new or relocated machinery

Series parts may not be delivered until the Customer has released the initial sample.

11.4 The Supplier conducts an outgoing goods inspection for identity, appropriate and correct packaging, labelling and completeness of the consignments. If and when the quality of the goods has not previously been assured by secured manufacturing processes, the Supplier conducts a complete quality inspection as well within the framework of the outgoing goods inspection.

11.5 All inspections shall be designed according to the degree of the achieved process capability, the significance of the specific quality feature and the possible impacts of any

defects and shall be documented completely in inspection plans. Statistically ruled and controlled production processes for series production are assumed by the Customer. If and when statistical control of a quality feature during the manufacturing process is not possible, the Supplier must secure the control of the supply of products free of defects and errors by other means, e.g. by a full and complete outgoing goods inspection.

11.6 The inspections shall be carried out using calibrated, suitable and capable measuring equipment designed in its nature and scope in such a way that all of the quality features specified in the contract can be tested. The test equipment must be checked at defined time intervals and subjected to a measuring equipment capability examination to maintain its readiness for use and usability.

11.9 The inspection status of the products shall be noted on the label to ensure that a product is not shipped unless it has passed the required quality inspection. The inspector responsible for the release must be noted on the identifying labelling.

11.10 The Supplier regularly conducts internal system audits, process audits and product audits that satisfy the requirements pursuant to ISO 9001 and DIN ISO TS 16949 — in each case as most recently revised — in all of the company departments that have any effect on the manufacturing process of the products supplied to the Customer.

12.0 Quality Aberrations

12.1 As a general principle, only raw materials, products and services that do not aberrate from quality standards may be delivered to the Customer.

12.2 Raw materials, products and services displaying quality aberrations may be supplied within the framework of a documented aberration procedure if and when the Supplier has notified the Customer in writing of the aberration before shipment of the products and

- the Supplier is of the opinion that the products do not display any defects that would negatively affect their usability and functionality;
- The aberrations do not cause the Customer to incur any additional costs;
- The Customer and the Customer's customers have submitted their consent in writing;
- A copy of the consent to the aberrations is shipped with the products.

If the Customer has given its consent to the aberration, a copy of the aberration approval shall be sent with the products.

The Supplier shall ensure that products containing defects are not shipped to the Customer without consent to the aberrations.

12.3 Repaired or reworked parts must be subjected to renewed inspection in accordance with the defined quality inspection procedure before re-use.

12.4 If the Customer lodges a complaint because of aberrations, the Supplier covenants to initiate immediately corrective actions that ensure a permanent and long-term exclusion of defects.

12.5 The Supplier shall in all cases submit an initial written statement in the form of a 3D report within a maximum of 24 hours describing the immediate measures and taking into account the materials and services it has previously delivered. The Customer expects a 5D report within 5 workdays and a concluding 8D report, including complete written analysis of

the root cause (e.g. Ishikawa diagram, 5W analysis), within 10 workdays and the implementation of appropriate corrective actions. If and when compliance with the above deadlines is not possible for scientific reasons (e.g. during the conduct of the ageing test), the deadlines will be extended by the period required for the conduct of the analysis from the scientific perspective. If more extensive analyses are required, a substantiated time schedule for the analyses shall be submitted within 10 workdays and coordinated with the Customer. Specific shorter end customer requirements may reduce these periods in specific cases.

12.6 If and when complaints arise after delivery of the products, the Supplier shall initiate any and all steps necessary to remedy the complaint and to minimise the loss or damage. In addition, it shall order or conduct cross-checking inspections to determine the cause of the complaint.

12.7 If and when complaints are justified, the Customer shall be notified immediately in writing of all initiated corrective actions and immediate measures. An 8D report shall be used for this purpose. The Supplier may not close the complaint ticket until the effectiveness of the actions has been verified to the Customer. The objective is to process the complaints within a short time so that supply capability can be maintained.

12.8 The Customer bills a lump-sum complaint charge of €150 for partial compensation of the administrative work caused by a complaint. If and when more extensive expenses are incurred (e.g. machine downtime, sorting out, analysis of defective parts, customer's accounting etc.), they will be charged on to the Supplier, offsetting the lump-sum complaint charge, on the basis of statutory claims for compensation for costs and damage or on the basis of the regulations agreed in the purchase contract.

The Supplier retains the right to provide evidence in specific cases showing that the expenditures asserted by the Customer in billing the lump-sum complaint charge were not incurred or were incurred in a lower amount.

12.9 Should the Customer be forced to conduct a more precise inspection of a nature and in a scope coordinated with the Supplier after the discovery of a defect, the Supplier shall bear the additional costs. The Supplier is obligated to contract the additional inspections. The Customer will support the Supplier as necessary in the search for a suitable service provider.

12.10 If and when the Supplier determines after shipment that a defective or presumably defective lot is in circulation, the Supplier shall immediately notify the Customer so that any additional damage or loss is prevented.

12.11 If and when a customer of the Customer initiates an escalation action because of the Supplier's defective deliveries and services, the Supplier is obligated to coordinate and initiate appropriate actions with the Customer.

