between

J. Wagner GmbH
Otto-Lilienthal-Straße 18
88677 Markdorf
Germany

– -Wagner –

and

Max Mustermann
Testweg 1
04711 Musterstadt
Deutschland

– Supplier –

1. Scope

This Quality Assurance Agreement (QAA) sets out and regulates the intended quality assurance measures between the contractual partners for future supplies in order to safeguard the quality of the products (Products). This QAA defines and sets out the Supplier's obligations under the purchase/supply contract and Wagner's standard terms and conditions of purchase (https://www.wagner-group.com/de/agb-einkaufsbedingungen/) in respect of quality assurance; the provisions of this QAA take precedence over those of the standard terms and conditions of purchase.

The QAA describes the minimum requirements for the Supplier's management system and defines rights and obligations with regard to the quality of the Products to be supplied.
The provisions of this QAA apply to all present and future purchase/supply contracts between Wagner and the Supplier.

Any addendum and specific amendments and additions must comply with written-form requirements. This also applies to any deviation from this written-form requirement.

All addenda, amendments and additions must be attached to the QAA as schedules.

The QAA will take effect on signature by both parties and will run for an indefinite term.

2. Supplier's quality management system

The Supplier warrants that the Products will have the contractually agreed quality (in particular compliance with drawings, datasheets, samples, agreements on required quality features and other specifications) and that they will comply with all applicable statutory requirements. Thus, the Supplier bears responsibility for the quality of the work it performs under the QAA.

In order to warrants that the Products meet Wagner's specifications and applicable statutory requirements the Supplier must introduce, operate and maintain a valid quality management system pursuant to the applicable version of DIN EN ISO 9001 as amended from time to time and have the validity of the system confirmed by an independent accredited certification body.

If there is no certification the Supplier must refine its QM system in accordance with the requirements of the current version of DIN EN ISO 9001.
The Supplier must set out this refinement in a rolling refinement plan. The Supplier will submit the refinement plan to Wagner for review at half-yearly intervals.

The Supplier warrants that its employees and sub-contractors are familiar with the requirements of its quality management system and that they apply and comply with it.

The Supplier must strive to meet a zero-defect target and must continually optimise its operations in pursuit of this target, ensuring that its sub-contractors do likewise.

All the Products to be supplied by the Supplier must be marked both on the packaging and the article itself to ensure traceability at all times. Product traceability must, at all times, permit identification of where and when the Products were manufactured, processed, stored and transported.

The Supplier warrants that its marking system permits any non-compliant Products to be clearly identified. Non-compliant Products within the meaning of this QAA means all defective Products including without limitation all Products which do not comply with specifications.

3. Obligation to provide information; production organisation

If it becomes apparent that agreements (e.g. quality features, supply quantity, dates/deadlines) cannot be met, the Supplier will notify Wagner accordingly without undue delay.

The Supplier will review the specification and the updated drawing status as amended by Wagner without undue delay after receipt to identify whether they are flawed, impracticable, unclear or incomplete and whether the Products cannot be manufactured on that basis. In the event of at least one of the above, the Supplier will notify Wagner in writing without undue delay.
If the Product specification is changed the Supplier must ensure that any Products manufactured to the previous specification are supplied first. On no account may Products manufactured to the old and the new index be supplied as a mixed shipment. The Supplier must label each product carrier used for the first shipment after a change in specification externally and include information to this effect on the order confirmation, delivery note and invoice.

4. Outgoing goods inspection

The Supplier will conduct thorough incoming and outgoing goods inspection activities to verify Product quality such that Wagner can rely on the Supplier having carried out conscientious quality control in accordance with no 15 of this QAA and such that Wagner need only carry out additional incoming goods inspection on a spot-check basis and check for any discrepancy in product identity and quantity, external transport damage as evidenced by the condition of the packaging, and other obvious defects.

In order to ensure quality the Supplier will set up its own test procedure and compile testing plans indicating the features to be tested, the extent of testing and the test equipment.
Once the Supplier has established the specific extent of product testing it will submit it to Wagner. The extent of product testing is subject to Wagner's approval.
The Supplier will document and archive the findings and make them available to Wagner on request.
The Supplier must ensure that the testing documentation is archived for 10 years.
The Supplier will ensure that all testing equipment needed to test the Products to be manufactured for Wagner is available at all times and subject to permanent and documented monitoring, calibration and maintenance.

