

Quality Assurance Agreement

between

Gerd Bär GmbH
Pfaffenstraße 7
74078 Heilbronn
Germany

- hereinafter referred to as „BÄR“ -

and

SUPPLIER

- hereinafter referred to as „SUPPLIER“ -

- hereinafter collectively referred to as „Parties“ -

Preamble

BÄR's objective is to offer its customers fault-free products with the highest degree of reliability. Comprehensive and smooth cooperation between the contracting parties is in the interest of both parties. This Quality Assurance Agreement (QAA) serves the binding definition of technical and organizational framework conditions between BÄR and the SUPPLIER in order to achieve the jointly targeted zero-defect goal.

1. Scope of application

This agreement applies to all products and services supplied by the SUPPLIER on the basis of orders received and accepted by the SUPPLIER from BÄR during the term of this agreement. SUPPLIER undertakes to transfer its obligations assumed by this QAA to its sub-suppliers and to oblige them to comply with these provisions.

2. Quality management system

SUPPLIER shall maintain an adequate, efficient and reliable quality management system that is state of the art (e.g. DIN EN ISO 9001 as amended) and shall manufacture and test the products in accordance with the rules of this QM system. Furthermore, SUPPLIER undertakes to comply with the legal regulations applicable to the respective products and services. If it turns out that the quality management system does not meet the aforementioned requirements, so that the quality and competitiveness of the products/services are impaired, the SUPPLIER undertakes to improve the system accordingly. Furthermore, the SUPPLIER is obliged to contractually include its sub-suppliers in its QM system or to ensure the quality of the sub-supplies itself.

SUPPLIER must submit its certificates to BÄR on its own responsibility and report any updates immediately after expiry of the validity period or withdrawal of the certificate. Failure to do so will result in a downgrade in the supplier rating.

3. Environmental protection

3.1. Environmental protection system

SUPPLIER continuously and efficiently improves its environmental situation. In doing so, the SUPPLIER complies with international environmental management standards (such as DIN EN ISO 14001 in its current version).

3.2. Prohibited / declarable substances

SUPPLIER undertakes to minimize negative effects of the products on man and the environment, taking into account technical and economic aspects according to ecological aspects. To achieve this goal, the applicable laws and regulations must be complied with. Any necessary official approvals for the production of the materials are to be obtained and any resulting requirements are to be fulfilled at all times. SUPPLIER is obliged to use only materials that comply with the legal requirements of environmental protection as well as corresponding regulations and directives (see among others REACH, GADSL, etc.). A written confirmation is provided by means of the document "REACH Certificate of Conformity" (Appendix 1). Furthermore, the Supplier undertakes to provide information on hazardous substances upon order confirmation and to provide BÄR with safety data sheets (new edition, valid revision) without being requested to do so. If special tests or verifications are necessary, additional measures shall be agreed between the contracting parties on a case-by-case basis.

4. Audit

SUPPLIER shall allow BÄR to check at the Supplier's premises and, if applicable, at the sub-supplier's premises, whether all of BÄR's requirements are met. Depending on the circumstances, this may take the form of a quality or technical discussion, as well as a system, process or product audit, and will be announced in good time.

SUPPLIER shall grant BÄR access to all operating sites, test facilities, warehouses and adjacent areas. In this context, BÄR shall be granted insight into the Supplier's procedures, documents and records, insofar as they relate to the management system or the quality of the products, services or corresponding environmental factors to be supplied. BÄR shall inform the supplier of the result of this inspection. If, in the opinion of BÄR, corrective measures are necessary, the SUPPLIER undertakes to draw up an action plan without delay, to implement it in due time and to inform BÄR thereof.

No audit or review of the manufacturing process by BÄR shall reduce or exclude the Supplier's responsibility for faultless and timely delivery of contractual products or spare parts. The Purchaser's warranty rights shall not be affected by this either.

5. Technical modifications

Technical modifications require the consent of BÄR. This applies in particular to:

- any changes to the product, in particular any changes to product parts relevant to function, processing or safety.
- change of sub-suppliers
- changes to test procedures/equipment
- relocation of production sites
- other changes where an influence on the quality cannot be excluded.

SUPPLIER undertakes to notify BÄR in writing in good time prior to any planned changes so that BÄR can check whether any changes may have an adverse effect. All changes to the product and in the process chain must be documented by the SUPPLIER. The corresponding documents and evidence must be handed over to BÄR upon request.