12.12 If the Supplier continues to have problems assuring the warranted quality (e.g. critical defects, lack of support, consistently poor quality), the Customer reserves the right to enter the Supplier in its supplier escalation programme.

12.3 In the event the Customer has granted its consent to aberrations before shipment, the Supplier is liable for the functionality and warranty claims even if they arise because of a feature released by the Customer.

13.0 Quality Documentation and Traceability

13.1 The Supplier is obligated to maintain a documentation system that secures the traceability of its materials and services from outgoing goods to raw material, including its pre-suppliers. The system must comply with the recommendations of ISO 9001 — as most recently revised — and or VDA Volume 1 “Verification”.

13.2 Delivered products shall be labelled in such a way that it is possible, in the event a defect/flaw occurs, to determine which of the delivered products are affected by the defect/flaw (traceability system). The Supplier may change the labelling type that has been agreed solely with the Customer’s written consent. The labelling shall be applied directly to the component or to the single/pallet packaging.

13.3. Upon request, the Supplier shall enable the Customer to view the appropriate documentation and records at any time and, upon request, shall make available the appropriate verifications.

13.4 In the event of third-party claims against the Customer, the Supplier will support the Customer in its defence against the claims and will, for this purpose, grant viewing of the pertinent quality documentation and records and, to the extent required for presentation of the exculpatory evidence, make them temporarily available.

14.0 Incoming Goods Inspection

As a consequence of this agreement and the quality inspections that must be performed by the Supplier, the Customer will in future be entitled to limit its inspection of incoming goods from the Supplier to quantity, identity (congruence of packaging labels and delivery notes with the order requirements) and transport damage that is outwardly discernible on the packaging. The Supplier expressly waives the defence of the late complaint of defects pursuant to Section 377 HGB [German Commercial Code].

15.0 Storage, Packaging and Transport

15.1 The Supplier shall comply with the packaging units and labelling instructions stipulated by the Customer. Any changes in specific cases shall be coordinated with the Customer.

15.2 The Supplier shall package raw materials, supplied parts and other materials in such a way that the risk of damage from transport, storage and ageing can be excluded with certainty.

16.0 Product Liability/Insurance

16.1 If and when damage occurs because of a product delivered by the Supplier, the Supplier expressly indemnifies and holds harmless the Customer from and against any and all liability for the products delivered by the Supplier.

16.2 The Supplier shall conclude a general public liability and extended product liability insurance policy valid worldwide (incl. USA/Canada) to cover risks arising from the scope of its supplies and services (including installation and removal expenses as well as inspection and sorting costs) with the following minimum sums insured:

- Public liability insurance with a sum insured of no less than €5m per insured event;
- Extended product liability insurance with a sum insured of no less than €5m per insured event that covers not only the extended product risk, including third-party damage compensation claims, but extends as well to the risk arising from the waiver of the defence of late complaint of defects;
- A separate insurance policy for special expenses (pecuniary loss) related to the possible recall of products with a sum insured of no less than €5m per recall.

16.3 The Supplier shall, upon request, present verification of the conclusion and existence of the insurance policy to the Customer. The Supplier shall notify the Contract without delay of any modification or cancellation of the insurance cover.

17.0 Confidentiality

The parties will treat any and all commercial and operating information related to the business operations of the other party that become known to them in the course of performance of this agreement and their business relationship as confidential and as business secrets and will not make any such information, either in whole or in part, either directly or indirectly, available to third parties; they will use the information solely for the contractually agreed purposes.

The use of any such information for purposes unrelated to this agreement is expressly prohibited. This provision applies in particular, but is not limited, to design drawings, calculation bases, customer lists, technical manuals and technical know-how. This confidentiality obligation does not apply to the extent that the relevant party has legally received such information from a third party or that the information has become self-evident without breach of the confidentiality obligation or that the party has developed technical and operating expertise itself.
This confidentiality obligation remains in effect throughout the term of this agreement and for a period of five years after the termination of this agreement. Any previous non-disclosure agreements become components of this quality assurance agreement.

18. Compliance with Additional Requirements

The Supplier confirms autonomously its compliance with the provisions of REACH and RoHS as most recently revised and does not use in its products any substances designated in EC Directive 2002/957/EC and the most recently revised SVHC list. Upon the Customer's request, the Supplier will prepare the IMDS data records and is responsible for their maintenance.

All materials used in production and in related production processes must be in compliance with the applicable statutory and safety technology requirements for restricted, toxic and hazardous substances. The Supplier ensures this compliance during the production of its products and services. The Supplier will fulfil its obligations pursuant to the European Chemicals Regulation (EC) No. 1907/2006 (REACH) for deliveries made within Germany or the European Union (EU). The above provision applies in particular to the information obligation pursuant to Article 33, according to which every supplier of a product will notify the customer of any substances listed pursuant to Article 59 (SVHC on the candidate list). The current candidate list of substances of very high concern is published by the European Chemicals Agency and can be retrieved at https://echa.europa.eu. The SVHCs on the

candidate list are continuously supplemented by the European Chemicals Agency. The Supplier will autonomously obtain the required information and fulfil its information obligation to the Customer pursuant to REACH. If and when customers stipulate materials that are not in compliance with requirements, the Supplier will notify the Customer without delay.