The Supplier will enclose a completed and signed test certificate with each shipment as evidence of its testing activities. The Supplier will ensure that Wagner can be provided on request with a separate 2.1 or 3.1 test certificate pursuant to DIN EN 10204.

Wagner will not reimburse the cost of such test certificates.

The Supplier will comply with the statutory requirements which apply at the time of supply. In particular, all substances used in Products supplied to Wagner (such as raw materials, process materials, components, assemblies) must comply with the REACH Regulation (Regulation (EC) 1907/2006: Registration, Evaluation, Authorisation and Restriction of Chemicals) and any regulations which supersede it.
In the unlikely event that they do not comply, the Supplier will notify Wagner in writing immediately.
The Supplier must inform itself independently from the website indicated below and, if necessary, comply with the procedure described.
(http://www.reach-info.de/index.htm)

The Supplier must manufacture its Products in accordance with Directive 2011/65/EU on the restriction of the use of certain hazardous substances (RoHS) in the version as amended from time to time. It must also comply with all requirements of the RoHS Directive and the applicable national RoHS legislation as transposed in the countries where Wagner and Wagner's customer are domiciled.

Wagner will request necessary REACH and RoHS information via the standard sampling procedure. The Supplier must provide Wagner with this information via the sampling procedure.

5. Packaging, storage and transport

The Supplier will establish a procedure designed to avoid improper handling such as damage, excessive storage and other foreseeable quality impairments. The Products to be supplied to Wagner must be packaged so as to avoid foreseeable transport damage.

Wagner will provide the Supplier with general packaging instructions during the qualification phase. The Supplier must comply with Wagner's general packaging instructions.
The Supplier must mark any repackaging with a production date.
The Supplier must ensure that any Products destined for Wagner are stored on a first-in first-out basis.

6. Advanced quality planning

The Supplier must carry out systematic advanced quality planning on a rolling basis to identify all risks at an early stage so it can act to achieve series production at the desired time in the defined quality and agreed quantities.

The Supplier must document the planning results as follows, including without limitation

- Date and milestone plan,
- Failure mode and effects analysis (FMEA),
- Process plans, process layouts, QM plans for prototypes, pre-series and series,
- Inspection and production plans and process instructions,
- Lists of requirements for production facilities, product and process features.

The date and milestone plan for joint developments between Wagner and the Supplier may not be changed without Wagner's consent.

The Supplier will allow Wagner to see the quality planning and planning results on request at any time.

7. Failure Mode and Effects Analysis

The Supplier will analyse potential failures and their effects to prevent quality lapses in series production and keep inspection to a minimum. This FMEA is necessary for Products for which the Supplier bears design responsibility.

The Supplier will carry out FMEA for all Products on the agreed dates but no later than process validation. In so doing the Supplier will consider and evaluate all factors which influence the manufacturing process. The Supplier must take appropriate precautions to safeguard procedures at any weak points which are identified.

The Supplier will allow Wagner to see the FMEA on request at any time.

8. Sampling procedure acc. to VDA 2

Before series supply begins, i.e. in the project phase, the Supplier will present Wagner in a timely manner with initial samples for sampling and approval for
• New Products
• Changes in sub-contractors
• Changes in production location
• Product modifications
• Changes in material
• Use of new and modified forming and stamping dies
• New production processes
• Changes in production process

An initial sample must be presented for sampling even if the Product or material concerned is a standard item.
The above-mentioned measures and changes are subject to Wagner's approval.
In particular, the sampling procedure must include product and process validation. The Supplier must manufacture the initial samples solely using series-production equipment and under series-production conditions and control all quality features.

Initial sample inspections are subject to the production process approval and product approval set out in VDA vol. 2. The Supplier is thus required to implement the procedure set out on page 13 ff. of VDA vol. 2:

• Sampling planning meeting with Wagner (including agreement on performance tests for process validation and measuring/testing methods);
• Planning of initial sample procedure for scope of supply with Wagner,
• Random sampling of Products manufactured under series production conditions,
• Initial sample inspection; Supplier must provide evidence that all requirements in Table 1 of VDA vol 2 are met,

• Compiling initial sample documentation pursuant to submission level 2 of VDA vol. 2 for Wagner
• Dispatch to Wagner of initial samples and initial sample documentation in accordance with VDA vol. 2,
• Inspection of initial samples and evaluation of the test results by Wagner and
• Overall decision on process and product sampling by Wagner

The Supplier may only use a standard company template for the initial sample inspection documentation which differs from the VDA standard subject to Wagner's approval. In its initial sample inspection documentation the Supplier must take account of all drawing elements (individual, component assembly and product drawings).