6. Retention period

SUPPLIER shall retain all quality records and any associated samples and specification documents (specifications, drawings, work and test plans) for a period of 10 years after delivery of the contractual goods to BÄR.

7. Specifications / manufacturability

SUPPLIER is responsible for the faultless execution and delivery of its products and services in accordance with the technical documents agreed in writing. In the course of the contract review, the SUPPLIER shall immediately check all technical documents (e.g. drawings, CAD data, material specifications, product delivery guidelines, specifications and requirement specifications) upon receipt for completeness, clarity, obvious errors and feasibility. SUPPLIER shall immediately notify BÄR and, if necessary, its suppliers of any defects and risks identified in the process as well as of any possibilities for improvement.

8. Process and quality planning

During the development phase, SUPPLIER applies appropriate preventive quality planning methods (e.g. manufacturability analysis, reliability studies, FMEA). Experience from similar projects will be taken into account (e.g. process flows, capability studies). The required elements of quality planning can be jointly defined in an individual agreement. Prototypes and pre-series products shall be manufactured under series conditions. In the event of deviations (e.g. purchased parts, material, process), the SUPPLIER shall coordinate and document the manufacturing and testing conditions with BÄR and its subcontractors.

For all characteristics, the SUPPLIER shall carry out process planning (work plans, inspection plans, equipment, tools, machines, etc.). A process capability investigation shall be carried out for the function or process critical characteristics agreed with BÄR. When determining the process capability, the requirements for the accuracy of the measuring equipment must be observed.

9. First article inspection

FAI is carried out according to BÄR specifications. It is always necessary before starting series production if:

- a new part is ordered
- a technical change has been made
- a new tool, tool change or modification is required
- a change in the production site has taken place
- after a longer interruption of production (longer than 12 months)
- at the instruction of BÄR.

The FAI samples must have been completely manufactured under series production conditions. All deviations in the manufacturing process from the planned condition for series production must be documented and agreed upon in writing with BÄR in advance.

After presentation of the FAI samples, BÄR shall carry out tests at its own discretion. Based on these test results and the test reports submitted by the SUPPLIER, BÄR shall decide on the release. Approval of the FAI samples by BÄR does not release SUPPLIER from its responsibility for the quality of the products. The release is of a purely technical nature and does not constitute a delivery order.

SUPPLIER shall deliver the FAI samples together with the required FAI measurement report. The tested parts must be marked in such a way that an assignment of the measured values is unambiguous.

Delivery of the series parts may only take place after initial sample approval by BÄR.

10. Serial production

SUPPLIER is obliged to take random samples regularly during production and to document the results and to make the results available to BÄR upon request. Process parameters that may negatively influence product characteristics must also be taken into account accordingly. Process interruptions (e.g. tool breakage) and quality control measures must be clearly traceable from the records. For the release of a production lot, no defective product may be found in the random sample as a matter of principle. If a defect is found in the product during the manufacturing process, the

SUPPLIER must immediately interrupt the process and correct it. In this case, all products that have been manufactured since the last sample inspection (last good part) carried out with a positive result must be inspected 100%. Defective products must be secured immediately and stored in a separately marked location (restricted storage) until the cause of the defect has been finally clarified. Corrective measures initiated must be documented in the records in a traceable manner. If a rework inspection shows that the defective products cannot be reworked, they must be scrapped. In the event of rework, all specified serial inspections are to be carried out. If, in exceptional cases, the SUPPLIER cannot deliver products that comply with the specifications, it must obtain a special release from BÄR prior to delivery.

11. Traceability

SUPPLIER undertakes to ensure the traceability of the products supplied by him. In case of a detected defect, the containment of the defective parts/products/batches etc. must be ensured.

12. Part marking

SUPPLIER undertakes to label products, parts and packaging in accordance with the agreements made with BÄR. He must ensure that the labeling of the packaged products is also legible during transport and storage. The labelling must contain at least the following information:

- Order and order number
- Quantity and unit
- BÄR drawing number or BÄR standard with revision status

Marking of initial samples (if required) with deviations from agreed specifications require a written agreement between BÄR and SUPPLIER.