The Supplier is obligated to provide the registration number to the Customer. If the Supplier does not provide a registration number, this means that the consignment does not contain any substances subject to registration. A consignment that contains a substance subject to registration without provision of a registration shall be deemed defective within the sense of Section 434 BGB [German Civil Code].

In particular, the Supplier covenants to make available to the Customer concurrently with the consignment a safety data sheet that is in conformity with the provisions of the Regulation (EC) No. 1907/2006.

If and when the Supplier advises against the use of a substance, it shall submit the advisory in writing with special emphasis. If and when the Customer is obligated to prepare a substance safety report pursuant to Art. 37 Regulation (EC) 1907/2006 and consequently requires information from the Supplier concerning the supplied substances, the Supplier is obligated to communicate the required information within a period of 30 days after receipt of the pertinent request.

19.0 Legal Remedies Because of Breach of the Quality Assurance Agreement

In the event that:

a. The Supplier does not fulfil major requirements of the contractually agreed quality management; or
b. The Supplier refuses, without legal grounds, to provide significant information owed pursuant to this QAA; or
c. The Supplier refuses, without legal grounds, to conduct an agreed audit or an audit that is justifiably requested by the Customer; or
d. The Supplier is in breach of any other major cooperation obligations;

The Customer, without prejudice to statutory claims, has the right:

- To refuse acceptance of the ordered products until the Supplier has fulfilled its cooperation obligations or has proven that it is in compliance with the contractually agreed quality assurance procedure or submits to the Customer concrete corrective actions related to the negative results of the conducted audit;
- To rescind, in whole or in part, a series supply agreement after the fruitless expiration of a subsequent period;
- To request reimbursement of the additional expenditures incurred by the Customer because the Customer conducts an incoming goods inspection owing to the aforementioned breach of contract;
- To request reimbursement of the additional expenditures incurred by the Customer because the Customer engages an external third party (e.g. an external test laboratory) to conduct an inspection of the goods owing to the aforementioned breach of contract.

If and when the Customer refuses acceptance of ordered products pursuant to the above provisions, the Supplier shall be deemed in default of delivery. This provision applies

expressly as well in the event that it is subsequently determined that the products offered by the Supplier were free of defects and safe.

The Customer may not request the reimbursement of additional expenditures pursuant to the above provisions if the Supplier is not accountable for the aforementioned breaches of contract.

If and when, contrary to this agreement, pre-suppliers are engaged without written consent, the Customer is entitled, without prejudice to any further claims, to request a change to suppliers approved by the Customer. Furthermore, the Customer may, within a period of six months after obtaining knowledge of the engagement of unapproved pre-suppliers, terminate the relevant contract at any time by giving one month's notice.

The Supplier will bear any costs incurred by the Customer owing to the engagement of unapproved pre-suppliers unless it is not accountable for the unauthorised use of pre-suppliers. The above provisions are without prejudice to assertions of more extensive statutory claims.

If and when the Supplier is in breach of this quality assurance agreement owing to reasons other than those stated above, the Customer is entitled to any and all statutory claims without prejudice to any and all claims otherwise agreed.

20.0 Other Applicable Documents

The documents listed below are integral components of this quality assurance agreement:

- DIN ISO 9001
- ISO/TS 16949
- VDA Maturity Level Assurance for New Parts (MLA)
- VDA Robust Production Processes (RPP)
- VDA Field Failure Analysis
- VDA Volume 1 (Documentation and Archiving)
- VDA Volume 2 (PPA)
- VDA Volume 4 Ring Binder (FMEA etc.)
- VDA Volume 5 (Capability of Measurement Processes)
- VDA Volume 6.3 (Process Audit)
- VDA Volume 6.5 (Product Audit)

21.0 Term of the Agreement

21.1 This agreement enters into force upon being signed completely by both parties and is concluded for an indefinite term.

21.2 The Customer may terminate the agreement by giving three months' notice of termination, expiring at the end of any calendar year. These provisions are without prejudice to the right of either party to termination of this agreement without notice for good cause.

21.3 Any notice of termination shall be submitted in writing.

22.0 General Provisions

22.1 Modifications of and amendments to this agreement shall not be binding on the parties unless concluded in the form of an addendum to this agreement and signed by the parties. The above provision also applies to the waiver of the requirement of written form.

22.2 This agreement is governed by the laws of Germany, excluding application of the UN Convention on the International Sale of Goods (CISG).

22.3 Should any provisions of this agreement, in whole or in part, be or become legally invalid or unenforceable, the validity of the remaining provisions of the agreement shall not be affected.

An appropriate regulation that, as far as legally possible, comes closest to the intent of the parties, or what they would have intended in accordance with the sense and purpose of this agreement if they had been aware of this aspect when concluding the agreement, will replace the invalid or unenforceable provision.

22.4 The parties agree to the Customer’s headquarters as venue.