Between Arthur Krüger GmbH

respectively Kunststoff-Krüger GmbH

(hereafter called “Customer”)

and

Supplier

(hereafter called “Supplier”)

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1 General information

1.1 Purpose and scope

This quality assurance agreement (in the following: QAA) is a binding determination of technical and organizational conditions between the client and the supplier, which concern all deliveries to the client.

The decision for a supplier depends essentially on its quality capability. The supplier is solely responsible for the quality of the delivered products and services.

The QAA is an integral part of the client's procurement scope and supplements the specifications of the order and the standards, regulations, technical documentation and customer-specific requirements underlying the subject of the order. Legal or contractual rights of the client shall not be limited by this or by taking notice of any documentation or other written communications from the supplier under this agreement.

This QAA applies to all products to be delivered and the necessary processes.

The competitiveness and position of the client on the world market is defined by the quality of their products. The quality and reliability of the purchased products or services have a direct influence on the quality of the customer's products.

The highest goal is the satisfaction of our customers.

Only through cooperation with our suppliers is it possible to meet the requirements of our customers and guarantee the regulatory and legal requirements as well as the fulfillment of our company-wide quality standards. Every supplier assumes the sole responsibility for the quality of his products. This also means that the supplier further develops its quality standard, in cooperation with the client, by constantly improving its products and processes.

Customer and supplier are obliged to treat all information in absolute confidence. Information will not be passed to a third party. The contracting partners hereby undertake to take all the appropriate steps required to ensure that no third party is aware of these information. In particular, the contracting partners will only provide information to employees, who are committed to secrecy. The duty of secrecy also applies to group companies, licensees or other third parties. If a contractor wishes to pass on information to an affiliated company, he must inform the other contracting party about this information disclosure in advance and make sure, that these companies also accept the regulations of this confidentiality agreement.

The conclusion of this QAA represents an indispensable step for the joint and future business relations between the client and the supplier.

1.2 Revision note

Rev: 001	First issue	June 2018
Rev: 002	revision of item 1.1	March 2019
Rev: 003	revision of item 4.16	May 2020

2 Terminology

Unless explicitly defined otherwise, the terminology according to the EN/ISO 9000 family of standards generally applies.

2.1 Work plan

Each step in the machining of a component is subject to a work plan. This work plan

contains precise specifications for the machining steps that directly or indirectly affect the quality of the product.

2.2 Test plan

The test plan shows how product quality is controlled through the entire process, from receipt of the goods to final inspection, in conformance with our purchase order and the agreed specifications.

2.3 Production aids

ISO 9000 covers such production aids as, for example, test and measuring equipment, machining tools, type-specific tools, jigs and transport aids.

2.4 Products

All raw parts, semi-finished or finished parts, structural elements, component assemblies, auxiliary and working materials, services, software and components that are delivered pursuant to this QAA.

2.5 Feasibility analysis

The feasibility analysis serves to determine whether our order is feasible in terms of the requested quality and cost targets and in compliance with the requested delivery deadlines (including the first sample deadline).

2.6 Production monitoring

Monitoring a process ensures a defined standard for official approval. For that purpose, production and testing procedures are fixed, they may be altered only with Customer's consent. "Production procedures" means here to comprise all procedures for repairing and maintaining the production facilities.

2.7 Extended workbench

A supplier that performs single or multiple production operations according to work plans or, as the case may be, testing plans that are provided by Customer is deemed to be an "extended workbench". The Customer provides the material.

2.8 Initial samples (first articles)

An initial sample is a representative unit from the first production run of a new part or new assembly that is manufactured according to approved drawings entirely with standard equipment and under standard conditions. It serves as proof that the production processes, production documentation and tools are suitable for making parts and assemblies that conform to the requirements. This process must be repeated as soon as changes occur (see Section 4.7) that supersede the original results (e.g. technical changes, changes in the manufacturing process, tool changes). An initial sample may be referred to also as a first article.

3 Quality management system

3.1 Objective

Continual refinement of its performance must be Supplier's strategy for quality. The objectives are "zero defects" with 100% reliability of delivery and continual cost optimization.

3.2 Requirements for the quality management system

The management must commit itself to continual quality and product refinement. The quality management system must be able to detect risks, prevent defects through analysis, and identify and eliminate causes of failure. Customer will perform a supplier evaluation. If

measures for improvement are called for as a result thereof, they must be implemented.

In exceptional cases, it is possible to make special agreements with the Customer.

3.3 Certification updates

Supplier must present its certificates to the Customer at its own responsibility and independently report updates immediately upon expiration of a certificate's period of validity or if a certificate lapses. An invalid or expired certificate will result in exclusion from the list of qualified suppliers.

3.4 Audit of the quality management system

Agents of Customer evaluate the quality management system of the supplier.

Customer has the right to audit Supplier at any time with advance notice for compliance with customer requirements. In addition, Customer reserves the right to perform at its discretion acceptance inspections and monitoring, or have them performed, on Supplier's premises (audits). Thereby the Supplier still has its responsibility for quality. In the event of significant quality defects, an immediate inspection is permissible.

Supplier must grant employees and customers of Customer and the appropriate authorities access to the areas of concern in all facilities, at any level of the supply chain, that are involved in the order and to all relevant records

4 Procedures

4.1 General provisions

Supplier takes full responsibility, in accordance to fixed conditions for faultless workmanship of the products and faultless performance of the services for delivered products.

The feasibility analysis has to be performed verifiably in the course of preparing its offer. All open points must be clarified before the offer is submitted. This process must be repeated in the event of changes to the product.

Supplier acknowledges that compliance with the terms of this provision is covered by the scope of its warranty. In the event of a warranty claim, Supplier bears the burden of proof that it acted according to the terms.

The advisory activity of Customer's employees does not release the contractor from compliance with all duties arising from the contracts between Supplier and Customer. Any provision Customer may make of equipment, planning documents or other means of support do not limit Supplier's responsibility for the quality of its deliveries.

4.2 Supplier's planning and compliance with deadlines

Supplier accepts the following fixed guideline for delivery deadlines:

On Time delivery = 0 days delay

Delivery before deadline by arrangement

For all delivered products, Supplier must provide in written form:

- production plan (machines, jigs, tools, work sequences)
- test plan (test sequence, characteristics, means, and

frequency)
- procurement plan (material, machines, production equipment, testing means, suppliers)

Responsibilities and deadlines are to be defined therein.

Supplier is further obligated to comply with agreed deadlines. This applies both to the delivery of products and first articles and to the delivery of FAI reports, 8D reports, and initiation of emergency, corrective and preventive measures In the case of delays, Supplier must bear the added costs resulting therefrom. Adherence to deadlines is a component of the supplier evaluation.

4.3 Technical documents / documentation

With its order confirmation, Supplier confirms that:

- all technical documents specified in the purchase order are available,
- these technical documents are available to all parties concerned,
- all other necessary documents, e.g. requirements for packing, transport, technical delivery terms, etc., are available,
- all documents have been understood,
- changes to drawings, works standards, etc., must be made known and trained in,
- all items in the purchase order can be manufactured according to Customer's specifications

Production and test documents, if they concern a specific delivery, must be uniquely assignable to that delivery. They must contain such particulars as Customer's order number, item within the order, material number, description of the material, and, if applicable, further additions such as, for example, heat treatment conditions or similar details

All copies of the test documents must bear the signatures of the persons authorized to sign them. The original documents will be retained at the Supplier. Component-specific quality records must be delivered to Customer if Customer so requests.

Customer requests that are noted in the purchase order must be satisfied in addition to this Quality Assurance Agreement.

4.4 Procurement

Raw materials for production parts and processes, when specified by Customer, may be procured only from suppliers that have been authorized by Customer. Procurement from alternative suppliers is subject to Customer's prior approval.

Supplier may select only sub-suppliers that have been certified at the least to EN/ISO 9001, if no sub-suppliers are specified by Customer. In exceptional cases, it is possible to make special agreements with the Customer.

Supplier may farm orders from Customer out to sub-suppliers only with Customer's consent.

Supplier must ensure that it and its sub-contractors are in possession of the documents necessary to process the order. These documents must be present with the same change status as that in effect for the purchase order.

If sub-contracts are awarded, it must be ensured that Supplier is able to meet all of its obligations arising from its contractual obligation to Customer.

Customer reserves the right to audit such sub-contractors as well. Supplier is obligated to enable such audits of a sub-supplier, if necessary by contractual agreement with that sub-supplier. The Supplier has full responsibility to Customer for the sub-supplier.

4.5 Initial samples

Initial samples are defined by Customer in the purchase order or, if there are changes, must be cleared with Customer. Initial samples are manufactured and tested, according to approved drawings, under serial production conditions (supplied material, machines, plants, production equipment, testing means, machining conditions). Material supplied by sub-suppliers must be approved by Supplier, for example by FAI. Supporting documents must be producible at any time at Customer's request.

Initial samples must be fully inspected and documented in respect of all characteristics (e.g. dimensions, materials) according to the drawing and the associated specifications and standards. The production and test records must be a component of the initial sampling process. The procedural plan contains all steps in the production process. Details of the production steps must be available on demand for inspection.

Each product is subjected to initial-sample-inspection. Standard parts, catalog parts, auxiliary and production materials and additives constitute an exception to this requirement.

By necessary changes in the production process by Supplier (cf. sec. 4.7), a repetition of the initial-sample-test must be carried out at no cost to Customer.

The initial sample, together with the initial-sample-inspection report, must be delivered to Customer by the agreed date. The initial sample must be clearly labeled. The template for the first-article test report is available for download on Customer's homepage.

4.6 Inspection

Required test criteria, inspection scope and test methods in the technical documents are binding. Any change is subject to Customer's written approval. Test frequencies must be specified in such way that Supplier is able to meet its quality terms (unless Customer has provided them).

If a test result indicates defective products, those products must be rejected. All stocks that are still available (including inventories of Customer and of its customers) must be subjected to a screening inspection. The batches that follow must be subjected to testing to elimination of the defect to ensure the cause of failure has been removed. Customer must be promptly informed.

Depending on the production procedure (e.g. heat treatment, casting, forging), the product testing must be supplemented with monitoring of the process parameters (e.g. temperature, pressures, time)

For non-destructive testings, an accreditation according to EN 4179 must be available. If this is not the case, a mutually acceptable solution must be achieved with Customer's purchasing department and Quality Manager.

4.7 Changes

Customer's written approval is required before the Supplier makes changes, for example, structure, material, suppliers, components, design, production or test procedures, tools, production parameters, additive materials, coolants, lubricants, jigs, packaging, preservation, etc. Supplier agrees to give prompt notice of such changes as early as possible.

A change already occurs, whenever the production or testing process followed for the initial sample is deviated in any way. In this case the initial sampling process must be carried out anew. Its scope must be agreed with Customer. Required for approval of the change is, at the least, a documented test or an analytical evaluation.

Relocation of production plants, machines or production equipment must be reported to Customers purchasing department in written form before the change is made and must be approved by Customer in writing.

The supplier must provide evidence of the introduction dates of changes.

Supplier's obligation to comply with delivery dates for the approved products remains in effect despite notification of changes.

4.8 Test equipment and test devices

It must be ensured, by means of systematic, planned calibration and monitoring / management procedures, testing plans that are sufficiently precise, reliable and usable according to their technical specifications. These are conditions for accurate assessment of test results for a product characteristic or process parameter.

Proof must be provided of a system for regular inspection that ensures that defective and expired test equipment or test devices are detected. This applies also to production facilities that are used as testing facility. Supplier is obligated to maintain documentation thereof and to provide it on request. The test equipment of Supplier that are used must be suitable for and capable of the intended tests. In addition, documentation of performed calibrations must be proved.

For external acceptance inspections, Supplier will make the testing facilities on its own premises available to Customer's agents as needed, if necessary with testing personnel.

4.9 Defective products

4.9.1 General provisions

Supplier guarantees that only products were shipped that conform to the technical requirements in the documents.

Supplier must report defective products by means of a supplier's voluntary disclosure and withhold them until a written decision is received from Customer. Defective products have to be removed from the process, sorted, repaired or scrapped due to Customers decision.

Products with approved deviations must be labeled separately. Packaging units must contain the appropriate information. Customer reserves the right to specify the documents necessary for handling the defective product. Once Customer has approved the deviation, Supplier must refer to the deviation approval in the test certificate and include a copy of the deviation approval with the delivery. Approval of a deviation or acceptance of defective products does not constitute a waiver on the part of Customer of existing rights or legal remedies.

4.9.2 Information to Customer

If Supplier discovers deviations that could also affect deliveries that have already been shipped, the Supplier has to inform Customers purchasing department immediately. A duty of notification applies even if the relevant products have already been delivered and accepted.

If Supplier is unable to eliminate the deviations by the next delivery, it must immediately notify Customer's purchasing department and discontinue all further delivery until instructions to the contrary have been received.

Supplier must document corrective and preventive actions. The documentation of such actions must be kept ready for inspection. At least an 8D report or a “5 whys analysis” must be included with the delivery on request.

4.9.3 Inspection reports

In the inspection report, decisions concerning the use of products that have been complained about are documented by Customer and reported to Supplier. Supplier must implement the requirements described in the inspection report and give Customers purchasing department written notification of rectification or corrective measures. Supplier must create, as part of the process of preparing inspection reports, an 8D report and send it to Customer within ten days. Customer reserves the right to specify the documents for this purpose.

4.9.4 Costs of defective products

Customer reserves the right to pass on the costs incurred by faulty products to the Supplier. This also applies if costs have arisen due to hidden defects and will be determined later.

4.10 Reworking

Supplier must ensure, if necessary following consultation with Customer, that rectification or corrective measures performed on its products do not have any detrimental effects (e.g. in regard to dimensions, function, strength, durability).

Reworking that alters the characteristics of the product or results in deviations from the technical documents or frozen production conditions is—along with the planned reworking procedure—subject to approval. This applies also to sub-suppliers. Such approval must be obtained in written form before the reworking takes place. This does not release Supplier from its responsibility for the quality of the product.

4.11 Complaints

If defects are complained by Customer, its customers or public authorities Supplier must cure them immediately. If this does not happen despite a reminder, Customer is entitled to rescind the order and to demand damages for non-performance.

The tests performed at Suppliers site by employees of Customer or externally engaged persons do not constitute an acceptance inspection in the legal sense. Customer may assert warranty claims and other claims for non-conforming delivery even after testing by such persons.

4.12 Transport

Packing and/or protective equipment provides by the Customer, must be used for internal transport, processing and return delivery. Any packing rules must be complied with at the same time.

If Customer does not specify any special packing requirements, Supplier must protect the products for delivery, by means of packing materials that are suitable for the purpose, from damage, corrosion, penetration of foreign matter into the product, undo vibrations, moisture, electrostatic discharges (ESD), confusing/mixing of batches, or other hazards at its own responsibility. The expiration date, if there is one, must be documented on the packaging in a readily visible manner.

Supplier warrants that the required enclosed technical and administrative documents are included in the scope of delivery. The delivery has fully arrived only when all aforementioned accompanying papers are in Customers possession along with the product

The products and/or transport containers must be labeled in a way that they are uniquely identifiable and confusion or mix-ups are avoided. Separations between batches must be strictly observed. On all production lots and partial lots the stage of manufacture and inspection decision must be discernible. As a rule this applies at all times, i.e. at Supplier's end (e.g. in production, in testing, in storage) and in transit to Customer Retention periods for documents and test results

4.13 Retention periods for documents and test results

Unless otherwise agreed, the retention period for records is ten years.

4.14 Written correspondence

Unless otherwise agreed, written correspondence is, as a rule, to be maintained through Customers purchasing department.

4.15 Duties of information

Personnel and organizational changes in management must be communicated to customer immediately in written form.

4.16 REACH Regulation

The delivery item must fulfil the legal requirements Compliance regarding material in accordance with RoHS guideline 2011/65/ EU including all changes. Exceptions have to be declared in accordance with EN 50581 (IEC 6300). If listed substances are contained in the delivery item in accordance with the current SVHC list of candidates, these are subordinate to article 33 of the REACH ordinance (EC) no. 1907/2006 in accordance with the obligation to disclose information, as well as the Dodd-Frank Act, and therefore have to be informed to ARTHUR KRÜGER purchase in writing form.

4.17 Obsolescence management

Obsolescence management serves to avoid/reduce production losses resulting from outdated or no longer available raw materials, materials or production equipment. Supplier must immediately inform Customer if materials needed for production of products ordered by Customer are no longer available or if it is foreseeable that they will no longer be available.

Supplier must inform Customer immediately if materials or chemicals ordered during last two years are to be discontinued.

Technical or economic obsolescence does not release Supplier from its obligation to deliver contractual products according to contract. Substitute products may be delivered only with written approval.

4.18 Severability clause

Should individual provisions of this contract be invalid, the validity of the remaining provisions shall remain unaffected. The parties agree to make, in lieu of the invalid provision, a valid provision that comes as close as possible to that provision.

5 Miscellaneous provisions

5.1 Normative references

EN/ISO 9001 Quality management systems - Requirements