13. Transportation and packaging

The SUPPLIER shall be responsible for the protection of the products delivered by it and shall use suitable packaging/overpackaging or means of transport to ensure the integrity of the products (e.g. contamination, corrosion, chemical reactions). Upon delivery, both the packaging/overpackaging and the products themselves must be labeled in accordance with the agreements made with BÄR and BÄR's packaging regulations in force.

14. Goods receipt inspection

BÄR shall inspect the products received from the SUPPLIER upon their receipt for compliance with quantity and identity as well as for externally visible damage. In all other respects, BÄR is released from its obligation to inspect the goods and to give notice of defects. BÄR shall notify the SUPPLIER without delay of any defects in a delivery as soon as they have been detected in the ordinary course of business. In this respect, the SUPPLIER waives the objection of late notification of defects.

15. Complaints

- 15.1. If any damage or defect is detected by BÄR in accordance with Clause 14 or by customers of BÄR, BÄR shall notify the SUPPLIER of the defect or deficiency by means of a notice of defect in the ordinary course of business.
- 15.2. In the event of a complaint, SUPPLIER undertakes to analyze any deviation and, upon request by BÄR, to report it in 8-D format. BÄR reserves the right to demand rectification of these measures if they are not considered promising.
- 15.3. If delivery of products that do not comply with the specifications threatens to interrupt production at BÄR or its customers, SUPPLIER must, in coordination with BÄR, take appropriate immediate measures to remedy the situation (replacement delivery, sorting, reworking, extra shifts, express transports, etc.) at its own expenses.
- 15.4. If, due to the discovery of a defect, incomplete information on the delivery documents, incorrect deliveries or missing/incomplete quality certificates, unscheduled inspections or rework at BÄR becomes necessary, the costs incurred for this shall be invoiced to SUPPLIER. The hourly rate is 60EUR/h.

- 15.5. In the event of field failures/complaints by customers of BÄR, the defective parts shall be returned to SUPPLIER at its own expense. The SUPPLIER will issue a credit note or a replacement delivery and reimburse any replacement costs incurred.
- 15.6. BÄR is entitled to charge a processing fee of EUR 150 for each notice of defects.
- 15.7. In accordance with the special requirements of the automotive industry, a warranty period of three years shall be deemed agreed, unless longer limitation periods are provided by law. The warranty shall commence on the date on which the vehicle is registered or the spare part is installed. In the event of subsequent performance, the period shall be extended by the time during which the contractual product cannot be used.

16. Insurance

SUPPLIER is obligated to take out business and product liability insurance for personal injury and property damage, including inspection, installation and removal costs and recall cost regulation with a minimum coverage of EUR 10,000,000 per claim without annual limitation. This insurance must be maintained in full without interruption during the term of this agreement and proof thereof must be provided to BÄR at any time upon request. Depending on the requirements of the respective customer of BÄR, the Supplier's capacity, the business relationship and the liability risks, BÄR will request SUPPLIER to extend its insurance coverage, both in terms of reason and amount.

17. Confidentiality

The agreements pursuant to the "BÄR Non-Disclosure Agreement" shall apply.

18. Term and termination

This Agreement shall enter into force upon signature by the contracting parties. The term is unlimited. The agreement may be terminated by either contracting party with 6 months' notice. It shall apply to all deliveries of contractual items ordered after this agreement comes into force and whose order is confirmed before termination of this agreement. The right of the partners to terminate without notice for good cause remains unaffected.

19. Amendments and supplements to the contract

Amendments and supplements to this contract must be made in writing. This shall also apply to amendments to this written form requirement itself.

20. Final clauses

Should individual provisions of this contract be invalid or the performance thereof become impossible, or should it contain a loophole, the validity of the remaining parts of the contract shall not be affected thereby.

In such a case, BÄR and SUPPLIER undertake to immediately replace the invalid provision with a permissible valid provision which, in terms of its content, comes as close as possible to the original intention. The same shall apply in the event of a gap in the contract.

The agreements made in other contracts between the contracting parties shall apply in addition, unless this QAA contains more specific provisions.

The law of the Federal Republic of Germany shall apply to this contract. The exclusive place of jurisdiction, to the extent permitted by law, shall be at the registered office of BÄR.

Gerd BÄR GmbH

Name: _____

Title: _____

Date: _____

Signature: _____

Name: _____

Title: _____

Date: _____

Signature: _____

SUPPLIER

Name: _____

Title: _____

Date: _____

Signature: _____

Name: _____

Title: _____

Date: _____

Signature: _____