The Supplier will not dispatch sample parts unless instructed by Wagner's Strategic Purchasing department. Wagner will only bear the costs of initial sample inspection documentation and related initial sample components in exceptional cases. In any event, where the need for sampling is caused by the Supplier, the Supplier must bear the costs. Where Wagner is to assume costs, the Supplier must provide a detailed offer with a high level of transparency on costs distribution in the sampling procedure. Wagner will only bear the costs if it has explicitly accepted that offer.

The Supplier must clearly mark initial sample shipments as such, both in the accompanying documents and on the packaging. Where multi-cavity dies are used, the Supplier must measure and supply initial samples from each cavity separately.
Wagner will issue series supply approval by approving of the initial sample inspection documentation.

Wagner reserves the right to keep one sample (golden sample).
Wagner may instruct the Supplier to archive an approved sample and make it available to Wagner in the event of a complaint.

The archiving period will end when the Product concerned is phased out, the manufacturing process or the Products changes and if Wagner approves a new sample.

The Supplier will define a requalification process in the project phase in collaboration with Wagner.
The requalification process will include full measurement for all components including lifetime and function test. The Supplier will pass the requalification obligation on to its sub-contractors.

9. Archiving periods for quality-relevant documentation

The Supplier will archive specific quality documentation for the period stated:

10 years from approval of series supply through Wagner's approval of the initial sample inspection report (initial sample inspection documentation), however longer periods will apply where stipulated by sector standards (e.g. VDA vol. 1) or statutory requirements.
Document language: German/preferably English

9.1 SPC (statistic process control) / measurement and documentation in series production

The Supplier will measure and document any dimensions defined as critical at defined intervals during series production.
The testing intervals for critical features will be defined by mutual agreement by the Supplier and the person responsible at Wagner. The Supplier will take suitable measures to correct any process/product deviations and document them accordingly.

All types of components offered by the industrial solutions division of Wagner's project business are exempt from this clause.

9.2 Process and machine capability examination

Wagner has the right to demand that the Supplier conduct machine and process capability examinations for new Products.

The general requirement for process capability examination is a CPK value of
$\geq 1{,}67$

for 50 inspected samples / cavity. If the Supplier does not achieve this value, it must safeguard its supplies using appropriate test methods and make every possible effort to optimise the production process so as to achieve the required process capability.

The general requirement for the machine capability examination is a CMK value of
$\geq 1{,}67$

for 50 inspected samples / cavity.
The Supplier will report a capability examination by means of the initial sample inspection report (FAIR or EMPB), the initial sample inspection documentation or, by means of a supplement to a sampling report.

9.3 Lifetime test procedure for Wagner end-products

The Supplier will submit the Products to a lifetime test approved by Wagner.
The testing procedure will be established by Wagner and the Supplier during the project phase. The Supplier will perform and document test equipment calibration at defined intervals.

10. Access to documentation; providing customers with documentation

Wagner may see the test documentation compiled by the Supplier for Wagner Products at any time. In the event that claims are asserted against Wagner by third parties, the Supplier will assist Wagner in defending such claims, allow it to view the relevant quality documentation and make that documentation available to Wagner for a temporary period as long as necessary for Wagner to demonstrate that it is not liable.

The Supplier must also provide material datasheets on the Products and supply declarations in accordance with applicable statutory requirements as amended from time to time and make them available to Wagner.

11. Supplier's procedure in the event of failures

If the Supplier's series production monitoring reveals non-compliant Products, the Supplier must stop the manufacturing process immediately and notify Wagner without undue delay. The Supplier must then inspect all Products manufactured since the last positive inspection. If, in its efforts to identify the number of defective items, the Supplier suspects that non-compliant Products may already have been dispatched, it must notify the responsible quality department at the Wagner works for which such non-conforming Products are destined in writing without undue delay. The Supplier must brief Wagner on the measures taken without undue delay by sending it an 8D report on remedying non-conformity. In the event of serious problems, particularly where Wagner faces a risk of production standstill, the Supplier must be able to physically deploy suitable staff to the respective Wagner works within 24 hours.
If Wagner's series production monitoring reveals a non-compliant Product, once an official complaint has been triggered the Supplier must take the following steps within the deadlines indicated irrespective of its other contractual and statutory obligations:

Confirmation of receipt of complaint: 2 working days
Emergency measure: 2 working days
Information on reworking and return: 2 working days
Product return (unbidden) if no response: >2 working days
Conclusion of complaint including 8D report: 10 working days

All the above periods begin when the complaint is received by the Supplier.

All omissions will be factored into supplier rating and will trigger internal escalation if approval is not granted.
The Supplier must mark separately goods carriers for Products for which a complaint has been issued for the next three shipments.

The Supplier must pay Wagner a lump-sum compensation amount of EUR 100.00 for each complaint arising from the supply of non-compliant Products. This clause has no effect on other compensation claims or other rights which Wagner may have.

The Supplier's subsequent fulfilment duties include, without limitation, segregating and/or reworking non-compliant Products at its own expense such that Wagner does not incur any loss. If Wagner so requires, an express substitute shipment must be made on a date set by Wagner.

If the Supplier supplies a non-compliant Product, thereby triggering a product recall, the Supplier will collaborate with Wagner to mitigate the loss; the Supplier will bear any resultant consequential costs in accordance with statutory requirements.

The Supplier will indemnify Wagner from product liability claims asserted by a third party where such claims are attributable to the Supplier's faulty Product and where the Supplier itself bears liability under its external relationship.

If the Supplier has work performed by third parties, this does not release it from issuing proper instructions to the third party, materials planning, supplying substitute Products or other obligations. The Supplier is responsible for ensuring that any work performed by third parties is executed in accordance with the contract.

This clause does not affect Wagner's statutory rights in the event of non-compliant or faulty Products.

12. Special approval

If the Products do not match the specification, the Supplier must seek Wagner's approval for the deviation. This can be done using the customer-specific application form.

Products for which special approval has been granted must be shipped separately.
The delivery note and the packaging units must indicate the type of deviation. A copy of the deviation approval must be provided with the supply documents. The deviation approval will be limited in terms of quantity and/or date.

13. Audits

Wagner reserves the right to perform a supplier audit to determine whether the Supplier's quality management system meets Wagner's quality requirements and whether the Supplier has imposed the provisions of this QAA on any sub-contractors in accordance with no 16 of this QAA. The audit may be performed as a process or product audit.

Wagner reserves the right to perform a supplier audit itself or to have this done by a third party and to perform post auditing.
Wagner will provide five working days' notice for any such supplier audit. The Supplier will make available all necessary non-confidential documents needed for the audit. The audit results will be factored into the supplier rating.

The Supplier must ensure that it can jointly audit any sub-contractors with Wagner and parties acting on Wagner's behalf.

14. Confidentiality

The Supplier ensures that any information and knowledge of whatever type and however acquired will be kept confidential and not disclosed to any third party without Wagner's written consent; likewise the Supplier will not use such information and knowledge for any purpose other than the purpose for which it was provided.
The Supplier must impose this obligation accordingly on any sub-contractors.

This provision will survive this QAA without restriction for as long as the confidential data, information and knowledge are not publicly available.
If Wagner and the Supplier have entered into a separate confidentiality agreement, the confidentiality agreement will take precedence over this provision,
otherwise the provision in this QAA will apply.

15. Incoming goods and reporting defects

As responsibility for performing and documenting the necessary inspections lies with the Supplier, Wagner will carry out spot checks of incoming goods for product identity, correct quantity, the transport damage and obvious defects; Wagner will report any such defects/damage to the Supplier within a reasonable period which shall be at least ten calendar days from receipt of the Product. Any latent defects will be deemed to have been reported in a timely manner if reported within five working days (i.e. working days at Wagner's domicile) of discovery. Wagner is not subject to any other obligation in respect of inspection or complaints reporting.

16. Additional clause

The Supplier will impose the provisions of this QAA with the same wording (content) on any sub-contractors involved in the Wagner Product concerned.

17. Choice of law and jurisdiction

This QAA is governed by the law of the Federal Republic of Germany, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).

All disputes regarding rights and obligations under this QAA including its validity will be subject to the exclusive jurisdiction of the courts competent at Wagner's domicile. However, Wagner also has the right to bring action at the Supplier's general place of jurisdiction.

18. Severability

The remaining provisions of the QAA will continue to apply even if individual provisions are found to be invalid or impracticable.
The provision concerned will be construed so as to reflect as far as possible the originally intended economic and legal purpose. The same applies to any lacuna.

Wagner

Place, date:

Management:

Operations Manager:

Quality Manager:

Supplier

Place, date:

Management:

Sales Manager:

Quality Manager: